

ANNUAL REPORT 2008: REMUNERATION REPORT

This Remuneration report has been prepared on behalf of the Board by the Remuneration Committee. The Remuneration Committee has adopted the principles of good governance relating to directors' remuneration as set out in the Combined Code (2006). The report complies with the Companies Act 1985, as amended by the Directors' Remuneration Report Regulations 2002 and the Listing Rules of the UK Listing 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 2008. Shareholders will be asked to approve the report at the Annual General Meeting on 16 January 2009.

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 Chairman of the Board on 6 February 2008. Andrew Brent, who is an independent non-executive director, was appointed to the Committee on 22 September 2008. The Committee met four 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; approving the policy for any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes; 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 Chairman and/or 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 its external independent adviser, Mercer Human Resource Consulting ('Mercer'). During the year the Committee also received advice from an independent law firm, Pinsent Masons, who were appointed by the Company in respect of share schemes. 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 on Corporate Governance.

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. The performance related benefits, which consist of an annual performance bonus and long-term incentives, account for a significant proportion of total remuneration.

The table below shows the 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 ended 31 August 2008.

| Name | Fixed element | | Performance-related elements | | | |
|---------------|---------------|---------|------------------------------|---------|-----------------------------|---------|
| | Base salary | | Short-term incentive | | Long-term incentives | |
| | | | Annual cash bonus | | Deferred share bonus & LTIP | |
| | Target | Maximum | Target | Maximum | Target | Maximum |
| Mark Cashmore | 44% | 33% | 23% | 33% | 33% | 34% |
| Alan Humphrey | 50% | 39% | 22% | 31% | 28% | 30% |

a) The above table does not include the value of other benefits and employer pension contributions.

Whilst the Committee believes the relative values of the fixed and performance-related elements shown in the table above would in ordinary circumstances be appropriate for the financial year ending 31 August 2009, it has decided to defer its decision on awards under the Company's long-term incentive plans pending the expected OFT announcement on the industry. In March 2008 the OFT indicated that it envisaged publication of its opinion in late summer. As at 16 October 2008 no announcement had been made. The Company expects an announcement imminently.

For the financial year ending 31 August 2009, Mark Cashmore can earn an annual cash bonus of 52.5 per cent of salary for target performance and 100 per cent of salary for maximum performance. Alan Humphrey can earn an annual cash bonus of 42.5 per cent of salary for target performance and 80 per cent of salary for maximum performance.

Salary and benefits

The salaries of executive directors are reviewed annually in July. 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.

In the light of current economic conditions, Mark Cashmore and Alan Humphrey have agreed to a pay freeze in the current financial year and, as such, their base salaries will remain unchanged at £275,000 and £185,000 respectively.

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. 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 150 per cent of base salary (92.5 per cent at target level), of which 50% of base salary (40% at target level) is in the form of ordinary shares in the Company, the receipt of which is deferred for two years, subject to continued employment (see Deferred Bonus Plan below). Alan Humphrey had the opportunity to receive an annual bonus up to a maximum of 120 per cent of base salary (75 per cent at target level), of which 40% of base salary (32.5% at target level) is in the form of ordinary shares in the Company, the receipt of which is deferred for two years, subject to continued employment.

Mark Cashmore's annual bonus for the year under review was £259,375, of which £149,375 will be paid in cash in November 2008 and £110,000 will be paid in the form of shares. Alan Humphrey's annual bonus for the year under review was £139,583, of which £79,458 will be paid in cash in November 2008 and £60,125 will be paid in the form of shares.

Deferred Share Bonus Plan

Under this plan, executive directors and key senior executives may be granted each year share awards dependent on the achievement of the annual bonus plan performance targets. The shares under award are released after two years, subject to continued employment.

As described above, 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 £60,125 respectively on 23 October 2008.

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 earnings per share ('EPS') growth is the most appropriate measure of the Company's performance and the performance condition for awards granted in November 2006 and November 2007 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.

| 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% |
| 9% or more | 100% |
| Between the above points | Pro rata between 35% and 100% |

For these purposes EPS will be determined by reference to basic earnings per share, as defined by IAS 33 'Earnings per Share', before non-recurring items and their associated tax impact as disclosed in the Annual Report and Financial Statements, adjusted by the Committee as considered appropriate to ensure consistency.

