

Remuneration Report

This Remuneration report has been prepared on behalf of the Board by the Remuneration Committee. The Committee has adopted the principles of good governance as set out in the Combined Code and complies with Schedule 8 to the Accounting Regulations under the Companies Act 2006 and the Listing Rules of the Financial Services Authority.

Part A of the report, which is not subject to audit, sets out the Company's remuneration policy. Part B, which has been audited, provides details of the remuneration, pensions and share incentives of the directors for the year ended 31 August 2009. Shareholders will be asked to approve the report at the Annual General Meeting on 15 January 2010.

Part A - Unaudited information

Remuneration Committee

The Remuneration Committee is chaired by Anthony Cann and its other members throughout the year were Dennis Millard and John Worby. Anthony Cann and John Worby are both independent non-executive directors and Dennis Millard was independent on appointment as a director in August 2006. Andrew Brent, who is an independent non-executive director, was appointed to the Committee on 22 September 2008. The Committee met six times during the year.

The Committee's terms of reference, which are available on the Company's website and from the Company Secretary on request, set out the responsibilities of the Committee which include determining and agreeing with the Board the broad policy for the remuneration of the Chairman, executive directors and certain other senior executives; in determining such policy to take into account all factors which it deems necessary, the objective of such policy being to ensure that executive management are provided with appropriate incentives to encourage

enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company; reviewing the policy for any performance related pay schemes operated by the Company; reviewing the design of all share incentive plans for approval by the Board and shareholders; ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and in consultation with the Chief Executive as appropriate, determining the total individual remuneration package of each executive director and other senior executives including bonuses and share incentives.

During the year the Committee received external advice and services from Mercer Human Resource Consulting ('Mercer') and Deloitte LLP, who succeeded Mercer as external independent adviser in January 2009. Deloitte LLP also provided audit services to the Company. Glenn Leech, Human Resources Director also materially assisted the Committee in carrying out its duties, except in relation to his own remuneration.

Remuneration policy

The Company's remuneration policy aims to encourage a performance-based culture, attract and retain high calibre executive directors and align the interests of executive directors and shareholders. In forming this policy the Committee has adopted the principles set out in Section B of the Combined Code.

The aims of the policy are achieved by providing a remuneration package, comprising salary and benefits, positioned around the median of a comparator group of peer companies, pension provision and performance related benefits. Any payments made to executive directors other than salary are not pensionable.

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The performance related benefits, which consist of an annual bonus, an economic profit bonus and long-term incentive ('LTIP'), account for a significant proportion of total remuneration.

In line with the Association of British Insurers' Guidelines on Responsible Investment Disclosure, the Committee will ensure that the incentive structure for executive directors and senior management will not raise environmental, social or governance ('ESG') risks by inadvertently motivating irresponsible behaviour. More generally, with regard to the overall remuneration structure, there is no restriction on the Committee which prevents it from taking into account corporate governance on ESG matters.

Following the OFT announcement on the industry in October 2008, the Committee reviewed both the competitiveness and structure of executive incentive schemes with a view to aligning executive incentives more closely to the steps required to build shareholder value over the longer term. As a result of this review, and after consultation with major shareholders, it was decided to introduce a new incentive plan, the Economic Profit Plan ('EPP') and to re-balance the different forms of incentives and opportunities.

The overall maximum remuneration opportunity remains unchanged at 300 per cent of salary for Mark Cashmore and 255 per cent of salary for Alan Humphrey. The key changes were to decrease the annual bonus opportunity (at maximum performance, for Mark Cashmore from 150 per cent to 100 per cent of base salary and for Alan Humphrey from 120 per cent to 80 per cent of base salary) and to introduce an EPP bonus opportunity (at maximum performance, for Mark Cashmore 50 per cent of base salary and for Alan Humphrey 40 per cent of base salary). Given the circumstances of the year, it was decided for the year under review to increase the proportion of the annual bonus paid in the form of deferred shares. In light of the prevailing business environment, it was also decided to change the LTIP performance target from an EPS growth target to an absolute cumulative EPS target and to establish the threshold level of vesting at 20 per cent, rather than 35 per cent. The Annual Bonus Plan, EPP and LTIP are described in more detail below.

Relative value of remuneration package 2009/10

The table below shows the expected relative value at target and maximum performance levels of the fixed and performance-related elements of the executive directors' remuneration package for the financial year ending 31 August 2010.

