

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action is to be taken, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other investment adviser authorised under the Financial Services and Markets Act 2000.

IF YOU HAVE SOLD OR TRANSFERRED some or all of your Ordinary Shares on or before 22 October 2008 (the ex-dividend date), you should contact your stockbroker, bank or other agent through whom the sale or transfer was effected without delay who will advise you on how to deal with this document. Except as set out in this circular, this circular and any accompanying documentation should not be forwarded to or sent in, into or from the United States, Canada, Australia or Japan.

IF YOU WISH TO RECEIVE THE INTERIM DIVIDEND WHOLLY IN CASH, YOU NEED TO TAKE NO FURTHER ACTION.

DM PLC

Interim Dividend for the year ending 31 December 2008

The Interim Dividend is at a rate of 3.5 pence for each Ordinary Share of 1 pence each Scrip Dividend Alternative of 1 New Share for every 9.4 pence otherwise payable as a cash dividend

Timetable

Interim Dividend announced	16 October 2008
Shares quoted ex-dividend	22 October 2008
Record date for Interim Dividend	24 October 2008
Scrip Dividend Alternative announced	12 November 2008
Posting of Forms of Election and Forms of Proxy	14 November 2008
Latest time for receipt of proxies given in connection with the General Meeting	10.00 a.m. on 2 December 2008
General Meeting to approve the Scrip Dividend Alternative	10.00 a.m. on 4 December 2008
Final date for consolidation of holdings (see note 8 below)	8 December 2008
Final time for receipt of elections under the Scrip Dividend Alternative	3.00 p.m. on 8 December 2008
Posting of tax vouchers for cash dividends	23 December 2008
Dividend payment date, first day of dealings in New Shares and CREST member accounts credited with New Shares	23 December 2008
Posting of definitive share certificates/CREST statements and warrants for cash dividends	23 December 2008

Summary

Under the Scrip Dividend Alternative, Shareholders will be able to elect to receive New Shares instead of cash for the Interim Dividend, to be paid on 23 December 2008 in respect of Ordinary Shares held at the close of business on 24 October 2008.

IF THERE ARE LESS THAN 3 ORDINARY SHARES REGISTERED IN YOUR NAME ON 24 OCTOBER 2008, YOU CANNOT MAKE A VALID ELECTION UNDER THE SCRIP DIVIDEND ALTERNATIVE. IN ANY SUCH CASE, YOU WILL RECEIVE YOUR CASH DIVIDEND AS USUAL.

General Meeting

Notice of the General Meeting of the Company to be held at 10.00 a.m. (London time) on 4 December 2008 at the registered office of the Company, Green Heys, Walford Road, Ross on Wye, Herefordshire, HR9 5PQ is set out at the end of this circular. To be valid, Forms of Proxy for use at the General Meeting by holders of Ordinary Shares in certificated form (that is, not in CREST) must be completed and returned in accordance with the directions printed thereon to the Company's registrars, Capita Registrars, by post to Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, or by hand, during normal business hours only, to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event so as to be received by no later than 10.00 a.m. (London time) on 2 December 2008. If you hold your Ordinary Shares in certificated form (that is, not in CREST) a Form of Proxy accompanies this circular. Holders of Ordinary Shares in uncertificated form who wish to appoint a proxy or proxies for the General Meeting should do so through the CREST electronic proxy appointment service. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Capita Registrars (ID number RA10), by no later than 10.00 a.m. (London time) on 2 December 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Capita Registrars is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Regulations.

