

WH SMITH PLC

Notice of WH Smith PLC Annual General Meeting

on Wednesday 20 January 2021 at 11.30am

IMPORTANT NOTICE

In light of the Covid-19 pandemic, there are significant changes to the usual arrangements for the Annual General Meeting ('AGM') this year and regrettably, shareholders cannot attend the AGM in person.

Shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy to ensure that their vote is counted.

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

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 on Wednesday 20 January 2021 at 11.30am. The formal Notice of Annual General Meeting is set out on pages 3 and 4 of this document.

Regrettably in light of the ongoing Covid-19 pandemic, we are not able to conduct the AGM as we would usually. When considering the arrangements for the AGM, the health, safety and welfare of our shareholders, employees and stakeholders has been a key consideration. With this in mind, and in accordance with the provisions of the Corporate Insolvency and Governance Act 2020, the AGM will be held as a closed meeting and unfortunately shareholders cannot attend in person. We will arrange for the necessary quorum to be in attendance so that the meeting is able to conduct its business. Shareholders and others will not be granted access to the AGM in person. Shareholders are strongly advised to appoint the Chair of the meeting as their proxy so that their vote is counted. Proxy appointments must be received by the Company's registrars by 11.30am on Monday 18 January 2021.

To appoint a proxy for 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 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 18 January 2021.

Notwithstanding the format of the AGM this year, the Board considers it important that shareholders have the opportunity to raise questions with the Board. As such, shareholders are invited to send any questions that they have in connection with the matters arising at the AGM:

- By post addressed to the Company Secretary, Greenbridge Road, Swindon, Wiltshire SN3 3RX; or
- By email to agm@whsmith.co.uk.

The Board will seek to respond to questions received by close of business on Friday 8 January 2021 on or before Wednesday 13 January 2021. Responses to questions received on or after 9 January 2021 will be published as soon as practicable following the AGM. Questions received and the Company's responses will be published on the Company's website. When submitting your question, please include your Shareholder Reference Number ('SRN') which can be found on your Form of Proxy or Share Certificate.

We will continue to review our AGM arrangements in light of the latest Government guidance, and therefore shareholders are encouraged to monitor the AGM page of the Company's website www.whsmithplc.co.uk/investors/shareholder-centre/agm for any updates.

FINAL DIVIDEND

As announced on 12 November 2020, in light of the ongoing uncertainty and the impact of Covid-19 on the Company, the Board has not proposed a final dividend in relation to the financial year ended 31 August 2020. As a result, no final dividend resolution is included in the attached Notice.

NOTICE OF PUBLICATION OF ANNUAL REPORT

The WH Smith PLC Annual report 2020 has been published on the Company's website www.whsmithplc.co.uk. It can be accessed at www.whsmithplc.co.uk/investors/results-reports-and-presentations/annual-reports or by going to the Company's home page, clicking on the Investors section of the website, then clicking on Results, Reports and Presentations and then clicking on Annual 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 each of the resolutions being proposed at the AGM appear on pages 5 to 8 of this document.

BOARD SUCCESSION PLANNING

As set out in the Annual report, Board and senior executive succession planning has been carefully considered by the Board and Nominations Committee this year.

In September 2020, we welcomed Nicky Dulieu onto the Board. With her substantial finance and retail expertise, she will be a valuable member of the Board and Chair of the Audit Committee.

As announced on 9 September 2020, Suzanne Baxter has decided not to stand for re-election as a non-executive director at the AGM. I would like to thank Suzanne for her valuable contribution and commitment to the Company.

Following Suzanne stepping down as a non-executive director and Chair of the Audit Committee, I am pleased to confirm that Nicky Dulieu will be appointed as Chair of the Audit Committee with effect from the conclusion of the AGM.

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As part of the Company's ongoing succession plan, Annemarie Durbin, Chair of the Remuneration Committee, who will have served on the Board for nine years, will step down from the Board at the Company's AGM in 2022 and, at the request of the Board, I have agreed to stay on as Chairman until 2022. Accordingly, the Company will initiate a search for my replacement following the AGM in January 2022. The Board believes that this staggered approach to replacing long standing directors is in the best interests of the Company and its shareholders as it will allow the Board to refresh itself whilst at the same time retaining valuable expertise and knowledge as the Company looks to recover from the impact of Covid-19.

