

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately if you are resident in the UK or, if you reside elsewhere, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

If you have sold or otherwise transferred part of your holding of Ordinary Shares, you should retain this document, together with the accompanying Form of Proxy, and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.



WH Smith PLC

*Incorporated and registered in England and Wales under the Companies Act 1985
Registered number 5202036*

Special Dividend of 33 pence per Ordinary Share

and

67 for 74 Share Consolidation

and

Notice of Extraordinary General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of WH Smith PLC which is set out on pages 4 to 7 of this document and which recommends that you vote in favour of the resolutions to be proposed at the Extraordinary General Meeting referred to below.

Application will be made to the Financial Services Authority for the New Ordinary Shares arising from the proposed consolidation of the Company's ordinary share capital to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that dealings in the Existing Ordinary Shares will continue until close of business on 21 February 2008 and that admission of the New Ordinary Shares will become effective and dealings for normal settlement will commence at 8.00 a.m. on 22 February 2008.

A notice of the Extraordinary General Meeting of WH Smith PLC, to be held at JPMorgan Cazenove, 20 Moorgate, London, EC2R 6DA, at 11.00 a.m. on 20 February 2008, is set out at the end of this document.

A Form of Proxy is enclosed with this document and, if used, should be lodged with the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6AN not later than 11.00 a.m. on 18 February 2008.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti (CREST participant ID 7RA01), so that it is received no later than 11.00 a.m. on 18 February 2008. The return of a completed Form of Proxy will not prevent you from attending the Extraordinary General Meeting and voting in person if you so wish and are so entitled.

Electronic Proxy Appointment is available for this Extraordinary General Meeting. This facility enables shareholders to lodge their proxy appointment by electronic means on a website provided by Equiniti via www.sharevote.co.uk. Further details are set out in the notes to the Form of Proxy.

JPMorgan Cazenove Limited, which is authorised and regulated in the UK by the Financial Services Authority, is acting for WH Smith PLC and no-one else in connection with the Special Dividend and Share Consolidation and will not be responsible to anyone other than WH Smith PLC for providing the protections afforded to clients of JPMorgan Cazenove or for providing advice in relation to the Special Dividend and Share Consolidation.

Merrill Lynch International, which is authorised and regulated in the UK by the Financial Services Authority, is acting for WH Smith PLC and no-one else in connection with the Special Dividend and Share Consolidation and will not be responsible to anyone other than WH Smith PLC for providing the protections afforded to clients of Merrill Lynch International or for providing advice in relation to the Special Dividend and Share Consolidation.

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Part 1

Expected timetable of principal events

2008

Latest time and date for receipt of Form of Proxy	11.00 a.m. on 18 February
Extraordinary General Meeting	11.00 a.m. on 20 February
Latest time and date for dealings in Existing Ordinary Shares	6.00 p.m. on 21 February
Record Date for the Special Dividend and for the Share Consolidation	6.00 p.m. on 21 February
Shares marked ex-Special Dividend	22 February
Commencement of dealings in New Ordinary Shares	8.00 a.m. on 22 February
CREST accounts credited with New Ordinary Shares	8.00 a.m. on 22 February
Payment of Special Dividend to Shareholders	29 February
Despatch of cheques for fractional entitlements and certificates for New Ordinary Shares and CREST accounts credited with the value of fractional entitlements	No later than 6 March

Notes:

References to time in this document are to London time.

If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement to a Regulatory Information Service.

All events in the above timetable following the EGM are conditional on the approval by Shareholders of the first resolution proposed. All events in the above timetable following Listing are conditional upon Listing.

If you have any questions about the Special Dividend or the Share Consolidation, please telephone the Shareholder Helpline between 8.30 a.m. and 5.30 p.m. Monday to Friday (except UK public holidays) on: 0871 384 2892 or +44 121 415 0257 (if calling from outside the UK). The Helpline cannot provide advice on the merits of the Special Dividend or Share Consolidation, nor give any financial, legal or tax advice.

Part 2

Letter from the Chairman of WH Smith PLC

WH Smith PLC

(Incorporated in England and Wales with limited liability under registered number 5202036)

Registered Office:
Greenbridge Road
Swindon
Wiltshire
SN3 3RX

31 January 2008

To WHSmith Shareholders and, for information only, participants in the WHSmith Share Schemes.

Dear Shareholder,

1 Introduction

In the Preliminary Results statement on 11 October 2007 we announced that after the key Christmas trading period we would review the Company's capital resources, having regard to the current and potential future requirements of the business. That review has now been completed and the Board today announces proposals to return £90m of cash to Shareholders.

The proposed return of cash to Shareholders will allow the Group to deliver improved shareholder returns whilst retaining the financial flexibility to invest in the business. Our dividend policy remains the same: over time we would aim for dividends to be covered twice by normally taxed earnings.