	Fixed element		Performance-related elements					
	Base salary		Annual Bonus Plan ^(a)		EPP ^(b)		LTIP	
	Target	Max.	Target	Max.	Target	Max.	Target	Max.
Mark Cashmore	55%	33%	26%	33%	14%	17%	5%	17%
Alan Humphrey	61%	39%	23%	31%	12%	16%	4%	14%

(a) 33 per cent of the annual bonus will be paid in the form of shares, the receipt of which is deferred for two years (see Deferred Bonus Plan below).

(b) 50 per cent of the EPP bonus will be paid in the form of shares, the receipt of which is deferred for two years (see Deferred Bonus Plan below).

(c) The above table does not include the value of other benefits such as the provision of a company car and private medical insurance and employer pension contributions.

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Salary and benefits

The salaries of executive directors are reviewed annually in September. When conducting this review, the Committee takes into account a range of factors including the Company's performance, market conditions, the prevailing market rates for similar positions in a comparable group of companies, the responsibilities, individual performance and experience of each executive director and the level of salary increases awarded to employees throughout the Company.

For the year under review, Mark Cashmore and Alan Humphrey agreed to a pay freeze. In light of the significant increase in the scale and complexity of the Group following the contract gains and acquisitions of Bertrams and certain assets of Dawson News, and a review of remuneration in comparable companies, the Committee has increased the basic salaries of Mark Cashmore and Alan Humphrey with effect from 1 September 2009 to bring them nearer to market median. The salary of Mark Cashmore has been increased from £275,000 to £320,000 and the salary of Alan Humphrey has been increased from £185,000 to £200,000.

Executive directors also receive taxable benefits including the provision of a company car and private medical insurance.

The fees paid to non-executive directors are determined by the Chairman and the executive members of the Board and take into account the required time commitment and the fee payments for non-executive directors of similar organisations. There were no changes to the fees paid to non-executive directors during the year under review. Non-executive directors do not participate in any bonus or share schemes.

Annual Bonus Plan

The plan is designed so that the level of bonus paid is dependent on the achievement of a profit before tax target and personal performance. Target level is based on the achievement of stretching performance; maximum level requires outstanding performance.

For the year under review, Mark Cashmore had the opportunity to receive an annual bonus up to a maximum of 100 per cent of base salary (55 per cent at target level) and Alan Humphrey had the opportunity to receive an annual bonus up to a maximum of 80 per cent of base salary (45 per cent at target level), a significant proportion of which is payable in the form of shares, the receipt of which is deferred for two years (see Deferred Bonus Plan below).

Mark Cashmore's annual bonus for the year under review was £247,500, of which £137,500 will be paid in cash in November 2009 and £110,000 will be paid in the form of shares. Alan Humphrey's annual bonus for the year under review was £129,500, of which £74,000 will be paid in cash in November 2009 and £55,500 will be paid in the form of shares. These bonuses include an amount paid at the Committee's discretion to recognise the outstanding progress made towards the Company's strategic objectives during the year.

For the year ending 31 August 2010, Mark Cashmore can earn an annual bonus up to a maximum of 100 per cent of base salary (47.5 per cent at target level) and Alan Humphrey can earn an annual bonus up to a maximum of 80 per cent of base salary (37.5 per cent at target level), of which one third is payable in shares.

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Economic Profit Plan

Under this plan, executive directors and key senior executives may receive each year a cash payment and/or be granted a share award under the terms of the Deferred Bonus Plan, based on the value of an economic profit Pool. The value of the Pool is determined by the economic profit (calculated as profit after tax less the cost of capital employed) created in each financial year, with 10 per cent of this economic profit (9 per cent in the year under review to reflect the lower than normal tax charge) being contributed to the Pool (if there is an economic loss in any year the value of the Pool will be diminished). One third of the Pool is then distributed to participants each year and two thirds is carried forward to form part of the Pool for the following year. The main objects of the plan are to retain key executives and to incentivise the executive management team to generate profits over and above the Group's cost of capital. Mark Cashmore is able to receive awards each year up to a maximum of 50 per cent of base salary (16 per cent at target level for the year under review) and Alan Humphrey is able to receive awards each year up to a maximum of 40 per cent of base salary (13 per cent at target level for the year under review). Due to the nature of the plan, expected payout at target level will increase during the first three years of its operation. It is current policy that 50 per cent of the annual payout will be in cash and 50 per cent will be in the form of deferred shares (see Deferred Bonus Plan below). However, the Committee reserves the right to change these proportions for future years in light of the circumstances prevailing at the time.