Smith 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:

- a) 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 described above. The executive directors did not participate in this Scheme in the financial year ended 31 August 2008 and will not participate in the current financial year; and
- b) 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.

Old WH Smith PLC 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 1 February 2008 to 31 January 2010 and the remaining 25 per cent being exercisable from 1 February 2009 to 31 January 2010.

WH Smith 2004 L-TIP

Under this plan, executive directors and key senior executives were granted conditional awards on 3 November 2004 over shares of old WH Smith PLC up to a value of 75 per cent of base salary.

The original performance condition measured the TSR of old WH Smith PLC against those companies in the FTSE All Share General Retailers sector over the three year period ended 31 August 2007, increasing on a straight line basis from 40 per cent for median performance to full vesting if old WH Smith PLC is in the top decile. 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 awards that vest. Measured on this basis, performance was between median and top decile and resulted in 82 per cent of the shares under awards vesting on 18 October 2007.

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.

Personal shareholdings

Executive directors are encouraged to build up and hold a significant shareholding in the Company.

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 |

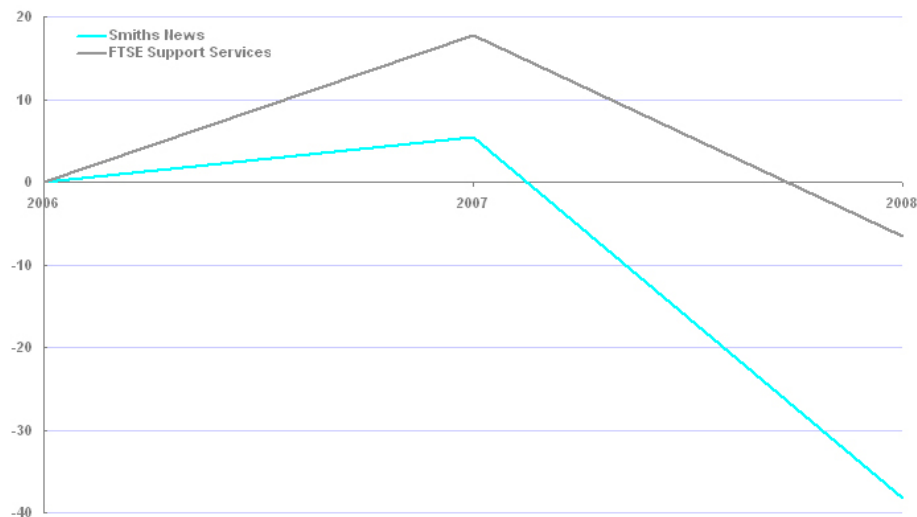
It is the Company's policy to enter into contracts of employment with executive directors which may be terminated at any time by the Company upon twelve months'

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.

Performance graph

Cumulative TSR growth since 31 August 2006



- 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.
- 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 share schemes including the old WH Smith PLC 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 2008 was 3,507,661. The accounting treatment is shown in the Reconciliation of Movements in Equity in Note 29 to the Financial Statements.

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 2008 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.

Alan Humphrey is a non-executive director of Shelter Trading Limited. He does not receive a fee for this directorship.

Part B – Audited information

Directors' remuneration

The remuneration of the directors for the financial year ended 31 August 2008 was as follows:

| Directors' remuneration | | | | | |
|---------------------------|-----------------------|---------------------------|----------------------------------------------|-----------------|-------------------------------------|
| | Salary/fees £'000s | Annual bonus £'000s | Pension supplement and benefits £'000s | Total £'000s | Year to 31 August 2007 £'000s |
| Executive | | | | | |
| Mark Cashmore | 275 | 149 | 62 | 486 | 382 |
| Alan Humphrey | 185 | 79 | 78 | 342 | 291 |
| Non-executive | | | | | |
| Dennis Millard (Chairman) | 84 | - | - | 84 | 55 |
| Anthony Cann | 40 | - | - | 40 | 40 |
| John Worby | 40 | - | - | 40 | 45 |
| Brendan Fitzmaurice | 55 | - | - | 55 | 111 |
| Total £'000s | 679 | 228 | 140 | 1,047 | 924 |

- a) 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.