The return of £90m of cash to Shareholders will comprise two elements. An initial return of £60m (equivalent to 33p per share) will be made by way of Special Dividend, combined with a Share Consolidation, and it is our intention to return the balance of £30m by way of an on-market share repurchase programme, implemented over the course of the next year, taking into account market conditions.

The Share Consolidation, which will be in the ratio 67 New Ordinary Shares for every 74 Existing Ordinary Shares, is intended to preserve comparability, so far as possible, of the Company's share price and earnings and dividend per share before and after payment of the Special Dividend.

The Special Dividend and 67 for 74 Share Consolidation requires the approval of Shareholders at an Extraordinary General Meeting which will be held on 20 February 2008, the notice of which is set out at the end of this document. It is expected that WHSmith Ordinary Shares will be marked ex the Special Dividend on 22 February 2008 and the Special Dividend will be paid on 29 February 2008 to Shareholders on the share register at the close of business on 21 February 2008.

The purpose of this letter is to provide further details of the Special Dividend and the Share Consolidation and to seek Shareholders' consent to the Share Consolidation and to a renewed authority to enable the Company to make market purchases of its Ordinary Shares.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter.

JPMorgan Cazenove is acting as financial adviser and joint corporate broker to WHSmith in connection with the proposed Special Dividend and Share Consolidation.

Merrill Lynch International is acting as joint corporate broker to WHSmith in connection with the proposed Special Dividend and Share Consolidation.

2 Summary of the Proposal

The Board considered a variety of methods for effecting the Return of Cash. Given the amount of the return and the costs incurred through other methods of return, and having regard to the differing positions of the Company's Shareholders, the Board concluded that a special dividend, combined with a share buyback programme, would be the most efficient and appropriate method in this instance.

In determining the amount of cash to be returned to Shareholders the Board has taken account of the net funds of £64m the Group had as at 31 August 2007 and the fact that the Group is cash generative in both our High Street and Travel businesses. It also considered the ongoing capital investment programme, the Group's high operational gearing and its contribution commitments to the pension fund over the four years to August 2011 of circa £10m per annum.

As at close of business on 30 January 2008, when the closing mid-market price per Existing Ordinary Share was 348.75 pence and there were 182,941,732 Existing Ordinary Shares in issue, the total amount of the Special Dividend was equivalent to 9.5 per cent. of the market capitalisation of the Company. The effect of the Share Consolidation will be to reduce the number of Ordinary Shares in issue by approximately the same percentage.

The Share Consolidation is intended to maintain comparability, as far as possible, of the Company's share price before and after the payment of the Special Dividend. Following the payment of the Special Dividend and Share Consolidation, the Board intends to maintain its current dividend policy and expects that over time, dividends would be broadly covered twice by normally taxed earnings.

The ratio used for the Share Consolidation has been set by reference to the closing mid-market price of 348.75 pence per Existing Ordinary Share on 30 January 2008, the last practicable date prior to the date of this circular. Depending upon the price of an Existing Ordinary Share shortly before the date of the EGM, this ratio may no longer maintain comparability of the Company's share price before and after the payment of the Special Dividend. If this is the case, the Directors may, at the EGM, propose certain changes to the ordinary resolution contained in the Notice of EGM so as to adjust the ratio to maintain, as far as possible, this comparability. If these steps are proposed to be taken, notice will be given by issuing an announcement through a Regulatory Information Service.

As the holdings of all Shareholders in the Company will be consolidated, each Shareholder's percentage holding in the issued share capital of the Company immediately before and after the implementation of the Share Consolidation will (save in respect of fractional entitlements) remain unchanged.

The Special Dividend and Share Consolidation will replace every 74 Existing Ordinary Shares with 67 New Ordinary Shares and £24.42 in cash. Fractional entitlements arising from the Share Consolidation will be aggregated and sold in the market for the benefit of relevant Shareholders. The proceeds of this sale are expected to be sent to relevant Shareholders no later than 6 March 2008. The value of any Shareholder's fractional entitlement will not exceed the value of one New Ordinary Share.

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100	90	£33.00
250	226	£82.50
500	452	£165.00
1,000	905	£330.00

These examples do not show fractional entitlements, the value of which will depend on the market value of the New Ordinary Shares at the time of sale, as detailed in Appendix I below.

Following the Share Consolidation, the Company's authorised ordinary share capital will comprise 165,636,433 New Ordinary Shares and, assuming no further shares are issued or repurchased between the date of this letter and the Share Consolidation becoming effective, the issued share capital will comprise

165,636,433 New Ordinary Shares. The New Ordinary Shares will have the same rights, including voting and dividend rights, as the Existing Ordinary Shares.

The Board then intends to return £30m by way of an on-market share repurchase programme, implemented over the course of the next year, taking into account market conditions.

Further details of the Special Dividend and Share Consolidation are included in Appendix I.

3 Share Schemes

Details of the Special Dividend and the Share Consolidation with respect to the Share Schemes are set out in paragraph 4 of Appendix I.