Further details on Board succession planning can be found on page 39 of the 2020 Annual report.

WH SMITH US ESPP

In resolution 3 we are seeking shareholder approval for the WH Smith Employee Stock Purchase Plan (the 'US ESPP').

The Company adopted its all-employee Sharesave Scheme in 2016 following shareholder approval at the 2016 AGM (the 'Sharesave Scheme'). The Sharesave Scheme is an HM Revenue & Customs tax-advantaged share plan, open to all UK employees (subject to certain minimum service requirements), and which allows employees to save a fixed amount on a monthly basis in order to purchase ordinary shares in the Company at a discounted exercise price.

To provide similar benefits to the Sharesave Scheme for employees in the United States, in resolution 3 we are seeking shareholder approval to adopt the US ESPP, the terms of which provide similar benefits to the Sharesave Scheme and comply with the requirements of US legislation. As with the Sharesave Scheme, the US ESPP is a tax-advantaged all-employee share plan for US employees and allows employees to save a fixed amount on a monthly basis in order to purchase ordinary shares in the Company at a discounted price. The Company is seeking shareholder approval for the US ESPP as, under US legislation, the US ESPP requires approval from shareholders within the 12 months before or after its adoption by the Company. Similarly, under the UK Listing Rules, in order to allow the Company to satisfy options under the US ESPP with newly issued or treasury shares, shareholder approval is required. The principal terms of the US ESPP are set out in the Appendix to this Notice of Meeting on pages 9 and 10.

RECOMMENDATION

The Board considers 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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of WH Smith PLC (the 'Company') will be held at Greenbridge Road, Swindon, Wiltshire SN3 3RX on Wednesday 20 January 2021 at 11.30am to consider and, if thought fit, to pass Resolutions 1 to 14 inclusive as ordinary resolutions and Resolutions 15 to 18 inclusive as special resolutions. **Please refer to the letter from the Chairman for important information about the arrangements for the AGM this year.**

REPORT AND ACCOUNTS

Resolution 1: to receive the reports and accounts of the directors and auditors for the year ended 31 August 2020.

REMUNERATION REPORT

Resolution 2: to approve the directors' remuneration report for the year ended 31 August 2020, as set out on pages 56 to 73 of the 2020 Annual report.

WH SMITH US ESPP

Resolution 3: to resolve that the WH Smith Employee Stock Purchase Plan, the principal terms of which are summarised in the Appendix to this Notice of Meeting and the draft rules of which are produced to the meeting and initialled by the Chairman for the purposes of identification, be approved.

DIRECTORS

Resolution 4: to re-elect Carl Cowling as a director of the Company.

Resolution 5: to elect Nicky Dulieu as a director of the Company.

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

Resolution 7: to re-elect Simon Emeny as a director of the Company.

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

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

Resolution 10: to re-elect Maurice Thompson as a director of the Company.

AUDITORS

Resolution 11: 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 12: to authorise the Audit Committee of the Board to determine the Auditors' remuneration.

AUTHORITY TO MAKE POLITICAL DONATIONS

Resolution 13: 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 2022, 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 14: to resolve that:

- (a) in accordance with Article 7 of the Company's Articles of Association, 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) up to an aggregate nominal amount of £9,634,989; and
 - (ii) up to a further aggregate nominal amount of £9,634,989 provided that they comprise equity securities (as defined in Article 8 of the Company's Articles of Association) and they are offered in connection with an offer by way of a rights issue (as defined in Article 8 of the Company's Articles of Association) by means of a renounceable letter (or other negotiable document or rights) which may be traded for a period before payment for the securities is due to holders of ordinary shares on such record date as the directors may determine; and
- (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 2022.

