

DM plc
(“DM” or the “Company”)

Strategic Review Update

On 10 June 2008, DM, the direct marketing group specialising in customer recruitment and database management, announced that the Board had appointed Altium Capital Limited, its financial advisors, 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.

In the Company’s interim statement on 21 August 2008, the Board stated that, whilst there could be no certainty of the eventual outcome, it was in advanced discussion with a select number of parties which may or may not lead to an offer for the Company. These discussions would have led to the sale of the Company in a private equity backed management buy-out, however the successful conclusion of these discussions was reliant on the availability of certain previously indicated financing arrangements. There were no acceptable trade offers as part of the Strategic Review. Unfortunately, due to the current uncertain economic, and more specifically banking, environment the previously available level of debt financing, which was required to support the third party offers, is now no longer available and active discussions with these parties have ceased.

The Board believes that whilst the broader economic climate is currently unsupportive of general corporate activity, there are still a range of options available to the Company. The Company is still considering its options, and there remains a possibility that the Chairman and majority shareholder may take the business private on a revised financial structure. In light of recent developments the Board is reviewing these options and will report once it has reached its conclusion.

As previously indicated, DM has consolidated its position as UK market leader in the first two of its three chosen sectors of Customer Recruitment, Direct Mail and Database Management. This leadership underpins the Company’s ability to continue to deliver improving financial results. Furthermore, whilst the current economic outlook is uncertain, from past experience in recessionary periods and the positive response trends in the first half of this year, the Board believe that the Group should be robust and relatively unaffected by an economic slowdown.

Further announcements will be made as appropriate.

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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).