4 Taxation

A summary of the taxation consequences of the Special Dividend and the Share Consolidation for certain categories of UK and US resident Shareholders is set out in paragraph 5 of Appendix I. As more particularly set out in that paragraph, the Directors have been advised that:

- the tax treatment of UK resident Shareholders who receive the Special Dividend will generally be similar to the tax treatment of such holders receiving any other dividend paid by the Company; and
- UK resident Shareholders should not be treated as having made a disposal of their Existing Ordinary Shares for the purposes of UK taxation of chargeable gains as a result of the Share Consolidation.

5 Extraordinary General Meeting

A notice convening the Extraordinary General Meeting of the Company to be held at 11.00 a.m. on 20 February 2008, at JPMorgan Cazenove, 20 Moorgate, London, EC2R 6DA is set out at the end of this document.

The first resolution will effect the Share Consolidation, following which the total number of issued Ordinary Shares will be reduced and the nominal value of the Ordinary Shares will change. As a result, the general authority to make market purchases of Ordinary Shares which is being sought by the Company at the Annual General Meeting of the Company to be held on 31 January 2008 may no longer be used.

The purpose of the second resolution is, therefore, to put in place a new authority to enable the Company to make market purchases of Ordinary Shares. This authority will apply to up to 23,189,101 New Ordinary Shares, representing approximately 14 per cent. of the Company's expected issued ordinary share capital after the Share Consolidation.

It is the intention of the Board that the new authority will be utilised for the repurchase programme set out above. The new authority will only be used if, in the opinion of the Directors, to do so would be in the best interests of Shareholders generally.

6 Action to be taken

Whether or not you propose to attend the Extraordinary General Meeting, you are requested to complete and sign the enclosed Form of Proxy. Completed Forms of Proxy should be returned to Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6AN as soon as possible, and in any event so as to be received by Equiniti no later than 11.00 a.m. on 18 February 2008.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti (CREST participant ID 7RA01) so that it is received by no later than 11.00 a.m. on 18 February 2008. The return of a completed Form of Proxy or CREST Proxy Instruction will not prevent you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Electronic Proxy Appointment is available for this Extraordinary General Meeting. This facility enables Shareholders to lodge their proxy appointment by electronic means on a website provided by Equiniti via www.sharevote.co.uk. Further details are set out in the notes to the Form of Proxy.

The Resolutions will be decided on a show of hands. The results of the EGM will be announced to a Regulatory Information Service and will appear on the Company's website www.whsmithplc.com/ir.

7. Shareholder Helpline

If you have any queries in relation to the Special Dividend or the Share Consolidation, please call our Shareholder Helpline on 0871 384 2892 (or +44 121 415 0257 if calling from outside the UK) between 8.30 a.m. and 5.30 p.m. on any Business Day. For legal reasons, the Shareholder Helpline will not be able to provide advice on the merits of the Special Dividend or the Share Consolidation or to provide any financial or tax advice.

8. Recommendation

The Board, which has received financial advice from JPMorgan Cazenove, considers the passing of the Resolutions to be in the best interests of Shareholders as a whole. In giving its financial advice, JPMorgan Cazenove has placed reliance on the Directors' commercial assessments.

The Board unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting as the members of the Board intend to do in respect of their own beneficial holdings amounting in aggregate to 448,090 Existing Ordinary Shares which, as at 30 January 2008, represented 0.245 per cent. of the existing issued share capital of the Company.

Yours faithfully,

Robert Walker
Chairman, WH Smith PLC

Appendix I

Further details of the Special Dividend and Share Consolidation

1 Share Consolidation

The effect of the Share Consolidation will be that Shareholders on the Register at the close of business on the Record Date, which is expected to be 6.00 p.m. on 21 February 2008, will, on the implementation of the Share Consolidation, exchange:

74 Existing Ordinary Shares for 67 New Ordinary Shares and £24.42 in cash

and in that proportion for any other number of Existing Ordinary Shares then held. The proportion of the issued ordinary share capital of the Company held by each Shareholder immediately before and following the Share Consolidation will (save for fractional entitlements) remain unchanged. Apart from having a different nominal value, each New Ordinary Share will carry the same rights as set out in the Company's Articles of Association that currently attach to the Existing Ordinary Shares.

The ratio used for the Share Consolidation has been set by reference to the closing mid-market price of 348.75 pence per Existing Ordinary Share on 30 January 2008, the last practicable date prior to the date of this circular. Depending upon the price of an Existing Ordinary Share shortly before the date of the EGM, this ratio may no longer maintain comparability of the Company's share price before and after the payment of the Special Dividend. If this is the case, the Directors may, at the EGM, propose certain changes to the ordinary resolution contained in the Notice of EGM so as to adjust the ratio to maintain, as far as possible, this comparability. If these steps are proposed to be taken, notice will be given by issuing an announcement through a Regulatory Information Service.

To effect the Share Consolidation it may be necessary to issue or repurchase such minimum number of additional Existing Ordinary Shares so that the number of the Company's Existing Ordinary Shares is exactly divisible by 74.

