

WH SMITH PLC

## **Notice of WH Smith PLC Annual General Meeting**

Allen & Overy LLP

One Bishops Square, London E1 6AD

on Wednesday 25 January 2017 at 11.30am

### **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of the contents of this document or as to the action you should take in relation to the Annual General Meeting, you should consult your stockbroker, bank manager, solicitor, accountant or other professional independent adviser authorised pursuant to the Financial Services and Markets Act 2000. If you have sold or transferred all your shares in WH Smith PLC you should pass this notice and other enclosures to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

WH Smith PLC

Company Number: 5202036

Registered in England and Wales

Registered Office: Greenbridge Road, Swindon, Wiltshire SN3 3RX

VAT Registration Number: 238554836

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## Notice of WH Smith PLC Annual General Meeting

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### Dear Shareholder

I have pleasure in sending you the Notice of our Annual General Meeting ('AGM') for shareholders which will be held at Allen & Overy LLP, One Bishops Square, London E1 6AD on Wednesday 25 January 2017 at 11.30am. The formal Notice of Annual General Meeting is set out on pages 4 to 6 of this document.

The AGM is an important opportunity for all shareholders to express their views by raising questions and voting.

If you would like to vote on the resolutions but cannot come to the AGM, please fill in the Form of Proxy and return it to our registrars as soon as possible. Alternatively, you can register your proxy vote electronically by logging on to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) or, if you are a member of CREST, via Computershare Investor Services PLC (ID 3RA50). The registrars must receive your proxy appointment by 11.30am on Monday 23 January 2017.

#### **Final dividend**

Shareholders are being asked to approve a final dividend of 30.5p per ordinary share for the year, giving a total dividend of 43.9p per share for the year ended 31 August 2016. If approved, the dividend will be paid on 2 February 2017 to shareholders on the register at the close of business on 13 January 2017.

If you have not already done so, may I take this opportunity to encourage you to arrange to have your dividends paid directly into your bank or building society account. Mandating your dividends is more secure than receiving a cheque by post and means that you will receive cleared funds automatically on the payment date. To receive future dividends directly into your bank or building society account, please register at [www.investorcentre.co.uk](http://www.investorcentre.co.uk) using your Shareholder Reference Number which is printed on your Form of Proxy or contact our registrars, Computershare Investor Services PLC, on 0371 495 0100 for more information.

#### **Notice of publication of Annual report**

The WH Smith PLC Annual report 2016 has been published on the Company's website [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk). It can be accessed at [www.whsmithplc.co.uk/investors/company\\_reports](http://www.whsmithplc.co.uk/investors/company_reports) or by going to the Company's home page, clicking on the Investors section of the website and then clicking on Company reports. If you have elected to receive shareholder correspondence in hard copy, then the Annual report will accompany this Notice of Meeting. Should you wish to change your election at any time, or if you wish to request a hard copy of the Annual report, you can do so by contacting our registrars.

#### **Explanatory notes**

Explanatory notes on the special business to be considered at the AGM appear on pages 7 and 8 of this document.

#### **Recommendation**

Your directors consider that each of the proposals detailed in this Notice of Meeting will be of benefit to and in the best interests of the Company and the shareholders as a whole. The directors intend to vote in favour of all resolutions in respect of their own beneficial holdings of ordinary shares in the Company and unanimously recommend other shareholders to do likewise.

Yours sincerely

**Henry Staunton**  
Chairman

## Notice of WH Smith PLC Annual General Meeting

# Notice of Annual General Meeting

Notice is hereby given that the eleventh Annual General Meeting of WH Smith PLC (the 'Company') will be held at Allen & Overy LLP, One Bishops Square, London E1 6AD on Wednesday 25 January 2017 at 11.30am for the following purposes:

### **Ordinary business – ordinary resolutions**

#### **Report and accounts**

Resolution 1: to receive the reports and accounts of the directors and auditors for the year ended 31 August 2016.

#### **Remuneration report**

Resolution 2: to approve the directors' remuneration report for the year ended 31 August 2016, as set out on pages 40 to 50 of the 2016 Annual report.