The economic profit generated in the year to 31 August 2009 resulted in contributions to the economic profit Pool of 49 per cent of base salary for Mark Cashmore and 39 per cent of base salary for Alan Humphrey. Of this Pool, Mark Cashmore will receive £44,850, of which £22,425 will be paid in cash in November 2009 and £22,425 will be paid in the form of shares and Alan Humphrey will receive £24,137, of which £12,069 will be paid in cash in November 2009 and £12,068 will be paid in the form of shares.

Deferred Bonus Plan

Under this plan, executive directors and key senior executives may be granted each year share awards (in the form of nil cost options) representing a proportion of the bonuses earned under the Annual Bonus Plan and/or Economic Profit Plan. The shares under award are released after two years, subject to continued employment.

As described under Annual Bonus Plan and Economic Profit Plan, for performance in the year under review, Mark Cashmore and Alan Humphrey will be granted share awards under this plan with market values at the date of grant of £110,000 and £55,500 respectively in connection with the Annual Bonus Plan and £22,425 and £12,068 respectively in connection with the Economic Profit Plan. These awards will be granted in November 2009.

Long-term incentives

Smiths News LTIP

Under this plan, approved by shareholders of old WH Smith PLC in August 2006, executive directors and key senior executives may be awarded each year conditional entitlements to ordinary shares in the Company (in the form of nil cost options) or, in order to retain flexibility and at the Company's discretion, a cash sum linked to the value of a notional award of shares up to a value of 200 per cent of base salary.

The vesting of awards is subject to the satisfaction of a performance condition, which is determined by the Remuneration Committee at the time of grant. The Committee believes that for executive directors and Smiths News senior executives earnings per share ('EPS') is the most appropriate measure of the Company's performance.

For awards granted in November 2006 and November 2007, the performance condition is based on real growth in the Company's EPS over the three years ending 31 August 2009 and 31 August 2010 respectively (the 'Performance Period') as set out in the following table.

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Annual rate of growth in EPS (compounded annually) in excess of growth in RPI over the Performance Period	Proportion exercisable
Below 3%	Zero
3%	35%
Pro-rating applies between these points	Between 35% and 100%
9% or more	100%

In light of the prevailing business environment, for awards granted to the executive directors and Smiths News senior executives in April 2009, the performance condition is based on the Company's aggregate absolute EPS over the three years ending 31 August 2011 (the 'Performance Period') as set out in the following table.

Aggregate EPS performance over the Performance Period	Proportion exercisable
Below 41p	Zero
41p	20%
Pro-rating applies between these points	Between 20% and 100%
45p or more	100%

For the purposes of the above targets, EPS will be determined by reference to basic earnings per share, as defined by IAS 33, before non-recurring items and their associated tax impact, adjusted by the Committee as considered appropriate to ensure consistency.

Smiths News share option schemes

The Company operates two types of share option scheme both of which were approved by shareholders of old WH Smith PLC in August 2006:

- an Executive Share Option Scheme which is used to grant options to executives up to an annual limit of 200 per cent of base salary. The performance condition for options granted in November 2006 and November 2007 is based on real growth in the Company's EPS and is the same as the 2006 and 2007 LTIP performance condition described above. Options granted in November 2008 will only be exercisable if the Company's profit before tax for the year ending 31 August 2011 exceeds £30m. The executive directors did not participate in this Scheme in the financial year ended 31 August 2009 and will not participate in the current financial year; and
- an Inland Revenue Approved Save-As-You-Earn share option scheme (the 'Sharesave Scheme'). The Sharesave Scheme is open to all employees who have completed one year's service and who enter an approved savings contract for a term of three or five years. The maximum amount which can be saved is £250 per month, the total savings at the end of the term being used to purchase shares at 80 per cent of their market value at the start of the savings contract. In common with most schemes of this type, there are no performance conditions applicable to options granted under the Sharesave Scheme.

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Pre-demerger share plans

Following the demerger of WH Smith Retail on 31 August 2006, participants in the old WH Smith PLC share plans received replacement options and awards over the Company's and, in the case of the WH Smith 2004 Management Investment Plan, new WH Smith PLC's shares for their existing options and awards. These new options and awards had the same intrinsic value as the original options and awards at the date of exchange. The related performance conditions were adjusted to be equivalent to the performance conditions that existed prior to the demerger.