DM PLC

(Registered in England No. 04020844)

Directors:

Adrian J. Williams
Wendy E. Ruck
Mark Winter
John Gommest*

Registered Office:

Green Heys
Walford Road
Ross on Wye
Herefordshire
HR9 5PQ

* non-executive

14 November 2008

Dear Shareholder

Offer of one new ordinary share of 1 pence each (a "New Share") of DM plc (the "Company") for every 9.4 pence otherwise payable as an interim cash dividend (the "Scrip Dividend Alternative")

Scrip Dividend Alternative

On 16 October 2008, the board of directors of the Company (the "**DM Directors**") announced the conclusion of a strategic review undertaken to assess the options available to the Company to maximise shareholder value. On this date the Company announced a substantial interim dividend of 3.5 pence per ordinary share (the "**Interim Dividend**") to be paid on 25 November 2008 to holders of ordinary shares of 1 pence each (the "**Ordinary Shares**") in the Company's issued share capital (the "**Shareholders**") on the Company's register of members as at 24 October 2008 (the "**Record Date**").

On 12 November 2008, the DM Directors announced the acquisition out of administration of the trade and assets of Data Locator Group Ltd and certain associated companies ("**DLG**") from the administrators of DLG for cash consideration of £3.25 million.

DLG is one of the largest providers of consumer lifestyle data to the UK direct marketing industry. DLG has, what is believed by the DM Directors, to be the UK's largest consumer lifestyle database with postal details of over 20 million individuals; and respectively databases of consumer details for approximately 4.5 million telephone numbers; 5.8 million email addresses; and 6.2 million mobile phone numbers.

The DM Directors also announced on that date that Shareholders would be given the opportunity to elect to receive their Interim Dividend in New Shares by way of a scrip (the "**Scrip Dividend Alternative**") and accordingly the cash payment, due on 25 November 2008, would be rescheduled for 23 December 2008 to allow elections under the Scrip Dividend Alternative.

In order that Shareholders have the opportunity to elect to receive New Shares under the Scrip Dividend Alternative instead of the Interim Dividend in cash, in accordance with Article 145 of the Articles of Association of the Company, the DM Directors require the approval of Shareholders at a general meeting of the Company (the "**General Meeting**"). Accordingly, set out at the end of this circular is a notice convening the General Meeting, to be held at 10.00 a.m. (London time) on 4 December 2008 at the Company's registered office at Green Heys, Walford Road, Ross on Wye, Herefordshire, HR9 5PQ which contains an ordinary resolution (the "**Ordinary Resolution**") which, if passed, will provide the DM Directors with such authority. Accordingly, making the Scrip Dividend Alternative is conditional, *inter alia*, upon the passing of the Ordinary Resolution.

This circular contains the information you will need to decide whether you want to make an election under the Scrip Dividend Alternative.

Benefits of the Scrip Dividend Alternative

The opportunity to receive New Shares instead of a cash dividend enables Shareholders to increase their shareholding in the Company in a simple manner and without incurring dealing costs or stamp duty. To the extent that Shareholders elect to take New Shares, the Company will also benefit from the retention of cash that would have otherwise been paid out as a dividend. Any cash retained will be utilised to provide additional working capital following the acquisition of DLG.

A Shareholder who elects to take up some or all of his entitlement will have both the benefits and the risks of an increased shareholding in the Company. This circular allows Shareholders to exercise their choice as to whether or not to take up this entitlement.

Details of the Scrip Dividend Alternative

This proposal relates to the Interim Dividend for the financial year ending 31 December 2008. Shareholders who elect to receive New Shares rather than cash will receive one New Share for every 9.4 pence otherwise payable as a cash dividend on shares registered in their name(s) on the Record Date in respect of all or part of their shareholding. The entitlement has been calculated on the basis of the average middle market closing price of an Ordinary Share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange plc (the "**London Stock Exchange**") for the five dealing days commencing on 22 October 2008.

Fractions of a share cannot be issued. Fractional entitlement will be paid as a cash dividend which shall, where appropriate, be rounded down to the nearest whole penny.

The Scrip Dividend Alternative is subject to (i) the passing of the Ordinary Resolution approving the Scrip Dividend Alternative at the General Meeting and (ii) permission for the admission of the New Shares to trading on AIM ("**Admission**") being granted by the London Stock Exchange on or before 23 December 2008. If these conditions are not met the Scrip Dividend Alternative will be withdrawn and dividends will be paid in cash to all Shareholders. The Scrip Dividend Alternative is also conditional on the DM Directors not withdrawing the facility prior to 23 December 2008.