GENERAL DISAPPLICATION OF PRE-EMPTION RIGHTS

Resolution 15: to resolve that, if Resolution 14 above is passed:

- (a) in accordance with Article 8 of the Company's Articles of Association, the directors be given power to allot equity securities (as defined in Article 8 of the Company's Articles of Association) for cash;
- (b) the power under paragraph (a) above shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of securities in connection with a rights issue (as defined in Article 8 of the Company's Articles of Association); and
 - (ii) the allotment of equity securities to any person or persons (other than in connection with a rights issue, as defined in Article 8 of the Company's Articles of Association) having a nominal amount not exceeding in aggregate £1,445,393; 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 2022.

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ADDITIONAL DISAPPLICATION OF PRE-EMPTION RIGHTS

Resolution 16: to resolve that, if Resolution 14 above is passed and in addition to any authority granted under Resolution 15:

- (a) in accordance with Article 8 of the Company's Articles of Association, the directors be given power to allot equity securities (as defined in Article 8 of the Company's Articles of Association) for cash;
- (b) the power under paragraph (a) above shall:
 - (i) be limited to the allotment of equity securities up to a maximum nominal amount of £1,445,393; and
 - (ii) be 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; and
- (c) 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 2022.

MARKET PURCHASES OF ORDINARY SHARES

Resolution 17: 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 13,086,666 shares;
- (b) the minimum price which may be paid for each ordinary share is 22⁶/₆₇p (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) the amount being the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 17 will be carried out; and

- (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 2022, 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.

NOTICE OF GENERAL MEETINGS

Resolution 18: 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

23 November 2020

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

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EXPLANATORY NOTES

RESOLUTION 1

REPORT AND ACCOUNTS

The Chairman will present the reports and accounts of the directors and auditors for the year ended 31 August 2020 to the AGM.

RESOLUTION 2

REMUNERATION REPORT

In accordance with Section 439 of the Companies Act 2006 ('CA 2006'), shareholders are asked to approve the directors' remuneration report that appears on pages 56 to 73 of the 2020 Annual report. The report gives details of the directors' remuneration for the year ended 31 August 2020. This vote is advisory, and the directors' entitlement to any remuneration or loss of office payment is not conditional on it.

At the 2019 AGM, the directors' remuneration policy was approved by shareholders. The directors' remuneration policy is not therefore required to be approved at the AGM this year. The policy will be put to shareholders again no later than the Company's AGM in 2022.

RESOLUTION 3

WH SMITH EMPLOYEE STOCK PURCHASE PLAN

Shareholders are requested to approve the adoption of the WH Smith Employee Stock Purchase Plan (the 'US ESPP'). A summary of the principal terms of the US ESPP is set out in the Appendix to this Notice of Meeting.

RESOLUTIONS 4 TO 10

ELECTION AND RE-ELECTION OF DIRECTORS

Nicky Dulieu will stand for election at the AGM following her appointment to the Board on 9 September 2020. In accordance with the UK Corporate Governance Code, all the other directors will retire and those wishing to serve again shall submit themselves for re-election by the shareholders. The Board has confirmed, following a performance review, that all directors standing for election or re-election continue to perform effectively and demonstrate commitment to their roles. Biographies of all the directors are below including the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success:

RESOLUTION 4: CARL COWLING

Group Chief Executive

Date of appointment: 26 February 2019. Carl was appointed as Group Chief Executive on 1 November 2019.

Committee membership: Nominations Committee.

Skills and experience: Carl joined WH Smith in November 2014 as Managing Director, Travel. In 2017, he was appointed Managing Director, High Street. Prior to joining WH Smith, Carl was Managing Director of Global partnerships at Carphone Warehouse and previously spent over a decade at Dixons where he held the roles of Ecommerce director, Commercial director and Managing director of the airport retailing business, Dixons Travel.

Contributions and reasons for re-election: Carl has considerable retail experience and has been instrumental in the development and execution of the Company's strategy. His strong leadership and strategic expertise enable him to lead the Group and create shareholder value.

RESOLUTION 5: NICKY DULIEU

Non-Executive Director

Date of appointment: 9 September 2020.

Committee membership: Audit Committee, Remuneration Committee and Nominations Committee. Nicky will become Chair of the Audit Committee following the Company's AGM.