WH Smith 2004 Management Investment Plan

Under this plan, executive directors and key senior executives invested an amount up to 75 per cent of base salary in the shares of old WH Smith PLC ('Investment Shares') and were granted matching awards (in the form of nil cost options) to acquire further ordinary shares in proportion to the amount they invested.

As a result of the demerger, participants received shares in both the Company and new WH Smith PLC and were required either to continue to hold the shares in both companies or sell the shares of new WH Smith PLC and purchase with the proceeds of that sale (net of taxes and dealing costs) shares in the Company by 30 November 2006. The matching awards were adjusted so that for each old WH Smith PLC share previously subject to a matching award, there was one share in the Company and one share in new WH Smith PLC subject to the adjusted matching award.

Following extensive consultation with shareholders, the Remuneration Committee of old WH Smith PLC adopted a combination of financial and market-based performance conditions aimed at delivering enhanced returns to shareholders, 50 per cent of the award being dependent on an EPS condition and 50 per cent being dependent on a Total Shareholder Return ('TSR') condition.

The original EPS performance condition required the EPS of old WH Smith PLC to grow by RPI plus 20 per cent per annum over the three year period ended 31 August 2007 (the 'EPS performance period') for vesting at threshold performance and by RPI plus 30 per cent per annum over the EPS performance period for vesting at maximum performance.

The EPS of old WH Smith PLC for the purposes of the plan performance condition in the base year was 18.5p. This condition was amended to relate to the performance of the Company and required EPS for the year ended 31 August 2007 of 11.6p for threshold performance and 14.6p for maximum performance. Actual EPS for the year ended 31 August 2007 for the purposes of the plan performance condition was 13.9p and resulted in 44 per cent of matching awards vesting on 31 January 2008.

The original TSR performance condition measured the TSR of old WH Smith PLC against the TSR of a notional investment in the FTSE All Share General Retailers Index over the TSR performance period. This condition was amended so that at the end of the performance period the market capitalisation of the Company and new WH Smith PLC plus reinvested dividends paid over the whole of the performance period (whether paid by old WH Smith PLC, the Company or new WH Smith PLC) were added together to determine the percentage of matching awards that vest. In this way, the value of the TSR of old WH Smith PLC over the period up to the demerger was added to that of the Company and new WH Smith PLC for the remainder of the performance period. The result, which was calculated by Mercer, was that the condition required TSR of 7.3 per cent for threshold performance and 27.6 per cent for maximum performance. Actual TSR over the TSR performance period was 33.1 per cent and resulted in 50 per cent of matching awards vesting on 31 January 2008.

For threshold performance, awards vest in respect of shares having a value equivalent (by reference to the share price at grant) to one and a half times the invested amount and for maximum performance awards vest in respect of shares having a value equivalent to three times the invested amount. Between threshold performance and maximum performance awards vest on a straight line basis.

The matching awards vested at a level of 94 per cent on 31 January 2008, 75 per cent of the value of the vested awards being exercisable from 31 January 2008 to 31 January 2010 and the remaining 25 per cent being exercisable from 31 January 2009 to 31 January 2010.

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WH Smith Executive Share Option Scheme 1999

For options granted in 2004 and 2005, the performance condition is based on the Company's adjusted EPS growth over a fixed three-year period, the proportion of options that become exercisable increasing on a straight-line basis from 40 per cent for growth of RPI plus 9 per cent to 100 per cent for growth of RPI plus 15 per cent.

For those options granted in November 2004, adjusted EPS growth exceeded RPI plus 15 per cent over the three year period ended 31 August 2007 and, as such, these options became exercisable in full on 3 November 2007.

For those options granted in November 2005, adjusted EPS growth exceeded RPI plus 15 per cent over the three year period ended 31 August 2008 and, as such, these options became exercisable in full on 2 November 2008.

Personal shareholdings

During the year the Company introduced shareholding guidelines for its senior management. These guidelines require executive directors to build up over a period of five years and then maintain a target holding of 100 per cent of salary and all other executives to build up over a period of five years and then maintain a target holding of 75 per cent of salary.