The detailed terms and conditions of the Scrip Dividend Alternative in respect of the Interim Dividend for the year ending 31 December 2008 are set out in Part I of the Appendix to this letter.

Should you be interested in taking advantage of the Scrip Dividend Alternative, please consider the terms and conditions set out in the Appendix carefully and the likely tax consequences for you. Before making an election under the Scrip Dividend Alternative, you should take into account movements in the Company's share price.

If you hold your Ordinary Shares in certificated form (that is, not in CREST), your enclosed form of election (the "**Form of Election**") shows the maximum number of New Shares you can receive in respect of a valid election.

A non-exhaustive outline of the likely tax consequences for most Shareholders resident in the UK in electing to receive New Shares in the place of the cash dividend can be found in Part II of the Appendix to this circular. If you are in any doubt as to your tax position, you should consult your professional adviser before taking any action.

The attention of Shareholders resident outside the UK is drawn to paragraph 7 of Part I of the Appendix to this letter.

Action to be taken

A. To approve the Ordinary Resolution proposed at the General Meeting

Whether or not you intend to make an election in respect of the Scrip Dividend Alternative, and whether or not you intend to attend the General Meeting in person, you are urged to undertake the following action:

- (i) *if you hold your Ordinary Shares in certificated form* (that is, not in CREST), you should complete and return the enclosed form of proxy (the "**Form of Proxy**") in accordance with the instructions printed thereon to the Company's registrars, Capita Registrars, by post to Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, or by hand, during normal business hours only, to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible, but in any event by no later than 10.00 a.m. on 2 December 2008; and
- (ii) *if you hold your Ordinary Shares in uncertificated form* you should appoint a proxy or proxies through the CREST electronic proxy appointment service. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by Capita Registrars, the Company's Registrar (ID number RA10), by no later than 10.00 a.m. (London time) on 2 December 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which Capita Registrars is able to retrieve the message. The Company may treat as

invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (the “**Regulations**”).

The appointment of a proxy or proxies will not preclude you from attending and voting at the General Meeting in person if you wish to do so.

As already noted, the Scrip Dividend Alternative is conditional upon the Ordinary Resolution being passed without amendment at the General Meeting. Accordingly, if the Ordinary Resolution is not so passed, the Scrip Dividend Alternative will not be implemented. In these circumstances, the Interim Dividend will be paid in cash in the usual way.

B. To determine whether you would like to receive your Interim Dividend in cash or in New Shares under the terms of the Scrip Dividend Alternative.

You have the choice of either:

- (i) receiving your Interim Dividend of 3.5 pence per Ordinary Share in cash, which will be paid on 23 December 2008, in which case you need take no further action; or
- (ii) electing to take New Shares instead of the Interim Dividend in cash, in which case:
 - (a) *if you hold your Ordinary Shares in certificated form* you must complete the Form of Election in accordance with the instructions printed on it and return it by post or, during normal business hours only, by hand to Capita Registrars, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in the reply paid envelope provided so that it is received by no later than 3.00 p.m. (London time) on 8 December 2008; and
 - (b) *if you hold your Ordinary Shares in uncertificated form* you must effect your election by means of CREST procedures contained in note 5(b) of Part I of the Appendix so that it is received by Capita Registrars no later than 3.00 p.m. (London time) on 8 December 2008.
No other form of election will be permitted and if received will be rejected and returned to the CREST Shareholder who has lodged such instructions;

An election under the Scrip Dividend Alternative by holders of Ordinary Shares in certificated form is irrevocable and cannot under any circumstances be cancelled. Holders of Ordinary Shares in uncertificated form should be aware that there is no facility to amend an election for the Scrip Dividend Alternative which has been made by the Dividend Election Input Message (an “**Electronic Election**”); if a holder wishes to change his/her election details, he/she must first delete the existing Electronic Election and then input an Electronic Election with the required new details so as to be received by Capita Registrars by no later than 3.00 p.m. (London time) on 8 December 2008.