In accordance with Section 439 of the Companies Act 2006, shareholders are asked to approve the remuneration report that appears on pages 40 to 50 of the 2016 Annual report. This vote is advisory, and the directors' entitlement to remuneration is not conditional on it. The directors' remuneration policy was approved by shareholders at the Company's 2016 AGM and remains unchanged. The Company intends to propose a similar resolution at or before the 2019 AGM to the extent that shareholders are not asked to vote on any proposed changes to the current policy in the meantime.

#### **Final dividend**

Resolution 3: to declare a final dividend of 30.5p per share, to be paid on 2 February 2017 to shareholders on the register at the close of business on 13 January 2017.

#### **Directors**

Resolution 4: to re-elect Suzanne Baxter as a director of the Company.

Suzanne Baxter joined the Board in February 2013. She is Chair of the Audit Committee and is a member of the Nominations and Remuneration Committees. Suzanne is currently Group Finance Director of Mitie Group Plc. Following her qualification as a Chartered Accountant with Price Waterhouse, her career has been divided between advisory roles in corporate finance with Deloitte and a range of finance, commercial, operational and business development roles in support of both public and private sector clients. Suzanne's experience, coupled with her role as Chair of the Company's Audit Committee, allows her to provide substantial insight into the Company's reporting and risk management processes. The Chairman confirms that, following the formal performance evaluation carried out in August 2016, Suzanne Baxter continues to make an effective contribution and commitment to Board and Committee meetings and her other duties.

Resolution 5: to re-elect Stephen Clarke as a director of the Company.

Stephen Clarke joined the Board in June 2012 and became Group Chief Executive on 1 July 2013. He is a member of the Nominations Committee. Stephen joined WH Smith in August 2004 as Marketing Director for WH Smith High Street. In 2006 he was appointed Commercial and Marketing Director and in 2008 became Managing Director of WH Smith High Street. Stephen joined WH Smith High Street from Argos where he had been Head of Product Marketing since 2001. Stephen began his career at the Dixons Group where he carried out a number of store, product and marketing roles. Stephen has extensive retail experience and continues to create shareholder value through his strong leadership of the Company.

Resolution 6: to re-elect Annemarie Durbin as a director of the Company.

Annemarie Durbin joined the Board in December 2012. She is a member of the Audit, Nominations and Remuneration Committees. Annemarie is a non-executive director of Santander UK plc and serves on its Audit, Risk and Remuneration Committees. Annemarie has 25 years' international banking experience particularly across Asia, Africa and the Middle East operating at board and executive committee level. She is Chair of the Listing Authority Advisory Panel and is also an executive coach, a conflict mediator and provides board governance consultancy services. Annemarie's international background and her legal experience and knowledge of regulatory and compliance matters provides a valuable contribution to the operation of WH Smith. The Chairman confirms that, following the formal performance evaluation carried out in August 2016, Annemarie Durbin continues to make an effective contribution and commitment to Board and Committee meetings and her other duties.

Resolution 7: to re-elect Drummond Hall as a director of the Company.

Drummond Hall joined the Board in September 2008 and became Senior Independent Director on 1 September 2013. He is also Chair of the Remuneration Committee and is a member of the Audit and Nominations Committees. Drummond is a non-executive director and Chair of the Remuneration Committee of The Sage Group plc and is the Senior Independent Director of First Group plc. He spent the early part of his career with Procter & Gamble, Mars and PepsiCo Inc, and from 2002 to 2006 was Chief Executive of Dairy Crest PLC. Drummond's commercial background and significant Board experience enables him to contribute greatly to the ongoing success of WH Smith. The Chairman confirms that, following the formal performance evaluation carried out in August 2016, Drummond Hall continues to make an effective contribution and commitment to Board and Committee meetings and his other duties.

## Notice of WH Smith PLC Annual General Meeting

Resolution 8: to re-elect Robert Moorhead as a director of the Company.

Robert Moorhead joined the Board in December 2008. He is Chief Financial Officer and Chief Operating Officer. Robert is a Chartered Accountant and joined WH Smith in 2004 as Retail Finance Director. Previously, Robert was Group Finance Director at Specsavers Optical Group and Finance and IT Director of World Duty Free Europe. He started his career at Price Waterhouse and has also held a number of roles at B&Q and Kingfisher Group. Robert has over 25 years of retail and financial management experience, which has proved invaluable in his role as Chief Financial Officer and Chief Operating Officer.

