

**14 April 2009**

**Phorm, Inc. ("Phorm" or the "Company")**

**EU Commission's Infringement Proceedings Against UK Government**

For Immediate Release

The EU Commission has announced today that it is starting infringement proceedings against the UK Government concerning the alleged failure of UK legislation to conform in certain respects with EU e-privacy and personal data protection rules. This is obviously a matter for the Commission and the UK Government. However, in so far as the Commission's announcement references Phorm's technology, we should like to make the following points clear.

Phorm's technology is fully compliant with UK legislation and relevant EU directives. This has been confirmed by BERR and by the UK regulatory authorities and we note that there is no suggestion to the contrary in the Commission's statement today. We do not envisage the Commission's proceedings will have any impact on the company's plans going forwards.

Furthermore, Phorm's system stands out from other online advertising systems in that it does not store personal data, or browsing histories. Finally, consistent with UK and EU legislation, and in anticipation of any changes that may be made to the law in the future, our system offers unmissable notice and clear and persistent choice to consumers.

This release clarifies any misunderstandings that may have arisen following the Commission's announcement.

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