Shareholders should be aware that the price of shares can go down as well as up. If you are in any doubt about what course of action to take in relation to your shareholding, you should consult an independent financial adviser authorised under the Financial Services and Markets Act.

Recommendation

The DM Directors consider that the Scrip Dividend Alternative is in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the DM Directors unanimously recommend that you vote in favour of the Ordinary Resolution to be proposed at the General Meeting.

Yours faithfully,

Adrian Williams
Chairman
DM plc

APPENDIX

Part I

A. TO RECEIVE YOUR MAXIMUM ENTITLEMENT TO NEW SHARES

If you hold your Ordinary Shares in:

- (i) **certificated form, sign and date the Form of Election and return it to Capita Registrars; and**
- (ii) **uncertificated form, make your election by means of the CREST procedure set out in Note 5(b) of Part I of this Appendix.**

The number of New Shares which will be allotted to you is calculated by multiplying the number of Ordinary Shares you hold by the cash dividend of 3.5 pence per share and dividing by the cash equivalent share price (9.4 pence), being the share price calculated for the purposes of the Scrip Dividend Alternative for the Interim Dividend.

Example: you have 1,000 Ordinary Shares and elect to receive New Shares in respect of your total holding. You will receive 372 New Shares (1,000 multiplied by 3.5 pence divided by 9.4 pence) and a cash payment of £0.03 (being the difference between the value of the New Shares (372 multiplied by 9.4 pence = £34.97 and the full cash Interim Dividend otherwise payable (1,000 multiplied by 3.5 pence = £35.00).

B. TO RECEIVE YOUR TOTAL INTERIM DIVIDEND IN CASH IN THE NORMAL WAY

Take no further action.

Your dividend will be paid in cash in the normal way.

C. TO RECEIVE YOUR DIVIDEND IN A COMBINATION OF NEW SHARES AND CASH

If you hold your Ordinary Shares in:

- (i) **certificated form, insert in Box (3) on the Form of Election the number of existing Ordinary Shares on which you wish to receive New Shares instead of the dividend in cash. Then sign and date the Form of Election and return it to Capita Registrars.**
- (ii) **uncertificated form, make your election by means of the CREST procedures set out in Note 5(b) of this Appendix.**

Example: You have 1,000 Ordinary Shares, however you only wish to elect to receive New Shares upon 900 Ordinary Shares. You should insert "900" in Box (3). You will receive 335 New Shares (900 multiplied by 3.5 pence divided by 9.4 pence) and a cash payment of £3.51 (being the difference between the value of the New Shares (335 multiplied by 9.4 pence = £31.49) and the full cash Interim Dividend otherwise payable (1,000 multiplied by 3.5 pence = £35.00).

ELECTIONS UNDER THE SCRIP DIVIDEND ALTERNATIVE (WHETHER USING A FORM OF ELECTION OR BY MEANS OF THE CREST PROCEDURE) NEED BE MADE ONLY IF YOU WISH TO RECEIVE NEW SHARES AND MUST BE RECEIVED BY CAPITA REGISTRARS BY NO LATER THAN 3.00 P.M. ON 8 DECEMBER 2008.

Notes

1. Terms of the election

Shareholders on the register of members at the close of business on the Record Date may elect to receive one New Share, credited as fully paid, for every 9.4 pence otherwise payable as a cash dividend on Ordinary Shares registered in their name(s). All elections will be subject to fulfilment of any conditions specified in this document and (in respect of holders of certificated Ordinary Shares only) the Form of Election.