Resolution 9: to re-elect Henry Staunton as a director of the Company.

Henry Staunton joined the Board in September 2010 and became Chairman on 1 September 2013. He is also Chair of the Nominations Committee and a member of the Remuneration Committee. Henry has extensive finance, media and retail expertise and is also Chairman of BrightHouse Group PLC and Phoenix Group Holdings and a non-executive director of Capital and Counties Properties plc. Henry was previously the Finance Director of Granada and ITV, Chairman of Ashted Group and Vice Chairman of Legal and General PLC. Since being appointed as Chairman of WH Smith, Henry has successfully navigated the Board through change and encouraged the development of the Company's strategy to create shareholder value. Drummond Hall confirms that, following the formal performance evaluation carried out in August 2016, Henry Staunton continues to be an effective Chairman and demonstrates his commitment to the role.

Biographies for the directors are set out on page 39 of the Annual report.

### Auditors

Resolution 10: to re-appoint PricewaterhouseCoopers LLP as Auditors until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

Resolution 11: to authorise the Audit Committee to determine the Auditors' remuneration.

### Special business

**The following two resolutions will be proposed as ordinary resolutions.**

#### Authority to make political donations

Resolution 12: to resolve that, in accordance with Section 366 of the Companies Act 2006, the Company and all companies that are subsidiaries of the Company at any time during the period for which this resolution has effect be and are hereby authorised to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) incur political expenditure not exceeding £50,000 in total,

during the period from the date of passing this resolution up to and including the conclusion of the next Annual General Meeting of the Company or up to and including 28 February 2018, whichever is the earlier.

For the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

#### Authority to allot shares

Resolution 13: to resolve that:

- (a) the directors be authorised to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company:
  - (i) in accordance with Article 7 of the Company's Articles of Association, up to a maximum nominal amount of £8,314,717 (such amount to be reduced by the nominal amount of any equity securities (as defined in Article 8 of the Company's Articles of Association) allotted under paragraph (ii) below in excess of £8,314,717); and
  - (ii) comprising equity securities (as defined in Article 8 of the Company's Articles of Association), up to a maximum nominal amount of £16,631,930 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue (as defined in Article 8 of the Company's Articles of Association);
- (b) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 28 February 2018; and
- (c) all previous unutilised authorities under Section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

**The following four resolutions will be proposed as special resolutions.**

#### General disapplication of pre-emption rights

Resolution 14: to resolve that:

- (a) in accordance with Article 8 of the Company's Articles of Association, the directors be given power to allot equity securities for cash;
- (b) the power under paragraph (a) above (other than in connection with a rights issue, as defined in Article 8(b)(iii) of the Company's Articles of Association) shall be limited to the allotment of equity securities having a nominal amount not exceeding in aggregate £1,247,332; and
- (c) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 28 February 2018.

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# Notice of Annual General Meeting

### **Additional disapplication of pre-emption rights**

Resolution 15: to resolve that:

(a) in addition to any authority granted under resolution 14, the directors be given power:

(i) subject to the passing of resolution 13, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and

(ii) to allot equity securities as defined in Section 560(3) of that Act (sale of treasury shares) for cash,

in either case as if Section 561 of that Act did not apply to the allotment or sale, but this power shall be:

(A) limited to the allotment of equity securities up to a maximum nominal amount of £1,247,332; and

(B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice;

(b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 28 February 2018; and

(c) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

### **Market purchases of ordinary shares**

Resolution 16: to resolve that, pursuant to Section 701 of the Companies Act 2006, the Company be and is hereby generally and unconditionally authorised to make market purchases (as defined in Section 693(4) of the Companies Act 2006) of any of its own ordinary shares in such manner and on such terms as the directors may from time to time determine provided that:

(a) the maximum aggregate number of ordinary shares that may be purchased under this authority is 11,293,415 shares;

(b) the minimum price which may be paid for each ordinary share is 22%<sup>p</sup> (exclusive of all expenses);

(c) the maximum price which may be paid for each ordinary share is an amount (exclusive of all expenses) equal to the higher of:

(i) 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and

(ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;

(d) the authority shall, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or at close of business on 28 February 2018, whichever is the earlier, save that the Company shall be entitled under such authority to make at any time before such expiry any contract or contracts to purchase its own shares which will or might be executed wholly or partly after such expiry and make a purchase of shares in pursuance of any such contract or contracts; and

(e) all existing authorities for the Company to make market purchases of ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not been executed.