Contracts of service

The contract dates and notice periods for each executive director are as follows:

Contracts of service			
	Date of contract	Notice period by Company	Notice period by director
Mark Cashmore	4 July 2006	1 year	9 months
Alan Humphrey	4 July 2006	1 year	9 months

It is the Company's policy to enter into contracts of employment with executive directors which may be terminated at any time by the Company upon twelve months' notice and upon nine months' notice by the executive director. In the event of a change of control of the Company there is a provision in each executive director's contract which provides for a payment of liquidated damages of 95 per cent of salary and benefits if the contract is terminated in breach of the notice period.

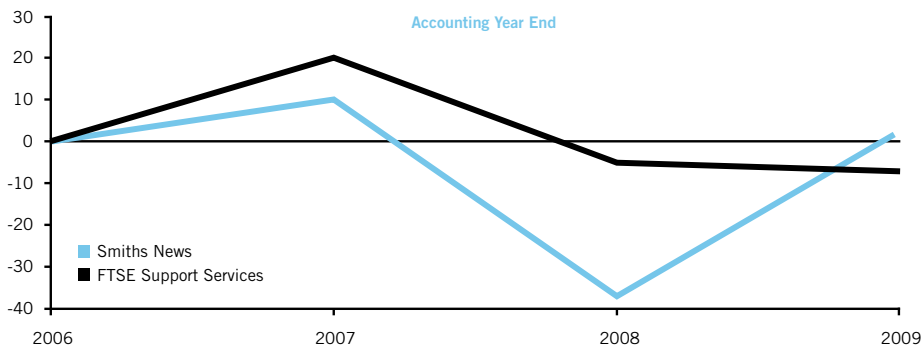
In other circumstances, the Committee believes that any question of compensation should be decided upon at the appropriate time rather than in advance so that the principle of mitigation is applied in the particular circumstances.

The Chairman and other non-executive directors, who have letters of appointment, are appointed for an initial term of three years, which may be terminated at any time upon three months' written notice on either side, and are subject to review thereafter.

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Performance graph

Cumulative TSR growth since 31 August 2006



- a) The graph illustrates the TSR performance of the Company on a cumulative basis (with dividends reinvested) since the demerger of WH Smith Retail on 31 August 2006 compared with the FTSE Support Services Sector Index over the same period.
- b) Smiths News PLC is a member of the FTSE Support Services sector and, as such, this sector was considered to be the most appropriate comparator group upon which a broad equity market index is calculated.

Smiths News Employee Benefit Trust

The Smiths News Employee Benefit Trust is used to facilitate the acquisition of ordinary shares in the Company for the purpose of satisfying awards and options granted under the Company's executive share schemes including the pre-demerger share plans. The Trust is a discretionary trust, the sole beneficiaries being employees (including executive directors) and former employees of the Company. The Trust waives its right to vote and to dividends on the shares that it holds. The Trustee is Lloyds TSB Offshore Trust Company Limited, an independent professional trustee company based in Jersey.

The number of shares held in the Smiths News Employee Benefit Trust at 31 August 2009 was 3,035,060. The accounting treatment is shown in the Reconciliation of Movements in Equity in Note 29 to the Financial Statements.

Dilution limits

Awards of long-term incentives are satisfied using market purchase shares. The Company's share plans comply with recommended guidelines on dilution limits and the Company has always operated within these limits.

Pensions

For the year under review, the Company operated two defined contribution pension schemes, the money purchase section of the WH Smith Pension Trust, for those employees who were active members of the defined benefit section of the WH Smith Pension Trust on 1 May 2007 and the WH Smith Retirement Savings Plan. The Company ceased service accruals for active members of the defined benefit pension scheme on 1 May 2007.

The executive directors participate in the Smiths News section of the WH Smith Retirement Savings Plan. Under this plan an executive director may contribute up to an amount equivalent to 5 per cent of salary which is then matched by the Company. In addition, a salary supplement, in respect of pension entitlement, is also payable which may be taken as an additional pension contribution or as an addition to basic pay. For the financial year to 31 August 2009 the salary supplement was equivalent to 25 per cent of salary.

External appointments

It is the Company's policy to allow each executive director to accept one non-executive directorship of a publicly quoted company provided that it is not a chairmanship of a FTSE 100 company. Non-executive directorships must not conflict with the interests of the Company. Executive directors may retain the fee for such an appointment.