An election under the Scrip Dividend Alternative by holders of Ordinary Shares in certificated form, once received, cannot be revoked or withdrawn. Holders of Ordinary Shares in uncertificated form should be aware that there is no facility to amend an election for the Scrip Dividend Alternative which has been made by an Electronic Election; if a holder wishes to change his/her Electronic Election details, he/she must first delete the existing election and then

input an Electronic Election with the required new details so as to be received by Capita Registrars by no later than 3.00 p.m. (London time) on 8 December 2008.

An election may be made by Shareholders in respect of all or part of their holding of Ordinary Shares.

The number of New Shares to be allotted to electing Shareholders is calculated by multiplying the number of shares on which an election has been made by the cash dividend per share (3.5 pence) and dividing the cash equivalent share price (9.4 pence).

New Shares will be allotted up to a maximum whole number possible. Fractions of New Shares cannot be allotted and any fractional entitlement will be dealt with in accordance with note (3) below. The number of New Shares to be allotted in respect of the Interim Dividend is calculated as follows:

$$\frac{(N \times D)}{P}$$

Where: N is the number of existing Ordinary Shares in respect of which the Shareholder has elected to receive New Shares

D is the declared cash dividend per share (3.5 pence)

P is the cash equivalent share price of one New Share (9.4 pence), expressed in pence

2. Basis of allotment of New Shares

As provided by the Company's Articles of Association, the relevant value of a New Share has been calculated using the average middle market closing price of an Ordinary Share as derived from the AIM appendix to the Daily Official List of the London Stock Exchange for the five dealing days commencing on 22 October 2008.

If all Shareholders elect to receive New Shares in place of the Interim Dividend in cash in respect of their entire holdings, 54,017,203 New Shares will be issued (ignoring any reduction in respect of fractions). This would represent an increase of approximately 37.23 per cent. in the Company's issued share capital. As a result, the Company would be able to retain funds of approximately £5,077,617 which would otherwise be payable in cash as an Interim Dividend. If no New Shares are issued, an aggregate dividend of £5,077,617 will be paid by the Company. The tax effects of the payment of the dividend, including any tax credits, will depend on each Shareholder's circumstances.

3. Fractional entitlement

No fraction of a New Share will be allotted. The fractional entitlement is the difference between the full cash dividend payable on the shareholding and the value of the New Shares, which is calculated by multiplying the number of New Shares allotted by the cash equivalent share price of 9.4 pence.

Shareholders will receive a payment by cheque for any fractional entitlement which shall, where appropriate, be rounded down to the nearest whole penny.

4. Taxation

The taxation effect of an election on Shareholders will depend on individual circumstances and a non-exhaustive outline of the likely tax consequences for most UK resident Shareholders is set out in Part II of this Appendix.

If you are unsure of how you will be affected, you should consult your professional adviser before taking any action.

5. How to make the election

If you hold 3 or more Ordinary Shares and you wish to receive New Shares instead of the Interim Dividend in cash in respect of all or any part of your shareholding, you should:

- (a) *If you hold your Ordinary Shares in certificated form*, complete the enclosed Form of Election and send it by post or, during normal business hours only, by hand to the Company's registrar, Capita Registrars, New Issues, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU in the reply paid envelope provided so as to be received no later than 3.00 p.m. (London time) on 8 December 2008. If the Form of Election is not received by 3.00 p.m. (London time) on that date, the Interim Dividend will be paid in cash in respect of all the Ordinary Shares that you hold. All Forms of Election sent to and from Shareholders are sent at the Shareholder's risk.

If on the Form of Election you do not specify in Box (3) the number of Ordinary Shares in respect of which you are making your election, or if you make the election with respect to a greater number of Ordinary Shares than shown in Box (1) on the form, your election will be deemed to be for the number of Ordinary Shares shown in Box (1).