### **Notice of general meetings**

Resolution 17: to resolve that a general meeting (other than an Annual General Meeting) may be called on not less than 14 clear days' notice.

By Order of the Board

**Ian Houghton**  
Company Secretary

1 November 2016

Registered Office: Greenbridge Road, Swindon, Wiltshire SN3 3RX

## Notice of WH Smith PLC Annual General Meeting

# Explanatory notes

### Resolutions 4 to 9

#### Retirement and re-election of directors

In accordance with the UK Corporate Governance Code, the directors have resolved that they will all retire and that those wishing to serve again shall submit themselves for re-election by the shareholders. Biographies of all the directors are set out in the Company's Annual report on page 39 and are also available for viewing on the Company's website ([www.whsmithplc.co.uk](http://www.whsmithplc.co.uk)).

### Resolution 12

#### Authority to make political donations

Part 14 of the Companies Act 2006 ('CA 2006'), amongst other things, prohibits the Company and its subsidiaries from making political donations or from incurring political expenditure in respect of a political party or other political organisation or an independent election candidate unless authorised by the Company's shareholders. Aggregate donations made by the Group of £5,000 or less in any 12-month period will not be caught.

Neither the Company nor any of its subsidiaries has any intention of making any political donations or incurring any political expenditure. However, the CA 2006 defines 'political party', 'political organisation', 'political donation' and 'political expenditure' widely. For example, bodies, such as those concerned with policy review and law reform or with the representation of the business community or sections of it, which the Company and/or its subsidiaries may see benefit in supporting, may be caught.

Accordingly, the Company wishes to ensure that neither it nor its subsidiaries inadvertently commits any breaches of the CA 2006 through the undertaking of routine activities, which would not normally be considered to result in the making of political donations and political expenditure being incurred.

As permitted under the CA 2006, the resolution extends not only to the Company but also covers all companies which are subsidiaries of the Company at any time the authority is in place. The resolution reflects the three categories covered by the rules and authorises the Company and its subsidiaries to:

- (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (c) incur political expenditure not exceeding £50,000 in total,

in the period up to the Company's next Annual General Meeting or up to and including 28 February 2018, whichever is the earlier.

As required by the CA 2006, the resolution is in general terms and does not purport to authorise particular donations.

### Resolution 13

#### Authority to allot shares

At the Annual General Meeting held on 27 January 2016, the shareholders authorised the directors, under Section 551 of the CA 2006, to allot shares in the Company or grant rights to subscribe for, or convert any security into, shares in the Company. This authority is due to expire at the end of the AGM. It is proposed to renew this authority. Paragraph (a)(i) of resolution 13 would allow the directors to allot shares up to a maximum nominal amount of £8,314,717, representing approximately one-third (33.33 per cent) of the Company's issued share capital, calculated as at 28 October 2016 (being the latest practicable date prior to publication of this Notice). In accordance with institutional guidelines issued by the Investment Association ('IA'), paragraph (a)(ii) of resolution 13 would allow the directors to allot, including the shares referred to in paragraph (a)(i), further of the Company's shares in connection with a pre-emptive offer by way of a rights issue up to a maximum nominal amount of £16,631,930, representing approximately two-thirds (66.67 per cent) of the Company's issued share capital, calculated as at 28 October 2016 (being the latest practicable date prior to publication of this Notice).

The authority would expire at the conclusion of the next Annual General Meeting of the Company or at close of business on 28 February 2018, whichever is the earlier. Although the directors have no present intention of exercising this authority, it is considered prudent to maintain the flexibility it provides. If the directors do exercise the authority, they intend to follow best practice as regards its use as recommended by the IA.

As at the date of this Notice, the Company does not hold any ordinary shares in the capital of the Company in treasury.

### Resolution 14

#### General disapplication of pre-emption rights

Also at the Annual General Meeting held on 27 January 2016, a special resolution was passed, under Sections 570 and 573 of the CA 2006, empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. This authority is due to expire at the end of the AGM. It is proposed to renew the authority, in line with the most recent institutional guidelines. If approved, this resolution would authorise the directors to issue shares in connection with a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a maximum nominal amount of £1,247,332, which is equal to approximately five per cent of the Company's issued ordinary share capital as at 28 October 2016 (being the latest practicable date prior to publication of this Notice). The authority would expire at the conclusion of the next Annual General Meeting of the Company or at close of business on 28 February 2018, whichever is the earlier.