- b) Mark Cashmore earned an annual bonus of £259,375, of which £110,000 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. These shares will be granted on 23 October 2008.
- c) Alan Humphrey earned an annual bonus of £139,583, of which £60,125 is in the form of shares, the receipt of which is deferred for two years, subject to continued employment. These shares will be granted on 23 October 2008.
- d) Dennis Millard's annual fee was increased from £50,000 to £110,000 on his appointment as Chairman on 6 February 2008.
- e) Brendan Fitzmaurice retired from the Board on 6 February 2008.
- f) All of the directors, with the exception of Brendan Fitzmaurice, served throughout the year.
- g) Andrew Brent was appointed to the Board as a non-executive director on 1 September 2008. He receives a fee of £35,000 per annum.

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 2008:

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

- a) 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.
- b) 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.
- c) 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.

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:

| Directors' share awards | | | | | | | | | | |
|------------------------------------------|----------------------|--------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------|--------|------------------------------------------------------|--------|--------------------------------------|------------------------------|
| | Date of Grant | Number of shares subject to awards at 1 September 2007 | Number of shares subject to awards granted during the year | Number of shares subject to awards lapsed during the year | Number of shares subject to awards exercised during the year | | Number of shares subject to awards at 31 August 2008 | | Share price at date of award (pence) | Earliest date of vesting |
| | | | | | SN | WHS | SN | WHS | | |
| Mark Cashmore | | | | | | | | | | |
| WH Smith 2004 Management Investment Plan | 03.11.04 | 46,668 | - | 2,645 | - | 43,247 | 44,023 | 776 | 343.00 | 31.01.08 |
| WH Smith 2004 L-TIP | 03.11.04 | 64,681 | - | 11,643 | 53,038 | - | - | - | 81.00 | 18.10.07 |
| Smiths News LTIP | 16.11.06 15.11.07 | 196,078 - | - 124,243 | - - | - - | - - | 196,078 124,243 | - - | 127.50 110.67 | October 2009 October 2010 |
| Total | | 307,427 | 124,243 | 14,288 | 53,038 | 43,247 | 364,344 | 776 | | |
| Brendan Fitzmaurice | | | | | | | | | | |
| WH Smith 2004 L-TIP | 03.11.04 | 254,098 | - | 45,738 | 208,360 | - | - | - | 81.00 | 18.10.07 |
| Total | | 254,098 | - | 45,738 | 208,360 | - | - | - | | |
| Alan Humphrey | | | | | | | | | | |
| WH Smith 2004 Management Investment Plan | 03.11.04 | 97,728 | - | 5,538 | - | 90,566 | 92,190 | 1,624 | 343.00 | 31.01.08 |
| WH Smith 2004 L-TIP | 03.11.04 | 95,080 | - | 17,115 | 77,965 | - | - | - | 81.00 | 18.10.07 |
| Smiths News LTIP | 16.11.06 15.11.07 | 105,882 - | - 58,507 | - - | - - | - - | 105,882 58,507 | - - | 127.50 110.67 | October 2009 October 2010 |
| Total | | 298,690 | 58,507 | 22,653 | 77,965 | 90,566 | 256,579 | 1,624 | | |