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Part B - Audited information

Directors' remuneration

The remuneration of the directors for the financial year ended 31 August 2009 was as follows:

Directors' remuneration							
	Salary/ fees	Annual Bonus	Economic Profit Plan	Pension Supplement and benefits	Total	Year to 31 August 2008	
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Executive							
Mark Cashmore	275	138	22	60	495		486
Alan Humphrey	185	74	12	70	341		342
Non-executive							
Dennis Millard (Chairman)	110	-	-	-	110		84
Andrew Brent	35	-	-	-	35		-
Anthony Cann	40	-	-	-	40		40
John Worby	40	-	-	-	40		40
Brendan Fitzmaurice	-	-	-	-	-		55
Total £'000s	685	212	34	130	1,061		1,047

- Pension supplement and benefits: this includes any pension salary supplement taken as an addition to basic pay, the provision of a company car and private medical insurance.
- Mark Cashmore earned an annual bonus of £247,500, of which £110,000 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. This share award will be granted in November 2009.
- Alan Humphrey earned an annual bonus of £129,500, of which £55,500 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. This share award will be granted in November 2009.
- Mark Cashmore will receive an Economic Profit Plan payout of £44,850, of which £22,425 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. This share award will be granted in November 2009.
- Alan Humphrey will receive an Economic Profit Plan payout of £24,137, of which £12,068 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. This share award will be granted in November 2009.
- Brendan Fitzmaurice retired from the Board on 6 February 2008.
- All of the directors, with the exception of Brendan Fitzmaurice, served throughout the year

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Directors' pensions

WH Smith Retirement Savings Plan

The following executive directors were members of the Smiths News section of the WH Smith Retirement Savings Plan defined contribution scheme during the year ended 31 August 2009:

Directors' pensions				
	Employee contribution		Employer contribution	
	% of salary	£'000s	% of salary	£'000s
Mark Cashmore	15	41	5	14
Alan Humphrey	5	9	5	9

- Executive directors receive a salary supplement which may be taken as an additional pension contribution or as an addition to basic pay; this payment if taken as an addition to basic pay is included in the table of Directors' remuneration under the heading Pension supplement and benefits.
- Mark Cashmore received a salary supplement of 25 per cent of salary, 10 per cent of which was taken as an additional pension contribution and is included in the Employee contribution in the above table and 15 per cent of which was taken as an addition to basic pay and is included in the table of Directors' remuneration.
- Alan Humphrey received a salary supplement of 25 per cent of salary, all of which was taken as an addition to basic pay and is included in the table of Directors' remuneration.
- The dependants of executive directors are eligible for payment of a lump sum in the event of death-in-service equivalent to four times salary.

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Long-term incentives

Directors' share awards

Details of the conditional awards (in the form of nil cost options) to acquire ordinary shares of the Company, and, in respect of the Management Investment Plan, ordinary shares of new WH Smith PLC, granted to directors are as follows:

	Date of Grant	Number of shares subject to awards at 1 September 2008		Number of shares subject to awards granted during the year	Number of shares subject to awards exercised during the year		Number of shares subject to awards at 31 August 2009	Share price at date of grant (pence)	Exercise period
		SN	WHS		SN	WHS			
Mark Cashmore									
WH Smith 2004 Management Investment Plan	03.11.04	44,023	776	-	44,023	776	-	343.00	31.01.09 - 31.01.10
Smiths News LTIP	16.11.06	196,078	-	-	-	-	196,078	127.50	Oct 2009 - 16.11.16
	15.11.07	124,243	-	-	-	-	124,243	110.67	Oct 2010 - 15.11.17
	30.04.09	-	-	137,267	-	-	137,267	100.17	Oct 2011 - 30.04.19
Total		364,344	776	137,267	44,023	776	457,588		
Alan Humphrey									
WH Smith 2004 Management Investment Plan	03.11.04	92,190	1,624	-	92,190	1,624	-	343.00	31.01.09 - 31.01.10
Smiths News LTIP	16.11.06	105,882	-	-	-	-	105,882	127.50	Oct 2009 - 16.11.16
	15.11.07	58,507	-	-	-	-	58,507	110.67	Oct 2010 - 15.11.17
	30.04.09	-	-	64,640	-	-	64,640	100.17	Oct 2011 - 30.04.19
Total		256,579	1,624	64,640	92,190	1,624	229,029		