The directors do not intend to issue more than 7.5 per cent of the issued share capital of the Company for cash on a non pre-emptive basis in any rolling three-year period (other than in connection with an acquisition or specified capital investment as described in the Pre-emption Group's Statement of Principles) without prior consultation with shareholders.

## Notice of WH Smith PLC Annual General Meeting

# Explanatory notes

### Resolution 15

#### Additional disapplication of pre-emption rights

Resolution 15 requests further shareholder approval, by way of a separate special resolution in line with the best practice guidance issued by the Pre-Emption Group, for the directors to allot equity securities or sell treasury shares for cash without first being required to offer such securities to existing shareholders. The proposed resolution reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the 'Statement of Principles') and will expire at the conclusion of the next Annual General Meeting of the Company or at close of business on 28 February 2018, whichever is the earlier.

The authority granted by this resolution, if passed:

- (a) will be limited to the allotment of equity securities and sale of treasury shares for cash up to an aggregate nominal value of £1,247,332, which represents approximately 5 per cent of the issued share capital of the Company as at 28 October 2016 (being the latest practicable date prior to publication of this Notice); and
- (b) will only be used in connection with an acquisition or other capital investment of a kind contemplated by the Statement of Principles, and which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The authority granted by this resolution would be in addition to the general authority to disapply pre-emption rights under resolution 14. The maximum nominal value of equity securities which could be allotted if both authorities were used would be £2,494,664, which represents approximately 10 per cent of the issued share capital of the Company as at 28 October 2016 (being the latest practicable date prior to publication of this Notice).

### Resolution 16

#### Market purchases of ordinary shares

With the authority of shareholders in general meeting, the Company may purchase its own ordinary shares in the market subject to the provisions of the CA 2006. The directors will only exercise the authority when satisfied that it is in the best interests of shareholders generally and that it would result in an increase in earnings per share.

The proposed authority would be limited to purchases up to 11,293,415 ordinary shares representing approximately 10 per cent of the issued ordinary shares in the Company as at 28 October 2016 (being the latest practicable date prior to publication of this Notice). The proposed authority would expire at the next Annual General Meeting of the Company or at close of business on 28 February 2018, whichever is the earlier. This resolution specifies that the minimum price which may be paid for each ordinary share is 22<sup>67</sup>/<sub>100</sub>p (exclusive of all expenses) and the maximum price which may be paid (exclusive of all expenses) is the higher of:

- (a) 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is purchased; and
- (b) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System.

As at 28 October 2016, (being the latest practicable date prior to publication of this Notice), there were outstanding 2,618,164 options to subscribe for ordinary shares, representing 2.32 per cent of the Company's issued ordinary share capital. If the Company's authority to purchase shares (existing and being sought) was exercised in full, the options would represent 2.58 per cent of the Company's issued ordinary share capital.

Under Part 17, Chapter 6 of the CA 2006, the Company is allowed to hold its own shares in treasury following a buyback as an alternative to cancelling them. Shares held in treasury may be subsequently cancelled, sold for cash or used to satisfy share options and share awards under employees' share schemes. However, all rights attaching to them, including voting rights and the right to receive dividends, are suspended while they are held in treasury. It is the Company's present intention to cancel any shares it buys back rather than hold them in treasury.

### Resolution 17

#### Notice of general meetings

The notice period required by the CA 2006 for general meetings of the Company is 21 days, unless shareholders approve a shorter notice period, which cannot however be less than 14 clear days. AGMs must always be held on at least 21 clear days' notice.

At the Annual General Meeting held on 27 January 2016, shareholders authorised the calling of general meetings other than an AGM on not less than 14 clear days' notice, and it is proposed that this authority be renewed. The authority granted by resolution 17, if passed, will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting. The flexibility offered by resolution 17 will be used where, taking into account the circumstances, and noting the recommendations of the UK Corporate Governance Code, the directors consider this appropriate in relation to the business of the meeting and in the interests of the Company and shareholders as a whole.