- For awards granted under the WH Smith 2004 Management Investment Plan ('MIP'), the numbers of shares subject to awards at 1 September 2007 and the numbers of shares lapsed 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 44, have been met to the extent that approximately 94 per cent of the numbers of shares under awards vested on 31 January 2008. Of the vested awards, 75 per cent are exercisable from 1 February 2008 to 31 January 2010 and 25 per cent will be exercisable from 1 February 2009 to 31 January 2010.
- As a result of the demerger of WH Smith Retail on 31 August 2006, the awards granted under the WH Smith 2004 L-TIP ('WHS L-TIP') were exchanged for equivalent new awards over ordinary shares in the Company. The intrinsic value of the shares under the exchanged awards remained the same and, as such, the share price of these awards has been adjusted accordingly. The performance condition applicable to these awards, which is set out on page 45, has been met to the extent that 82 per cent of the numbers of shares under awards vested on 18 October 2007.
- 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 target as set out on page 43 is fully met.
- Mark Cashmore exercised the WHS L-TIP award granted to him on 3 November 2004 on 1 November 2007. The market price of the Company's shares on 1 November 2007 was 118.92p and the gain, which was subject to tax, was £63,071. He also exercised 75 per cent of the MIP award granted to him on 3 November 2004 on 18 February 2008. The market price of WHS shares on 18 February 2008 was 367.54p and the gain, which was subject to tax, was £158,951.

- e) Brendan Fitzmaurice exercised the WHS L-TIP award granted to him on 3 November 2004 on 23 November 2007. The market price of the Company's shares on 23 November 2007 was 100p and the gain, which was subject to tax, was £208,360.
- f) Alan Humphrey exercised the WHS L-TIP award granted to him on 3 November 2004 on 1 November 2007. The market price of the Company's shares on 1 November 2007 was 118.92p and the gain, which was subject to tax, was £92,713. He also exercised 75 per cent of the MIP award granted to him on 3 November 2004 on 12 February 2008. The market price of WHS shares on 12 February 2008 was 357.96p and the gain, which was subject to tax, was £324,192.
- g) The total gains made by all directors on the exercise of share awards under the MIP and WHS L-TIP was £847,287.
- h) No conditional share awards have been granted to or exercised by directors between 1 September 2008 and 16 October 2008.

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 2007 | 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 2008 | Option price (pence) | Exercise period |
|---------------------------------------------|----------------------|---------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|----------------------|--------------------------------------------|
| Mark Cashmore | | | | | | | |
| WH Smith Executive Share Option Scheme 1999 | 03.11.04 02.11.05 | 64,203 169,022 | - - | - - | 64,203 169,022 | 81.00 88.00 | 03.11.07 – 02.11.14 02.11.08 – 01.11.15 |
| Smiths News Sharesave Scheme | 29.11.06 04.06.08 | 3,750 - | - 4,423 | - - | 3,750 4,423 | 100.80 85.00 | 01.02.10 – 31.07.10 01.08.11 – 31.01.12 |
| Total | | 236,975 | 4,423 | - | 241,398 | | |
| Alan Humphrey | | | | | | | |
| WH Smith Executive Share Option Scheme 1999 | 03.11.04 02.11.05 | 57,696 177,404 | - - | - - | 57,696 177,404 | 81.00 88.00 | 03.11.07 – 02.11.14 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 | | |

- a) The middle market price of an ordinary share at the close of business on 29 August 2008 was 80.25p (31 August 2007:146.50p).
- b) The high and low middle market prices of an ordinary share during the year were 145.75p and 71.50p respectively.
- c) For options granted under the WH Smith Executive Share Option Scheme 1999 ('ESOS') on 3 November 2004, the performance condition for maximum vesting as set out on page 45 was met and, as such, these options became exercisable in full on 3 November 2007. For options granted under the ESOS on 2 November 2005, the performance condition for maximum vesting as set out on page 45 has been met and, as such, these options will become exercisable in full on 2 November 2008.
- d) No share options were exercised by directors or lapsed during the year ended 31 August 2008.
- e) No share options have been granted to or exercised by directors between 1 September 2008 and 16 October 2008.

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 2008 | 31 August 2007 |
|----------------|----------------|----------------|
| Anthony Cann | 30,000 | 30,000 |
| Mark Cashmore | 83,801 | 52,553 |
| Alan Humphrey | 114,169 | 68,235 |
| Dennis Millard | 60,000 | 25,000 |
| John Worby | 12,000 | 12,000 |

There has been no change in the directors' interests shown above between 1 September 2008 and 16 October 2008.

Andrew Brent, who was appointed to the Board on 1 September 2008, does not hold any shares in the Company.

By Order of the Board**Anthony Cann**

Chairman of the Remuneration Committee

16 October 2008