- (b) If you hold your Ordinary Shares in uncertificated form, then if you are a system member (as defined by the Regulations), or a CREST member admitted to CREST as a sponsored member under the sponsorship of a person who is, in relation to CREST, a sponsoring system participant (as defined in the Regulations) (a “**CREST Sponsor**”) you should consult your CREST Sponsor, who will be able to take appropriate action on your behalf. The CREST procedures require the use of an Electronic Election in accordance with the CREST Manual. The Electronic Election must contain the number of Ordinary Shares on which the election is being made whether this is all or part of your holding at the Record Date. The Electronic Election includes a number of fields which, for a valid election to be made, must be correctly input as indicated below:
- (i) Dividend Election Reference – you must indicate here a reference for the dividend election which is unique to your CREST participant ID;
 - (ii) Account I.D. – If you have more than one member account, you must indicate the member account I.D. to which the Electronic Election relates;
 - (iii) ISIN – This is GB0032282294;
 - (iv) Distribution type – You must enter “Scrip” here;
 - (v) Corporate Action – You must enter here the Corporate Action number for the dividend on which your Electronic Election is being made;
 - (vi) Number of Shares – You must enter here the number of Ordinary Shares over which your Electronic Election is made whether this is all or part of your holding. If you leave this field blank or enter zero your Electronic Election will be rejected. If you enter a number greater than your holding in CREST on the Record Date, the Electronic Election will be applied to the total holding in the relevant CREST member account on the Record Date; and
 - (vii) Contact details – This field is optional, although you are asked to include details of whom to contact in the event of a query relating to your Electronic Election.

The Electronic Election must be received by Capita Registrars by no later than 3.00 p.m. (London time) on 8 December 2008.

The Company and/or Capita Registrars reserves the right to treat as valid any Electronic Election which is not complete in all respects.

By making an Electronic Election as described above, you confirm your election to participate in the Scrip Dividend Alternative in accordance with the details input and with the terms and conditions of the Scrip Dividend Alternative.

Holders of Ordinary Shares in uncertificated form should be aware that there is no facility to amend an Electronic Election for the Scrip Dividend Alternative; if you wish to change your Electronic Election, you must first delete the existing Electronic Election and then input a new Electronic Election with the required new details so as to be received by Capita Registrars by no later than 3.00 p.m. (London time) on 8 December 2008.

6. Delivery and admission to AIM of the New Shares

Application will be made to the London Stock Exchange for Admission. The New Shares will, on issue, rank *pari passu* in all respects with the existing issued Ordinary Shares of the Company and will rank for all future dividends on such shares.

No acknowledgement of receipt of an election under the Scrip Dividend Alternative will be issued.

Subject to Admission, dealings in the New Shares are expected to commence on 23 December 2008. In the unlikely event that Admission is not granted or the Ordinary Resolution is not passed at the General Meeting or the DM Directors withdraw the facility on or before 23 December 2008, elections under the Scrip Dividend Alternative will be disregarded and the Interim Dividend will be paid in cash in the usual way. It is expected that definitive share certificates for the New Shares will be posted, at the

risk of the persons entitled to them, on 23 December 2008 (in the case of members holding their shares in certificated form) or credited to the relevant CREST accounts on that date.

7. Overseas Shareholders

It is the responsibility of any Shareholder wishing to elect to receive New Shares to satisfy himself as to full observance of the laws of any relevant territory in connection with such election, including obtaining any requisite governmental or other consent or approval, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territory. Shareholders who are in any doubt as to their position should consult a professional adviser.

No person receiving this circular and accompanying documents in any territory other than the UK may treat it as constituting an invitation or offer to elect to receive any New Shares, nor should he in any event use such Form of Election or make an Electronic Election unless, in the relevant territory, such an invitation or offer could lawfully be made to him and such Form of Election could lawfully be used by him or Electronic Election made by him without contravention of any registration or other regulatory or legal requirement. In such circumstances, the enclosed documents are sent for information only, are confidential and should not be copied or distributed.