#### Financial Reporting Standard (FRS) 101

Shareholders may recall that last year, the Company notified them that it was going to adopt Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework. Having made this transition, the Company plans to continue to report under FRS 101 for the forthcoming year and apply the same disclosure exemptions available under FRS 101 as in the financial statements for the year ended 31 August 2016.

A shareholder or shareholders holding in aggregate 5 per cent or more of the total allotted shares in WH Smith PLC may serve objections to the continued use of FRS 101. Accordingly, if you are such a shareholder and you object to the use of this accounting standard, please write to the Company Secretary, Greenbridge Road, Swindon, Wiltshire SN3 3RX no later than 28 February 2017.

## Notice of WH Smith PLC Annual General Meeting

# Notes

1. Shareholders are entitled to appoint one or more proxies (who need not be shareholders) to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting provided that if more than one proxy is appointed, each proxy is appointed to exercise the rights attached to a different share or shares.
2. Shareholders should use the Form of Proxy to make the appointment referred to in Note 1 above. Before completing the Form shareholders should read the guidance notes on the Form.
3. As an alternative to completing and returning the printed Form of Proxy, you may submit your proxy electronically by accessing [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). For security purposes, you will be asked to enter the control number, your shareholder reference number (SRN) and personal identification number (PIN) to validate the submission of your proxy online. The control number and members' individual SRN and PIN numbers are shown on the printed Form of Proxy or email notification. For further information, see the instructions printed on the Form of Proxy.
4. To be valid any Form of Proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of such power or authority or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC (at the address shown on the Form of Proxy) or at the electronic address provided on the Form of Proxy, in each case no later than 11.30am on 23 January 2017. Completion and return of a Form of Proxy, or electronic proxy appointment, or any CREST Proxy Instruction (as described in Note 5) will not prevent you attending and voting at the meeting, if you wish. A member must inform the Company in writing of any termination of the authority of a proxy.
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 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.
6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available to CREST members via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Computershare (CREST participant ID 3RA50) by 11.30am on 23 January 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application 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.
7. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited 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 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.
8. 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.
9. The Company specifies that only those ordinary shareholders registered in the register of members of the Company as at 8.00pm on 23 January 2017 (or 8.00pm on the day that is two days before any adjourned meeting) shall be entitled to attend (either in person or by proxy) and vote at the meeting, or any adjourned meeting, in respect of the number of shares registered in their names at that time. Changes to the register of members after 8.00pm on 23 January 2017 (or 8.00pm on the day that is two days before any adjourned meeting) shall be disregarded in determining the right of any person to attend and vote at the AGM.
10. Copies of directors' service contracts and non-executive directors' letters of appointment with the Company and any of its subsidiaries are available for inspection at the registered office of the Company during normal business hours on any day, except Saturdays, Sundays and public holidays, and at the offices of Allen & Overy LLP, One Bishops Square, London E1 6AD on the date of the meeting for at least 15 minutes prior to and during the meeting.
11. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 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 AGM. 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.
12. The statement of the rights of shareholders in relation to the appointment of proxies in Notes 1 to 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
13. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

## Notice of WH Smith PLC Annual General Meeting

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# Notes

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14. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
15. Under Section 527 of the CA 2006 members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with Section 437 of the CA 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the CA 2006. Where the Company is required to place a statement on a website under Section 527 of the CA 2006, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under Section 527 of the CA 2006 to publish on a website.
16. As at 28 October 2016 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 112,934,152 ordinary shares, carrying one vote each and no shares are held in treasury. Therefore, the total voting rights in the Company as at 28 October 2016 are 112,934,152.
17. You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.
18. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. A copy of this Notice, and other information required by Section 311A of the CA 2006, can be found at [www.whsmithplc.co.uk](http://www.whsmithplc.co.uk).
20. Under Section 338 and Section 338A of the CA 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person or persons making it, must be received by the Company not later than 13 December 2016, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
21. All resolutions at the 2017 AGM will be taken on a poll vote. This will result in a more accurate reflection of the views of shareholders by ensuring that every vote is recognised, including the votes of all shareholders who are unable to attend the meeting but who appoint a proxy for the meeting. On a poll, each shareholder has one vote for every share held.

## Notice of WH Smith PLC Annual General Meeting

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