Skills and experience: She trained as an accountant and held various strategic and financial roles within Marks & Spencer Group plc over a 23-year period. In 2006, Nicky joined the Board of Hobbs Limited as Chief Operating Officer and Finance Director and was Chief Executive from 2008 until 2014. She is a non-executive Director at Redrow Plc, Marshall Motor Holdings Plc and Adnams Plc.

Contributions and reasons for election: With her finance and retail expertise, she will be a valuable member of the Board and Chair of the Audit Committee. Nicky has strong non-executive director experience and extensive knowledge of retailing and customer service which she can bring to the Board and its Committees.

RESOLUTION 6: ANNEMARIE DURBIN

Non-Executive Director

Date of appointment: 3 December 2012.

Committee membership: Chair of the Remuneration Committee and a member of the Audit Committee and Nominations Committee.

Skills and experience: She is a non-executive director and Chair of the Remuneration Committee of both Santander UK plc and Persimmon PLC, Chair of Cater Allen Limited and Chair of Merryck & Co. Limited. Previously, she was a non-executive director of Ladbrokes Coral Group plc and was Chair of the Listing Authority Advisory Panel. She has 25 years' international banking experience, particularly across Asia, Africa and the Middle East, operating at Board and Executive Committee level. In addition to her directorships, Annemarie is an executive coach and a conflict mediator.

Contributions and reasons for re-election: 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. She has considerable Board experience that enables her to provide valuable insights and understanding as Chair of the Remuneration Committee.

RESOLUTION 7: SIMON EMENY

Senior Independent Director

Date of appointment: 26 February 2019.

Committee membership: Audit Committee, Remuneration Committee and Nominations Committee. Simon became the Senior Independent Director following the Company's AGM on 22 January 2020.

Skills and experience: Simon is Group Chief Executive of Fuller, Smith & Turner PLC, a role he has held since 2013. Simon was previously the Senior Independent Director of Dunelm Group PLC.

Contributions and reasons for re-election: Simon has a wealth of consumer facing experience, including transport hub sites. He brings a broad range of skills and commercial expertise to the Board and its Committees.

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RESOLUTION 8: ROBERT MOORHEAD

Chief Financial Officer and Chief Operating Officer

Date of appointment: 1 December 2008.

Skills and experience: Robert is a Chartered Accountant and joined WH Smith in 2004 as Retail Finance Director. He is a non-executive director and Chair of the Audit Committee of The Watches of Switzerland Group PLC. Previously, he was Group Finance Director at Specsavers Optical Group and Finance and IT Director of World Duty Free Europe. He also held a number of roles at B&Q and Kingfisher Group. He started his career at Price Waterhouse.

Contributions and reasons for re-election: 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. He has a deep understanding of the Group's businesses and strategy and has a strong track record of creating shareholder value.

RESOLUTION 9: HENRY STAUNTON

Chairman

Date of appointment: 1 September 2010. Henry was appointed as Chairman on 1 September 2013.

Committee membership: Chair of the Nominations Committee and a member of the Remuneration Committee.

Skills and experience: Henry has extensive finance, media and retail expertise. He is Chairman of Capital and Counties Properties plc. He was previously the Finance Director of Granada and ITV, Chairman of Ashtead Group, Phoenix Group Holdings and Vice Chairman of Legal and General PLC.

Contributions and reasons for re-election: Henry brings a breadth of experience and leadership in both executive and non-executive roles. 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. He is able to draw upon his extensive knowledge and experience to run the Board and assist its Committees.

RESOLUTION 10: MAURICE THOMPSON

Non-Executive Director

Date of appointment: 26 February 2019.

Committee membership: Audit Committee, Remuneration Committee and Nominations Committee.

Skills and experience: Maurice has substantial Board and financial expertise, with over 30 years of experience in the international banking industry. He is Chairman of Greensill Capital and previously held the position of Chief Executive of Citibank in the UK.

Contributions and reasons for re-election: Maurice's deep understanding of global finance brings valuable experience to WH Smith. He is able to draw upon his extensive knowledge of financial and strategic experience to assist the Board and its Committees as the Company continues to expand its international business.