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- a) For awards granted under the WH Smith 2004 Management Investment Plan ('MIP'), the numbers of shares subject to awards at 1 September 2008 and the numbers of shares exercised during the year are in respect of ordinary shares in both the Company ('SN') and new WH Smith PLC ('WHS'). The share price for such awards is the middle market quotation for old WH Smith PLC's shares as at the date of the award. The performance conditions applicable to these awards, which are set out on page 56, have been met to the extent that approximately 94 per cent of the numbers of shares under awards vested on 31 January 2008. 75 per cent of the awards were exercisable from 31 January 2008 to 31 January 2010 and 25 per cent were exercisable from 31 January 2009 to 31 January 2010.
- b) The number of shares subject to awards granted under the Smiths News LTIP is the maximum (100 per cent) number of shares that could be received by the director if the performance targets as set out on pages 54 and 55 are fully met.
- c) No option price is payable on either the grant or exercise of any award.
- d) Mark Cashmore exercised the remaining 25 per cent of the MIP award granted to him on 3 November 2004 on 5 May 2009. The market value of the Company's shares on the date of exercise was £44,227 (100.46p per ordinary share) and the market value of the WHS shares on the date of exercise was £3,286 (423.50p per ordinary share).
- e) Alan Humphrey exercised the remaining 25 per cent of the MIP award granted to him on 3 November 2004 on 5 May 2009. The market value of the Company's shares on the date of exercise was £92,617 (100.46p per ordinary share) and the market value of the WHS shares on the date of exercise was £6,878 (423.50p per ordinary share).
- f) The total gains made by all directors on the exercise of share awards under the MIP was £147,008.
- g) No conditional share awards have vested or lapsed during the year ended 31 August 2009.
- h) No conditional share awards have been granted to or exercised by directors between 1 September 2009 and 22 October 2009.

Directors' share options

Details of the options to acquire ordinary shares of the Company granted to directors are as follows:

	Date of Grant	Number of shares subject to options at 1 September 2008	Number of shares subject to options granted during the year	Number of shares subject to options exercised during the year	Number of shares subject to options at 31 August 2009	Option price (pence)	Exercise period
Mark Cashmore							
WH Smith Executive Share Option Scheme 1999	03.11.04	64,203	-	-	64,203	81.00	03.11.07 - 02.11.14
	02.11.05	169,022	-	-	169,022	88.00	02.11.08 - 01.11.15
Smiths News Sharesave Scheme	29.11.06	3,750	-	-	3,750	100.80	01.02.10 - 31.07.10
	04.06.08	4,423	-	-	4,423	85.00	01.08.11 - 31.01.12
	24.06.09	-	2,310	-	2,310	79.20	01.09.12 - 28.02.13
Total		241,398	2,310	-	243,708		
Alan Humphrey							
WH Smith Executive Share Option Scheme 1999	03.11.04	57,696	-	-	57,696	81.00	03.11.07 - 02.11.14
	02.11.05	177,404	-	-	177,404	88.00	02.11.08 - 01.11.15
Smiths News Sharesave Scheme	29.11.06	3,750	-	-	3,750	100.80	01.02.10 - 31.07.10
Total		238,850	-	-	238,850		

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- a) The middle market price of an ordinary share at the close of business on 28 August 2009 was 120p (29 August 2008: 80.25p).
- b) The high and low middle market prices of an ordinary share during the year were 120p and 46p respectively.
- c) The options granted under the WH Smith Executive Share Option Scheme 1999 on 3 November 2004 and 2 November 2005 met the performance condition for maximum vesting as set out on page 57 and, as such, these options became exercisable in full on 3 November 2007 and 2 November 2008 respectively.
- d) No share options were exercised by directors or lapsed during the year ended 31 August 2009.
- e) No share options have been granted to or exercised by directors between 1 September 2009 and 22 October 2009.

Directors' interests in shares

The beneficial interests of the directors and their immediate families in the ordinary shares of the Company are set out below:

	31 August 2009	31 August 2008
Andrew Brent	-	-
Anthony Cann	30,000	30,000
Mark Cashmore	109,736	83,801
Alan Humphrey	168,484	114,169
Dennis Millard	75,000	60,000
John Worby	12,000	12,000

There has been no change in the directors' interests shown above between 1 September 2009 and 22 October 2009.

By order of the Board

Anthony Cann

Chairman of the Remuneration Committee
22 October 2009