The Company (acting in its absolute discretion) reserves the right to reject any Form of Election or Electronic Election for New Shares made by or on behalf of a person outside the UK or if it appears that the election may constitute a breach of any relevant securities legislation. Notwithstanding any other statement in this circular, the Company reserves the right to permit a Shareholder to take up New Shares if the Company is satisfied (acting in its absolute discretion) that such action would not result in contravention of any applicable legal or regulatory requirements.

This circular has not been submitted to the clearance procedures of any authorities and the New Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the securities laws of any State of the United States of America and they are not being offered in the United States of America and its territories and possessions, in Canada, Australia or Japan, or their respective states, territories or possessions.

8. If you have received more than one Form of Election

If, for any reason, your holding is registered in more than one way and as a result you have received more than one Form of Election, then, unless you are able on or before 8 December 2008 to make arrangements with Capita Registrars to have your holdings consolidated, they will be treated for all purposes as separate and you should complete separate Forms of Election accordingly. In order to consolidate your holdings you should write as soon as possible to Capita Registrars stating that you wish them to effect the same and enclosing all Forms of Election, which should be completed, if you wish to participate in the Scrip Dividend Alternative.

9. If you have recently sold or transferred all or any of your Ordinary Shares or purchased Ordinary Shares

If, on or before 22 October 2008 (the ex-dividend date), you have sold or transferred all or some of your holding of Ordinary Shares, you should consult your stockbroker or agent without delay. Your stockbroker or agent will then advise you how to deal with the Form of Election or Electronic Acceptance (as appropriate).

10. Expected timetable of events

Interim Dividend announced	16 October 2008
Shares quoted ex-dividend	22 October 2008
Record date for Interim Dividend	24 October 2008
Scrip Dividend Alternative announced	12 November 2008
Posting of Forms of Election and Forms of Proxy	14 November 2008
Latest time for receipt of proxies given in connection with the General Meeting	10.00 a.m. on 2 December 2008
General Meeting to approve the Scrip Dividend Alternative	10.00 a.m. on 4 December 2008
Final date for consolidation of holdings (see note 8 below)	8 December 2008
Final time for receipt of elections under the Scrip Dividend Alternative	3.00 p.m. on 8 December 2008
Posting of tax vouchers for cash dividends	23 December 2008
Dividend payment date, first day of dealings in New Shares and CREST member accounts credited with New Shares	23 December 2008
Posting of definitive share certificates/CREST statements and warrants for cash dividends	23 December 2008

Further copies of this circular and/or Forms of Election and/or Forms of Proxy may be obtained from Capita Registrars by writing to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by calling 0871 664 0300 (calls cost 10p per minute plus network extras) or, if calling from outside the United Kingdom, + 44 20 8639 3399 up to and including 8 December 2008.

APPENDIX

Part II

TAXATION

Your directors have been advised that, under UK legislation, the taxation consequences for UK resident shareholders of electing to receive New Shares instead of a cash dividend will broadly be as outlined below. Shareholders who elect to receive shares will receive information in connection with their tax return with their new share certificate.

1. Individuals

Where individuals elect to take the New Shares instead of the Interim Dividend in cash, they will be treated as having received an amount which, when reduced by income tax at the rate of 10 per cent, is equal to the cash dividend foregone, referred to as the "cash equivalent". In other words, if an individual receives New Shares worth £90 he will be treated as receiving gross income of £100 and as having paid tax of £10 on that grossed up amount.

Individuals who (after taking account of their receipt of New Shares or dividend) are not liable to pay tax at the higher rate will have no further liability on the receipt of New Shares.

Where individuals receive the Interim Dividend in cash or New Shares, and their income tax liability is less than the tax credit attached to the dividend they are not entitled to make a repayment claim in respect of the amount by which the tax credit exceeds their tax liability.

Individuals taking New Shares who are liable to higher rate income tax are subject to a tax rate of 32.5 per cent on the gross dividend income. They will be treated as having received gross dividend income calculated as shown in the first paragraph above. Thus, a higher rate tax payer's overall tax liability in the above example would be £32.50 (£100 at 32.5 per cent) and therefore after the deduction of the tax credit on the dividend of £10, the additional tax payable would be £22.50.