RESOLUTIONS 11 AND 12

AUDITORS

Resolution 11 relates to the reappointment of PricewaterhouseCoopers LLP as the Company's auditor to hold office until the next AGM of the Company at which accounts are laid. Resolution 12 authorises the Audit Committee of the Board to set their remuneration.

RESOLUTION 13

AUTHORITY TO MAKE POLITICAL DONATIONS

Part 14 of the 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 2022 whichever is the earlier.

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

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RESOLUTION 14

AUTHORITY TO ALLOT SHARES

At the Annual General Meeting held on 22 January 2020, the shareholders authorised the directors 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. The directors propose to renew this authority.

The Investment Association ('IA') guidelines on directors' authority to allot shares state that IA members will regard as routine resolutions seeking authority to allot shares representing up to two thirds of the Company's issued share capital, provided that any amount in excess of one third of the Company's issued share capital is only used to allot shares pursuant to a fully pre-emptive rights issue.

In light of these guidelines, paragraph (a)(i) of Resolution 14 would allow the directors to allot shares up to a maximum nominal amount of £9,634,989, representing approximately one third (33.33 per cent) of the Company's issued share capital, calculated as at 20 November 2020 (being the latest practicable date prior to publication of this Notice). Paragraph (a)(ii) of Resolution 14 would allow the directors to allot shares up to a maximum nominal amount of £9,634,989 representing a further one third (33.33 per cent) of the Company's issued share capital calculated as at 20 November 2020 (being the latest practicable date prior to publication of this Notice) which may only be allotted pursuant to a fully pre-emptive rights issue.

The authority would expire at the conclusion of the next Annual General Meeting of the Company or at close of business on 28 February 2022, 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.

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

RESOLUTIONS 15 AND 16

DISAPPLICATION OF PRE-EMPTION RIGHTS

Resolutions 15 and 16 would allow the directors authority to allot ordinary shares in the capital of the Company pursuant to the authority granted under Resolution 14 above for cash without complying with the pre-emption rights in the CA 2006 in certain circumstances.

At the Annual General Meeting held on 22 January 2020, two special resolutions were passed empowering the directors to allot equity securities for cash without first being required to offer such shares to existing shareholders. It is proposed to renew these authorities at the AGM.

The disapplication authorities being sought are in line with institutional shareholder guidance, and in particular with the Pre-Emption Group's Statement of Principles (the 'Pre-Emption Principles'). The Pre-Emption Principles allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to include: (i) an authority over 5 per cent of a company's issued share capital for use on an unrestricted basis; and (ii) an additional authority over a further 5 per cent of a company's issued share capital for use in connection with an acquisition or specified capital investment announced contemporaneously with the issue, or has taken place in the six month period preceding the announcement of the issue.

Resolution 15 will permit the directors to allot:

- (a) equity securities for cash and sell treasury shares up to a nominal amount of £19,269,978, representing two thirds of the Company's issued share capital as at 20 November 2020 (being the latest practicable date prior to publication of this Notice) on an offer to existing shareholders on a pre-emptive basis (that is including a rights issue or an open offer), with one third being available only in connection with a rights issue (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the directors see fit); and
- (b) equity securities for cash and sell treasury shares up to a maximum nominal value of £1,445,393, representing approximately 5 per cent of the issued ordinary share capital of the Company as at 20 November 2020 (being the latest practicable date prior to publication of this Notice) otherwise than in connection with a pre-emptive offer to existing shareholders.

Resolution 16 will permit the directors to allot additional equity securities for cash and sell treasury shares up to a maximum nominal value of £1,445,393, representing approximately a further 5 per cent of the issued ordinary share capital of the Company as at 20 November 2020 (being the latest practicable date prior to publication of this Notice), otherwise than in connection with a pre-emptive offer to existing shareholders for the purposes of financing or refinancing a transaction as contemplated by the Pre-Emption Principles described above.

The Board considers that it is in the best interests of the Company and its shareholders generally that the Company should seek the maximum authority permitted by the pre-emption guidelines and have the flexibility conferred by Resolutions 15 and 16 to conduct a pre-emptive offering without complying with the strict requirements of the statutory pre-emption provisions in order to react quickly and efficiently should the needs of the business require.