2 Effects of Proposal

For purely illustrative purposes, examples of the effects of the Special Dividend and the Share Consolidation in respect of certain holdings of Existing Ordinary Shares are set out below:

<i>Existing Ordinary Shares</i>	<i>New Ordinary Shares</i>	<i>Special Dividend</i>
100.....	90	£33.00
250.....	226	£82.50
500.....	452	£165.00
1000.....	905	£330.00

These examples do not show fractional entitlements, the value of which will depend on the market value of the New Ordinary Shares at the time of sale, as detailed below.

Shareholders whose holdings of Existing Ordinary Shares cannot be consolidated into an exact number of New Ordinary Shares will be left with a fractional entitlement. New Ordinary Shares representing such fractional entitlements will be sold in the market on 22 February 2008 on behalf of the relevant Shareholders. Such Shareholders will receive cash in respect of the net proceeds from fractional entitlements to New Ordinary Shares following the Share Consolidation. Cheques in respect of the net proceeds of sale are expected to be despatched no later than 6 March 2008. Shareholders who hold only one Existing Ordinary Share will only receive cash.

3 Conditions

The Share Consolidation is conditional on the first resolution set out in the Notice of Extraordinary General Meeting being passed and becoming unconditional. This resolution is conditional on the New Ordinary

Shares being admitted to the Official List by the Financial Services Authority and being admitted to trading by the London Stock Exchange.

4 Share Schemes

Participants under the Share Schemes are not entitled to receive the Special Dividend in respect of their options and/or awards. The Directors have determined that, as the effect of the Share Consolidation will be to preserve the value of an Ordinary Share, subject to normal market fluctuations, no adjustment to the number of Ordinary Shares that may ultimately be acquired under outstanding options and awards is required in order to preserve their value. Accordingly, the number of New Ordinary Shares that may be acquired under options and awards after the Share Consolidation will remain the same as the number of Existing Ordinary Shares subject to them before the Share Consolidation.

As at 30 January 2008 (being the last practicable day prior to the publication of this document), the total number of outstanding options and awards to subscribe for Existing Ordinary Shares was 16,368,647 which represents approximately 8.95 per cent. of the Company's current issued share capital. If the Resolutions to be proposed at the EGM are passed and become unconditional, and no additional Existing Ordinary Shares are issued on the exercise of options or vesting of awards or Existing Ordinary Shares repurchased, these options and awards will represent approximately 9.88 per cent. of the Company's issued share capital (on a fully diluted basis) immediately after the Share Consolidation.

5 United Kingdom Taxation

The following summary is intended as a general guide only and relates only to the UK taxation treatment of the Special Dividend and the related Share Consolidation. It is based on current UK tax law and current published HM Revenue and Customs practice for Shareholders who (except where otherwise indicated) are resident in the UK for tax purposes, who are the beneficial owners of those shares and who hold them as investments. The following summary does not apply to corporate shareholders who hold 10 per cent. or more of the Existing Ordinary Shares. Such Shareholders should consult their own appropriate professional advisers. Shareholders who are in any doubt about their tax position, or who are subject to tax in any jurisdiction other than the UK, should consult their own appropriate professional advisers.

Special Dividend

Under current UK legislation, the Company is not required to withhold tax at source when paying a dividend.

An individual Shareholder who is resident in the UK for UK tax purposes should generally be entitled to a tax credit in respect of the Special Dividend which he or she can offset against his or her total income tax liability on the Special Dividend. The amount of the tax credit is equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "gross dividend") (one-ninth of the amount of the net cash dividend). The gross dividend is included in computing the income of such an individual holder for UK tax purposes.

The rate of income tax on dividends is 10 per cent. of the gross dividend for taxpayers liable to income tax at rates not exceeding the basic rate. The tax credit will discharge in full the income tax liability on the Special Dividend of an individual Shareholder who is not liable to income tax at a rate higher than the basic rate. A higher rate taxpayer will be liable to tax on the Special Dividend at the rate of 32.5 per cent. of the gross dividend; therefore, after the tax credit has been set against his or her tax liability, he or she will have to account for tax equal to 22.5 per cent. of the gross dividend (25 per cent. of the net cash dividend received) to the extent that the gross dividend, being treated as the top slice of his or her income, falls above the threshold for higher rate income tax.

UK resident taxpayers who are not liable to UK tax on dividends, including pension funds and charities, will generally not be entitled to claim repayment of the tax credit in respect of the Special Dividend.

A UK resident corporate Shareholder will not normally be liable to corporation tax in respect of the Special Dividend. Such a holder will not be able to claim any repayment of tax credits.

The right of Shareholders who are not resident in the UK for tax purposes to reclaim tax credits attaching to the Special Dividend will depend upon the existence and terms of an applicable double tax treaty. In most cases, such Shareholders will not be able to claim repayment of any part of the tax credit attaching to the Special Dividend. Shareholders who are not resident in the UK for tax purposes should consult their own tax advisers concerning their tax liabilities on the Special Dividend in the UK and in any other country.

