

DM plc
(“DM” or the “Company”)

Strategic Review Conclusion and Substantial Interim Dividend

On 10 June 2008, DM, the direct marketing group specialising in customer recruitment and database management, announced that the Board was to undertake a process to consider the strategic options available to maximise shareholder value (the “Strategic Review”). The purpose of the Strategic Review was to assess all possible options available to the Company to maximise shareholder value including a continuation of the Company’s share buyback programme, potential bolt-on and strategic acquisitions or whether it would be in shareholders’ best interest to explore a potential sale of the Company.

Updates on this process were provided in the Company’s interim statement on 21 August 2008 and subsequently on 19 September 2008, which stated that the lack of debt financing at previously indicated levels effectively ruled out a private equity backed transaction, but that the Chairman was still considering taking the Company private on a revised structure. This alternative proposal is no longer being actively considered.

The Board has now concluded that, at the current time and in light of the wider market backdrop, any such transaction would not sufficiently maximise shareholder value, and that shareholders interests would be best served by maintaining the Company’s listing and utilising the surplus cash on the balance sheet to return £5.08 million of value to shareholders by way of a substantial interim dividend of 3.5 pence. The Strategic Review has now been concluded and there are no longer any discussions regarding the sale of the Company.

This substantial interim dividend will be paid on 25 November 2008 to shareholders who are on the register as at 24 October 2008.

DM has now firmly established itself as the UK market leader in its two core market sectors of response based customer recruitment and direct mail. Based on past experience in recessionary periods and the positive response trends in the first half of this year, the Board believe that the Group will continue to perform robustly during any economic slowdown.

The Board continues to believe that the Company is fundamentally undervalued and that this is demonstrated by DM’s ability and the Board’s confidence in making such a dividend payment. The Board remains committed to maximising shareholder value and continues to identify and assess both further growth via acquisition and general corporate activity such as a recommencement of the previous share buyback programme.

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Dealing Disclosure Requirements

Under the provisions of Rule 8.3 of the Takeover Code, if any person is, or becomes, 'interested' (directly or indirectly) in 1 per cent. or more of any class of 'relevant securities' of DM, all 'dealings' in any 'relevant securities' of that company (including by means of an option in respect of, or a derivative referenced to, any such 'relevant securities') must be publicly disclosed by no later than 3.30pm (London time) on the London business day following the date of the relevant transaction. This requirement will continue until the date on which any offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the 'offer period' otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an 'interest' in 'relevant securities' of DM, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Takeover Code, all 'dealings' in 'relevant securities' of DM by DM or any of its 'associates' must be disclosed by no later than 12.00 noon (London time) on the London business day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose 'relevant securities' 'dealings' should be disclosed, and the number of such securities in issue, can be found on the Takeover Panel's website at www.thetakeoverpanel.org.uk

'Interests in securities' arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an 'interest' by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Takeover Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a 'dealing' under Rule 8, you should consult the Takeover Panel.

DM currently has 145,074,776 Ordinary Shares of 1 pence each in issue (ISIN – GB0032282294).