

11 March 2008

**Phorm, Inc. (“Phorm” or the “Company”)
Announcement of Fundraising
Statement re: Share Price Movement**

Phorm (AIM: PHRM and PHRX), the advertising technology company, notes the recent movement in its share price. It confirms that it is not aware of any undisclosed commercial factors that would have had such an effect.

The Company can confirm that it is in the course of conducting a roadshow regarding a potential institutional equity fundraising for up to \$65 million with brokers Morgan Stanley and Canaccord Adams, further details of which will be announced in due course.

Phorm continues to make good progress with BT, Talk Talk and Virgin Media in terms of implementing its online advertising platform, the Open Internet Exchange (OIX), and a free consumer internet feature, Webwise, which results in fewer irrelevant advertisements and additional protection against fraudulent websites. Implementation is on track and consumer trials are expected to begin in due course, after which a full roll out across these networks is expected to commence.

Phorm also continues to be in advanced discussions with other ISPs both in the UK and other markets regarding the adoption of OIX and Webwise and will provide a further update to the market once these discussions are concluded.

In addition, since announcing the launch of OIX and Webwise on 14 February 2008, Phorm has made significant progress with the publishing and advertising community and is delighted with the enthusiastic response it has received to date.

The Company is also aware of some recent press speculation regarding certain aspects of Phorm’s technology, including some misconceptions which we are taking steps to address, and would like to clarify the following points:

- Phorm will never store any personal information, or anything that can identify a user. The only information stored is an anonymous random number assigned to a user’s browser, the advertising categories that match their areas of interest and a time stamp
- Users will have a clear choice whether to switch Webwise on or off
- Our technology complies with the Data Protection Act, RIPA and other applicable UK laws
- Phorm is committed to open and transparent disclosure. Prior to its announcement on 14 February 2008, the Company initiated a dialogue with the Information Commissioner's Office, together with many other leading stakeholders in the area of online

privacy, to share details of its technology which Phorm believes sets a new 'gold standard' on privacy and anonymity. The reactions we have received to date have been very encouraging. Further details are available at Phorm's website www.phorm.com

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