Share Consolidation

It is expected that for the purposes of UK taxation on chargeable gains the Share Consolidation will be treated as follows:

- (a) the New Ordinary Shares arising from the Share Consolidation will result from a reorganisation of the share capital of the Company. Accordingly, a Shareholder will not generally be treated as making a disposal of all or part of the Shareholder's holding of Existing Ordinary Shares by reason of the Share Consolidation being implemented, and the New Ordinary Shares which replace a Shareholder's holding of Existing Ordinary Shares (the "new holding") as a result of the Share Consolidation will be treated as the same asset acquired at the same time as the Shareholder's holding of Existing Ordinary Shares was acquired;
- (b) to the extent that a Shareholder receives cash by virtue of a sale on his or her behalf of any New Ordinary Shares to which he or she has a fractional entitlement, the Shareholder will not in practice normally be treated as making a part disposal of the Shareholder's holding of Existing Ordinary Shares, the proceeds instead being deducted from the base cost of the Shareholder's new holding; and
- (c) on a subsequent disposal of the whole or part of the New Ordinary Shares comprised in the new holding, a Shareholder may, depending on his or her circumstances, be subject to tax on the amount of any chargeable gain realised.

6 United States Federal Income Taxation

This disclosure is limited to the US federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the US federal tax treatment of the Special Dividend and related Share Consolidation. This tax disclosure was written in connection with the Special Dividend and related Share Consolidation by the Company and it cannot be used by any shareholder for the purpose of avoiding penalties that may be asserted against the shareholder under the U.S. Internal Revenue Code of 1986 (the "Code"). Shareholders should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a discussion of certain US federal income tax consequences of the Special Dividend and related Share Consolidation to US Holders (as defined below) who receive the Special Dividend, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular person. This discussion does not address US state, local and non-US tax consequences. The discussion addresses only US Holders who hold Existing Ordinary Shares as capital assets for US federal income tax purposes, and it does not address special classes of holders, such as:

- certain financial institutions;
- insurance companies;
- dealers and certain traders in securities or foreign currencies;
- persons holding Existing Ordinary Shares as part of a hedge, straddle, conversion or other integrated transaction;
- persons whose functional currency for US federal income tax purposes is not the US dollar;
- partnerships or other entities classified as partnerships for US federal income tax purposes;
- persons liable for the alternative minimum tax;

- tax-exempt organisations; or
- persons that own or are deemed to own 10 per cent. or more of the Company's voting stock.

This discussion is based on the Code, administrative pronouncements, judicial decisions, final, temporary and proposed US Treasury regulations and the income tax treaty between the United States and the United Kingdom (the "Treaty"), all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. US Holders should consult their tax advisers concerning the US federal, state, local and non-US tax consequences of the Special Dividend and related Share Consolidation in their particular circumstances.

As used herein, a "US Holder" is a beneficial owner of Existing Ordinary Shares that is, for US federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States or any political sub-division thereof; or (iii) an estate or trust the income of which is subject to US federal income taxation regardless of its source.

This discussion assumes that the Company has not been, and will not become, a passive foreign investment company ("PFIC") for US federal income tax purposes, as described below.

Special Dividend

The Special Dividend paid on Existing Ordinary Shares will be treated as foreign-source dividend income to the extent paid out of the Company's current or accumulated earnings and profits (as determined under US federal income tax principles). To the extent the Special Dividend exceeds the Company's current and accumulated earnings and profits (as determined under US federal income tax principles), it will be treated first as a tax-free return of capital to the extent of the US Holder's tax basis in its Ordinary Shares, and capital gain thereafter. The Company does not maintain records of earnings and profits in accordance with US federal income tax principles. Accordingly, it is expected that the Special Dividend will be reported as a dividend for US federal income tax purposes.

In the case of a US Holder of Ordinary Shares, the dividend will be included in the US Holder's income in a US dollar amount calculated by reference to the exchange rate in effect on the date the dividend is received by such US Holder, regardless of whether the payment is in fact converted into US dollars at such time. If the dividend is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend income. A US Holder may have US-source foreign currency income or loss if the dividend is not converted into US dollars on the date of its receipt.

The Special Dividend will not be eligible for the dividends-received deduction generally allowed to US corporations under the Code. Subject to applicable limitations and the concerns expressed by the US Treasury discussed above, dividends paid to certain non-corporate US Holders in taxable years beginning before 1 January 2011 are taxable at preferential rates, up to a maximum rate of 15 per cent. Non-corporate US Holders should consult their own tax advisers to determine whether they are subject to any special rules that would limit their ability to be taxed at these preferential rates. If the preferential rates apply and the Special Dividend exceeds 10 per cent. of a US Holder's adjusted basis in its Ordinary Shares (or, if the preferential rates apply and the Special Dividend and any other dividends with ex-dividend dates during the same period of 365 consecutive days in the aggregate exceed 20 per cent. of such basis), any loss on the sale or exchange of such Ordinary Shares would be treated as long-term capital loss to the extent of such dividend(s).

