

WH SMITH PLC

TERMS OF REFERENCE – DISCLOSURE COMMITTEE

Membership

The quorum for any meeting shall be two of the Committee members present throughout the meeting or by telephone. However, in the case of any significant event or issues, the Company Secretary will take steps to ensure that the Chief Executive and the Chief Finance Officer/Chief Operating Officer participate in the Committee.

To be appointed by the member(s) present: Chair.

The members are all of the directors of the Company and the Company Secretary.

Meetings

The Committee will meet (including telephonically) at such times as shall be necessary or appropriate and will follow the operating procedures set out in its terms of reference.

The Committee is authorised to take external professional advice as necessary and in particular from the Company's external auditors, brokers and legal advisers.

Role

The Company is required to make timely and accurate disclosure of information that is required to be so disclosed to meet the legal and regulatory obligations and requirements arising from its listing on the London Stock Exchange. The Company is also required to maintain restricted dealing lists, project lists and insider lists, being lists of those persons working for the Company with access to restricted information, restricted project specific information and inside information concerning the Company.

The Committee is constituted to assist the Company to meet the aforementioned requirements. The Committee will assist the Company in determining the disclosure treatment of information and reporting any delay in the disclosure of inside information to the FCA. The Committee also has responsibility for the identification of inside information for the purpose of maintaining the Company's insider lists.

Terms of Reference

1. To advise on the disclosure of inside information (see attached – Annex 1).
2. To resolve questions about the materiality of information.
3. To alert the Company Secretarial department to the existence of inside information giving rise to the need for creating/amending the Company's insider lists.
4. To consider generally the requirement for announcements in the case of rumours relating to the Company and in the case of a leak of inside information and, in particular, the need to issue holding announcements.
5. To notify the FCA of any delay in the disclosure of inside information following publication of the relevant announcement.
6. To review annually and update its terms of reference, recommending any changes to the Board and to evaluate its own membership and performance on a regular basis.

Annex 1

WH Smith PLC (the “Company”) Disclosing Inside Information

Inside Information – Article 7 MAR

Inside information in respect of the Company is information which directly concerns the Company and which:

- is precise (specific enough to judge price effect and relating to existing facts or reasonably expected to happen);
- has not been made public; and
- if it were made public, would be likely to have a significant effect on the price of the Company’s securities (judged by whether it would affect a reasonable investor’s investment decision).

Examples of Inside Information

Information likely to be inside information includes:

- dividend announcements;
- appointments to, and departures from, the board of directors;
- share dealings by directors;
- acquisitions and disposals that are required to be announced under the Listing Rules;
- profit warnings;
- annual/interim results;
- publication of annual report;
- changes in the Company’s financial condition/business performance;
- changes in the Company’s expectations of performance;
- changes in material contracts, in terms of value or strategy;
- changes in information previously disclosed to the market; and
- significant potential litigation.

Advisers should be consulted in difficult situations.

Disclosure Requirements

The Company is required to notify an RIS (Regulatory Information Service) as soon as possible of any inside information which directly concerns the Company.

- Any such announcement must be available on the Company’s website by the end of the business day after announcement. Such information should remain on the website for five years.
- Announcement can be subject to short delay to clarify a situation where the Company is faced with an unexpected or significant event.
- Announcement can also be delayed to avoid prejudicing the Company’s legitimate interests. Any such delay must not be likely to mislead the public and the Company must ensure that confidentiality is preserved.

Delay of disclosure is likely to be appropriate for impending developments or matters in the course of negotiation where the outcome or normal patterns of negotiations would be likely to be jeopardised by premature disclosure.

- Where the Company is permitted to delay disclosure, it may selectively disclose in circumstances where there is a valid reason for such selective disclosure and where the recipient is bound by the duty of confidentiality.

The categories of recipient to whom selective disclosure may be justified include: advisers, counterparties, employee representatives, government departments, statutory or regulatory bodies, major shareholders, lenders and credit-rating agencies.

- Where the Company has delayed the disclosure it must notify the FCA of the fact that it has delayed disclosure of inside information and must keep records of the reasons for the delay.
- Where the Company is unable to delay disclosure or disclose selectively, it must prepare a holding announcement to be issued if there is a leak. The holding announcement should detail as much of the subject matter as possible, set out the reason why a fuller announcement cannot be made and include an undertaking to announce further details as soon as possible.
- Announcements must not be misleading, false or deceptive and must not omit anything likely to affect the import of the information.

Rumours

- Where largely accurate, they are likely to require an immediate announcement – at a minimum a holding announcement of the type referred to above.
- Where false, they are unlikely to require an announcement.