In all these cases, if an election to take New Shares is made, the net amount of income deemed to have been received (£90 in the above example) will be treated for capital gains tax purposes as being the consideration given for the New Shares.

2. Trustees

Trustees of discretionary trusts are liable to tax at a rate of 32.5 per cent. Those who elect to receive New Shares will thus have the same grossing up procedure as outlined above for individuals liable to higher rate tax. For capital gains tax purposes, the amount of the cash dividend will be treated as being the consideration given for the New Shares.

3. UK resident corporate shareholders

Corporation tax will not be chargeable on the cash equivalent of the New Shares issued. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the New Shares.

4. Gross funds

As the allotment of the New Shares will not be treated as a qualifying distribution, no tax credit will attach to the New Shares and no repayment claim can be made in respect thereof.

5. Pension funds

UK pension funds are not entitled to claim repayment of the tax credit attaching to any dividend. If a UK pension fund elects to receive New Shares, no tax credit will attach to the New Shares and no repayment claim can be made in respect thereof. Therefore a UK pension fund will not be able to claim repayment of the tax credit whether it receives the dividend in cash or elects to receive New Shares.

6. Stamp duty and stamp duty reserve tax.

No stamp duty or stamp duty reserve tax is payable in respect of the allotment and issue of the New Shares.

This summary of the taxation treatment is not exhaustive nor does it consider the position of any shareholder not resident in the UK. If you are not sure how you will be affected, you should consult your financial adviser before deciding whether or not to make an election.

If the amount of cash dividend foregone is substantially less than the value of the New Shares on the first day of dealings on the London Stock Exchange, HM Revenue & Customs may substitute that market value as the cash equivalent. A difference of 15 per cent or more would be regarded as substantial.

DM PLC

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting (the “**General Meeting**”) of DM plc (the “**Company**”) will be held at the registered office of the Company, Green Heys, Walford Road, Ross on Wye, Herefordshire, HR9 5PQ on 4 December 2008 at 10.00 a.m. to consider the following resolution, which will be proposed as an ordinary resolution as indicated below.

Ordinary Resolution

THAT the directors of the Company be and they are hereby authorised pursuant to Article 145 of the Articles of Association of the Company to offer holders of ordinary shares of 1 pence each in the capital of the Company (the “**Ordinary Shares**”) the right to elect to receive new Ordinary Shares, credited as fully paid up, instead of some or all of the Interim Dividend announced on 12 November 2008.

By order of the Board

T. P. Brennan

Company Secretary

14 November 2008

Registered Office:

Green Heys
Walford Road
Ross on Wye
Herefordshire
HR9 5PQ

Notes

Right to appoint a proxy

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

Procedure for appointing a proxy

2. To be valid, the proxy form must be received by the Company’s registrars by post to Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR, or by hand, during normal business hours only, to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 2 December 2008. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority.
3. The return of a completed proxy form or any CREST Proxy Instruction (as described in paragraph 5 below) will not preclude a member from attending the General Meeting and voting in person if he or she wishes to do so.

Record date

4. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the General Meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 pm on the day which is two days before the day of the General Meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

CREST proxy appointments

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

So that a CREST proxy appointment or instruction to a proxy can be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in compliance with Euroclear UK & Ireland Limited’s specifications and must contain the necessary information, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so that Capita Registrars (ID RA10) receives it by no later than the latest time for receipt of proxy appointments specified in this notice. The time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner required by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

6. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:
 - if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (<http://www.icsa.org.uk>) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in the first bullet point above.

Communications

7. Members who have general enquiries about the meeting should call Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras) or from outside the United Kingdom on + 44 20 8639 3399.
8. You may not use any electronic address provided in this notice of General Meeting for communicating with the Company for any purposes other than those expressly stated.