Share Consolidation

A US Holder will not recognise gain or loss in connection with the exchange of Existing Ordinary Shares for New Ordinary Shares in the Share Consolidation, except to the extent of cash received in lieu of a fractional entitlement to a New Ordinary Share. The difference, as determined in US dollars, between the US Holder's tax basis allocable to the fractional entitlement and the cash received upon the sale of such entitlement will be US-source capital gain or loss which will be long-term capital gain or loss if the US Holder has held its Existing Ordinary Shares for more than one year.

A US Holder's tax basis in its New Ordinary Shares will equal its tax basis in its Existing Ordinary Shares less any tax basis that is allocable to any fractional entitlement to a New Ordinary Share. A US Holder's holding period for its New Ordinary Shares will include its holding period for the Existing Ordinary Shares exchanged therefor.

Passive Foreign Investment Company Considerations

In general, the Company would be considered a PFIC for any taxable year in which (i) 75 per cent. or more of its gross income consists of passive income (such as dividends, interest, rents and royalties) or (ii) 50 per cent. or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. The Company believes that it was not a PFIC for its recent taxable years and does not expect to become a PFIC in the foreseeable future. However, because PFIC status depends upon the composition of a company's income and assets and the fair market value of its assets from time to time, and the Company has not reviewed its status as a PFIC for all prior taxable years, there can be no assurance that the Company will not be, or was not, a PFIC for any taxable year. If the Company were treated as a PFIC for any taxable year during which a US Holder held Ordinary Shares, certain adverse US federal income tax consequences could apply to such US Holder upon a disposition of Ordinary Shares and receipt of certain distributions, including the Special Dividend. US Holders are urged to consult their own tax advisers concerning the US federal income tax consequences to them if the Company has been or becomes a PFIC.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain US-related financial intermediaries generally are subject to information reporting and to backup withholding unless the US Holder is a corporation or other exempt recipient or, in the case of backup withholding, the US Holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability and may entitle the US Holder to a refund, provided that the required information is furnished to the Internal Revenue Service on a timely basis.

7 Dealings and settlement

Application will be made to the Financial Services Authority for the New Ordinary Shares to be admitted to the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Subject to the Share Consolidation becoming effective, it is expected that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 22 February 2008.

New share certificates in respect of the New Ordinary Shares are expected to be posted at the risk of Shareholders no later than 6 March 2008 to those Shareholders who hold their shares in Certificated Form. These will replace existing certificates which should then be destroyed. Pending the receipt of new certificates, transfers of New Ordinary Shares held in Certificated Form will be certified against the Register. Shareholders who hold their entitlement to New Ordinary Shares in Uncertificated Form through CREST will have their CREST accounts adjusted to reflect their entitlement to New Ordinary Shares on 22 February 2008.

8 Consent

JPMorgan Cazenove has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.

9 Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any Business Day (Saturdays, Sundays and public holidays excepted) at the offices of Allen & Overy LLP, One Bishops Square, London, E1 6AO until the date of the Extraordinary General Meeting:

- this document; and
- the consent letter referred to above.

Appendix II

Definitions

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held on 31 January 2008
“Articles of Association”	the articles of association of the Company
“Board”	the Board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which pounds sterling deposits may be dealt in on the London inter-bank market and commercial banks are open for general business in London
“Certificated” or “in Certificated Form”	not in Uncertificated Form
“Company”	WH Smith PLC
“Companies Act”	the Companies Act 1985, as amended, to the extent still in force at the date of this document and/or the Companies Act 2006 to the extent in force at the date of this document, as the context requires
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear UK & Ireland is the Operator (as defined in such regulations)
“CREST Manual”	the rules governing the operation of CREST
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in the place of the Shareholder at the Extraordinary General Meeting and containing the information required to be contained therein by the CREST Manual
“Directors”	the directors of the Company
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the Operator of CREST
“Existing Ordinary Shares”	the issued ordinary shares of 20 pence each in the capital of the Company existing prior to the Share Consolidation
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11.00 a.m. at JPMorgan Cazenove, 20 Moorgate, London, EC2R 6DA on 20 February 2008
“Financial Services Authority” or “FSA”	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part IV of FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise in accordance with Part VI of FSMA
“Form of Proxy”	the form of proxy enclosed with this document, for use by Shareholders in connection with the EGM
“FSMA”	the Financial Services and Markets Act 2000 and all regulations promulgated thereunder from time to time
“Group”	the Company and its subsidiaries
“JPMorgan Cazenove”	JPMorgan Cazenove Limited and its affiliates, as the context may require

