

10 January 2007

**WH Smith PLC proposes changes to pension arrangements for 11% of its workforce as part of its ongoing programme to protect the health of the WHSmith Pension Trust**

WH Smith PLC ("the Company") today announces that, as part of an ongoing detailed review of the WHSmith Pension Trust ("The Trust"), it has written to 11% of its employees who are members of the Final Salary Section of the Trust, proposing changes to their pension arrangements. The proposed changes would bring the pension arrangements for these employees in line with those available to the other 89% of WHSmith's workforce. The long term costs of running a final salary pension scheme continue to be high and difficult to predict, mainly due to low investment returns and members living much longer. These factors have prompted many companies to review their pension arrangements and WHSmith is no different in this respect.

WHSmith has made good progress in recent years in reducing its large pension deficit. It has contributed £282m over the last four years. An ongoing deficit funding plan has been agreed whereby the Company will pay an additional £10m p.a into the scheme over the next five years. There now remains a deficit of £41m and the Company has an obligation to its current and future pensioners to ensure the health of the scheme does not deteriorate again.

The proposed changes are, in summary, as follows:

- Future pension provision for these employees, who represent 11% of WHSmith's current workforce, is based on a Money Purchase arrangement rather than the current Final Salary arrangement.
- As a result, an individual's pension accrual going forward would be based on the level of contributions made, investment returns and the cost of buying a pension on retirement.

These proposed changes will affect Final Salary Section employees, managers and directors at all levels of the company.

Employee benefits already accrued would not be affected. Benefits to employees under the Final Salary Section would be based on pensionable service and final pensionable earnings at the date of the proposed change.

The proposed changes will not affect the 10,900 deferred pensioners who have already left WHSmith or the 5,100 existing pensioners and spouses who currently draw pensions from the Trust.

The proposed changes, which have already been discussed with the Trustees, are subject to a consultation period with employees and their representatives.

- Ends -

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