The Board confirms that, in accordance with the Pre-Emption Principles, it does not intend to issue shares for cash representing more than 7.5 per cent of the Company's issued ordinary share capital in any rolling three-year period to those who are not existing shareholders (save in accordance with Resolution 16) without prior consultation with shareholders.

As noted in relation to Resolution 14 above, the directors have no current intention of issuing ordinary shares.

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RESOLUTION 17

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. Although the directors do not currently envisage utilising this authority, they believe that having the flexibility that this resolution provides to be in the best interests of the Company. 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 13,086,666 ordinary shares representing approximately 10 per cent of the issued ordinary shares in the Company as at 20 November 2020 (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 2022, whichever is the earlier. This resolution specifies that the minimum price which may be paid for each ordinary share is 22⁶/₇p (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) the amount being the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution 17 will be carried out.

As at 20 November 2020, (being the latest practicable date prior to publication of this Notice), there were outstanding 2,838,414 options to subscribe for ordinary shares, representing 2.2 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 2.4 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 18

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 22 January 2020, 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 18, 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 18 will be used where, taking into account the circumstances, 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.

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APPENDIX

WH SMITH EMPLOYEE STOCK PURCHASE PLAN ('US ESPP')

The Company operates an HM Revenue & Customs tax-advantaged share plan in the UK which allows employees to save a fixed amount on a monthly basis in order to purchase ordinary shares in the Company at a discounted exercise price.

The Board believes that it is important to attract, motivate and retain employees of the Company's US subsidiaries of the appropriate calibre and to align their interests with those of shareholders in the Company. Accordingly, the Board is proposing to adopt the US ESPP to provide similar benefits to the Sharesave Scheme for employees in the United States, and which may be used by the Company's US subsidiaries from time to time as appropriate.

The terms of the US ESPP are summarised below.

The US ESPP is a US tax-advantaged all-employee option plan linked to savings arrangements funded by regular deductions through payroll and is governed by relevant US statutory provisions.

ADMINISTRATION

Options will be granted and the US ESPP will be administered by the Board (or an authorised committee).

ELIGIBILITY

The US ESPP will be open to all employees of the Company's US subsidiaries, which the Board selects for participation, who meet the eligibility criteria ('Eligible Employees'). All Eligible Employees must be invited to participate.

SAVINGS ARRANGEMENTS

Under the applicable US legislation, Eligible Employees who apply for an option must enter into savings arrangements under which the Eligible Employee will agree to make monthly savings contributions through deductions from salary within statutory limits (current legislation permits Eligible Employees to save an amount which would allow them to buy shares with a maximum value of \$25,000 per calendar year, based on the market value of the Company's ordinary shares at grant). However, to replicate the provisions of the Sharesave Scheme, the US ESPP has been designed to allow Eligible Employees to save up to the equivalent of £500 per month in US Dollars (based on the prevailing exchange rate at the start of the savings period). Eligible Employees will not be permitted to suspend the monthly savings contributions during the savings period.

Ordinary shares will be acquired on the exercise date using the repayment of accrued savings under the savings arrangements.

EXERCISE PRICE

The price payable for each ordinary share under an option will be determined by the Board at any time prior to exercise, provided that it must not be at more than a 15 per cent discount to the market value of an ordinary share at the time of grant or exercise, whichever is lower. If no determination is made by the Board, the exercise price will be the lower of 85 per cent of the market value of an ordinary share at the time of grant or exercise.

NUMBER OF SHARES UNDER OPTION

The number of shares subject to a participant's option will be the maximum number of shares which could be purchased with the participant's forecasted savings contributions over the savings period, based on what the exercise price would be if set at the time of grant (i.e. if not otherwise determined by the Board, 85 per cent of the market value of an ordinary share at the time of grant).

EXERCISE OF OPTIONS

The length of the savings period will be announced by the Board prior to grant and may last for up to 27 months under the applicable US legislation (and if not so announced will be consecutive 24-month periods following the initial savings period). At the end of the savings period, the participant will automatically exercise his or her option to acquire the maximum number of ordinary shares which may be purchased using the accrued savings under the savings arrangements.