“Listing”	the admission of New Ordinary Shares to the Official List becoming effective in accordance with the Listing Rules and the admission to trading of such shares on the London Stock Exchange’s main market for listed securities becoming effective in accordance with the rules of the London Stock Exchange
“Listing Rules”	the listing rules made by the Financial Services Authority in exercise of its functions as competent authority pursuant to Part VI of FSMA
“London Stock Exchange”	London Stock Exchange plc
“Merrill Lynch International”	Merrill Lynch International and its affiliates, as the context may require
“New Ordinary Shares”	following the Share Consolidation, the new ordinary shares of 22 ⁶ / ₇ pence each in the capital of the Company
“Official List”	the Official List maintained by the Financial Services Authority for the purposes of Part IV of FSMA
“Ordinary Shares”	Existing Ordinary Shares or New Ordinary Shares, as the context may require
“Proposal”	the proposed Special Dividend and Share Consolidation and related matters set out herein
“Record Date”	6.00 p.m. on 21 February 2008 (or such other time or date as the Directors may determine)
“Register”	the register of shareholders of the Company
“Registrar”	Equiniti Limited (“Equiniti”) Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
“Resolutions”	the resolutions set out in the notice convening the Extraordinary General Meeting
“Return of Cash”	the transaction comprising the Special Dividend, Share Consolidation and the proposed on-market share buy back programme
“Share Consolidation”	the consolidation and subdivision of the Existing Ordinary Shares in the manner set out in resolution 1 in the notice convening the EGM set out at the end of this document
“Share Schemes”	the WH Smith Executive Share Option Scheme 1999, the WH Smith 2004 L-TIP, the WH Smith 2004 Management Investment Plan, the WH Smith Sharesave Scheme, the WH Smith LTIP, the WH Smith Executive Share Option Scheme and the WH Smith 2008 Management Investment Plan
“Shareholders”	holders of Existing Ordinary Shares and New Ordinary Shares as the context may require
“Special Dividend”	the proposed special dividend of 33 pence per Existing Ordinary Share
“Uncertificated” or “in Uncertificated Form”	recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertified Securities Regulations, may be transferred by means of CREST
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“US” or “United States”	the United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
“WHSmith”	WH Smith PLC

WH Smith PLC

(the “Company”)

(Registered in England and Wales with company number 5202036)

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of WH Smith PLC (the “Company”) will be held at 11.00 a.m. on 20 February 2008, at JP Morgan Cazenove, 20 Moorgate, London EC2R 6DA for the purpose of considering and, if thought fit, passing the following Resolutions, the first of which will be proposed as an ordinary resolution and the second as a special resolution:

1. That, subject to and conditional upon admission of the New Ordinary Shares (as defined below) to the Official List maintained by the Financial Services Authority and to trading on the London Stock Exchange’s main market for listed securities becoming effective:
 - (a) all the ordinary shares of 20 pence each in the capital of the Company which at the close of business on 21 February 2008 (or such other time and date as the directors of the Company may determine) are shown in the books of the Company as authorised, whether issued or unissued, shall be sub-divided into new ordinary shares of $\frac{20}{67}$ pence each in the capital of the Company (the “**Intermediate Shares**”);
 - (b) all Intermediate Shares that are unissued shall be consolidated into new ordinary shares of $\frac{22}{67}$ pence each in the capital of the Company (the “**Unissued New Ordinary Shares**”), provided that, where such consolidation would otherwise result in a fraction of an Unissued New Ordinary Share, that number of Intermediate Shares which would otherwise constitute such fraction shall be cancelled pursuant to section 121 (2)(e) of the Companies Act 1985; and
 - (c) all Intermediate Shares that are in issue shall be consolidated into new ordinary shares of $\frac{22}{67}$ pence each in the capital of the company (the “**New Ordinary Shares**”), provided that, where such consolidation results in any member being entitled to a fraction of a New Ordinary Share, such fraction shall, so far as possible, be aggregated with the fractions of a New Ordinary Share to which other members of the Company may be entitled and the directors of the Company be and are hereby authorised to sell (or appoint any other person to sell to any person), on behalf of the relevant members, all the New Ordinary Shares representing such fractions at the best price reasonably obtainable to any person, and to distribute the proceeds of sale (net of expenses) in due proportion among the relevant members entitled thereto (save that any fraction of a penny which would otherwise be payable shall be rounded up or down in accordance with the usual practice of the registrar of the Company) and that any director of the Company (or any person appointed by the directors of the Company) shall be and is hereby authorised to execute an instrument of transfer in respect of such shares on behalf of the relevant members and to do all acts and things the directors consider necessary or expedient to effect the transfer of such shares to, or in accordance with the directors of, any buyer of any such shares.
2. That, subject to and conditional upon Resolution 1 above being passed and becoming unconditional, the Company shall be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the Companies Act 1985) of New Ordinary Shares (as defined in Resolution 1) provided that:
 - (a) the maximum aggregate number of New Ordinary Shares that may be purchased under this authority is 23,189,101;
 - (b) the minimum price which may be paid is the nominal value of such share;
 - (c) the maximum price which may be paid for a New Ordinary Share is an amount equal to the higher of (i) 105 per cent. of the average of the closing price for a New Ordinary Share, as

derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that share is contracted to be purchased or (ii) the higher of the price of the last independent trade and the highest current bid as stipulated by Article 5(1) of Commission Regulation (EC) 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buyback programmes and stabilisation of financial instruments (No. 2273/2003); and

- (d) this authority will expire at the conclusion of the next Annual General Meeting of the Company or on 20 May 2009, whichever is earlier (except in relation to the purchase of New Ordinary Shares the contract for which was concluded before the expiry of such authority and which will or may be executed wholly or partly after such expiry) unless such authority is renewed prior to such time.

By Order of the Board

Ian Houghton
Company Secretary

Registered Office:
Greenbridge Road
Swindon
Wiltshire SN3 3RX

Dated 31 January 2008

Notes:

1. Ordinary shareholders are entitled to appoint a proxy (who need not be a shareholder) to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. An ordinary shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder.
2. A Form of Proxy is enclosed for the use of ordinary shareholders to make the appointment referred to in Note 1 above. Before completing the Form of Proxy, shareholders should read the guidance notes below.
3. Any shareholder with more than one ordinary shareholding registered in his/her name should receive only one copy of the circular and one Form of Proxy. The Form of Proxy will be valid in respect of all his/her holdings. If you do not have a Form of Proxy and believe you should have one, or if you require additional forms, please contact the Company's registrars, Equiniti, on 0871 384 2892.
4. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and the Articles of Association, the Company specifies that only those ordinary shareholders registered in the register of members of the Company as at 6.00 p.m. on the day two days before the date of the EGM (or adjourned or postponed meeting as the case may be) shall be entitled to attend (either in person or by proxy) and vote at the meeting in respect of the number of shares registered in their names at that time. Changes to the register of members after this time shall be disregarded in determining the right of any person to attend and vote at the EGM.
5. Shareholders (and any proxies or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.
6. Any person to whom this notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the EGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. As at 30 January 2008 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 182,941,732 shares carrying one vote each. Therefore the total voting rights in the Company as at 30 January 2008 are 182,941,732.
9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) 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 (ii) 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 – 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 (i) above.

Guidance notes for completion of Form of Proxy and electronic proxy voting

1. If you wish to appoint a proxy to attend and to speak and vote on your behalf, please complete the enclosed Form of Proxy and return it, together with any power of attorney or other authority (or a duly certified copy of such power or authority) under which it is executed, to the Company's registrars, Equiniti, so as to be received no later than 11.00 a.m. on 18 February 2008. A proxy need not be a shareholder of the Company and the appointment of a proxy will not prevent you from attending and voting in person.
2. You can appoint the Chairman of the Meeting, or any other person, as your proxy. If you wish to appoint someone other than the Chairman, cross out the words 'the Chairman of the Meeting or' on the Form of Proxy and insert the name of your proxy in the box provided.
3. You can instruct your proxy how to vote on each resolution on which a poll is taken by placing an 'X' in the For, Against or Vote Withheld boxes, as appropriate. If you do not indicate on the Form of Proxy how your proxy should vote, he/she can exercise his/her discretion as to whether, and if so how, he/she votes on each resolution, as he/she will do in respect of any other business which may properly come before the meeting.
4. You must sign and date the Form of Proxy in the boxes provided. In the case of joint shareholders, only one need sign the Form of Proxy. The vote of the senior joint shareholder will be accepted to the exclusion of the votes of the other joint shareholders. For this purpose, seniority will be determined by the order in which the names of the shareholders appear in the register of members in respect of the joint shareholding. If the Form of Proxy is signed by someone else on behalf of the registered holder(s), the appropriate power of attorney or other authority (or a duly certified copy of such power or authority) under which it is executed must be returned with the Form of Proxy.
5. A corporation should execute the Form of Proxy under its common seal or otherwise in accordance with Section 36A of the Companies Act 1985 or by signature on its behalf by a duly authorised officer or attorney whose power of attorney or other authority should be returned with the Form of Proxy.
6. Alternatively, you can register the appointment of a proxy electronically by logging onto the website www.sharevote.co.uk, where full details of the procedure are given. You will need to have your Form of Proxy to hand when you log on as it has information required in the process. Electronic proxy voting instructions must be received no later than 11.00 a.m. on 18 February 2008.
7. 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 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.
8. In order for a proxy appointment or instruction made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications, and must contain the information required for such instruction, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by Equiniti, (CREST participant ID 7RA01) no later than 11.00 a.m. on 18 February 2008, or, if the meeting is adjourned or postponed, not less than 48 hours before the time fixed for the adjourned or postponed meeting. For this purpose, 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 the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular message. 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, to procure that his or her 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.
10. 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.
11. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars helpline on 0871 384 2892 or you may photocopy the form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned in the same envelope.