WITHDRAWAL

The participant may withdraw from the US ESPP at any time prior to the exercise date and have the accrued savings returned to him or her.

LEAVERS

Options will normally lapse where the participant ceases to hold office or employment with the Group or if the participant dies in service and the accrued savings will be returned to the participant (or his or her estate).

CORPORATE ACTIONS

In the event of a change of control or a court sanctioning a compromise or arrangement of the Company, the option may be rolled over into a new option to acquire shares in the new parent company. If it is not, the Board has discretion to determine that (a) the savings period will be shortened and options will be automatically exercised in advance of such change of control or court sanction, or (b) the option will lapse with the accrued savings returned to the participant, and if (b) applies, the Board may provide that an additional cash payment may be made to the participant based on the offer consideration less the exercise price. In the event of a winding-up of the Company, (a) would apply.

NON-TRANSFERABLE AND NON-PENSIONABLE

Options are non-transferable and non-pensionable.

Notice of WH Smith PLC Annual General Meeting

APPENDIX

PLAN LIMITS

Options under the US ESPP may be satisfied with newly issued shares, shares transferred from treasury or shares which have been market purchased.

Options may not be granted under the US ESPP on terms capable of being satisfied by newly issued shares where to do so would cause the number of ordinary shares which may be issued pursuant to outstanding awards or options granted within the previous 10 years under the US ESPP and any other employees' share scheme adopted by the Company, when added to the number of ordinary shares issued for the purpose of any such awards and options, to exceed 10 per cent of the Company's ordinary share capital in issue immediately prior to the proposed date of grant.

Treasury shares will count as new issue shares for the purpose of this limit for so long as institutional investor bodies consider that they should be so counted.

Further, the maximum number of ordinary shares over which awards may be granted under the US ESPP will be 5,000,000 over the life of the US ESPP.

These limits do not include rights to ordinary shares which have been released, lapsed or otherwise become incapable of exercise or vesting.

VARIATION OF CAPITAL

The number of ordinary shares subject to options and any option exercise price may be adjusted, in such manner as the Board may determine, following any subdivision or consolidation of share capital of the Company, a scrip dividend or a similar increase or decrease in share capital of the Company.

ALTERATIONS

The Board may amend the rules of the US ESPP as it considers appropriate, subject to any relevant legislation, provided that no modification may be made which confers any additional advantage on participants relating to eligibility, plan limits, the basis of individual entitlement, the price payable for the acquisition of ordinary shares and the provisions for the adjustment of options without prior shareholder approval, except for amendments which are minor amendments to benefit the administration of the US ESPP, to take account of a change in legislation, or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or the Company (or other Group companies).

Notice of WH Smith PLC Annual General Meeting

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1. Shareholders are entitled to appoint one or more proxies (who need not be shareholders) to exercise all or any of their rights 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. As noted in the letter from the Chairman, shareholders and others are unable to attend the AGM in person and so shareholders are strongly encouraged to appoint the Chair of the meeting as their proxy to ensure that their vote is counted.
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. 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.
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 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 18 January 2021. 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 (available to CREST members via www.euroclear.com). 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. 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 18 January 2021. 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 18 January 2021 (or 8.00pm on the day that is two days before any adjourned meeting) shall be entitled to 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 18 January 2021 (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 vote at the AGM.
10. Subject to them remaining accessible in light of any restrictions or guidance introduced in connection with the Covid-19 pandemic, copies of directors' service contracts and non-executive directors' letters of appointment with the Company and any of its subsidiaries and a copy of the draft rules of the US ESPP 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 Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG. Alternatively, should a shareholder wish to inspect any of these documents, please submit a request to company.secretarial@whsmith.co.uk.
11. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 ('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.

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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.
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 20 November 2020 (being the latest practicable date prior to the publication of this Notice) the Company's issued share capital consists of 130,866,665 ordinary shares, carrying one vote each and no shares are held in treasury. Therefore, the total voting rights in the Company as at 20 November 2020 are 130,866,665.
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. As is the case when shareholders ask questions at the AGM in person, the Company will not provide an answer to any questions 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.
20. Resolutions 1 to 18 at the 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.