

WH SMITH PLC**CHRISTMAS TRADING STATEMENT
AND RETURN OF CASH TO SHAREHOLDERS****Continued improvement in profitability, in line with expectations**

WH Smith PLC is today providing an update on its trading performance for the 10 weeks and the 21 weeks to 26 January 2008 and announcing its intention to return £90m cash to shareholders, subject to shareholder approval.

Christmas Trading

In a competitive period on the High Street, we continue to deliver our strategy to improve profitability and to rebalance the mix of our business towards our core categories. We have increased our gross margins in line with expectations. We are pleased with progress made in the Travel business and continue to focus on new growth opportunities.

For the 21 weeks, Group total sales were up 1% with like for like (LFL) sales down 2%.

In our High Street division, LFL sales for the 10 and 21 weeks were down 3% and 3% respectively, reflecting our ongoing strategy to rebalance the mix of our business in this division. Gross margin continued to improve year on year. We continue to focus successfully on cost control.

The Travel division delivered total sales up 13% and like for like (LFL) sales up 1% for the 21 weeks (excluding tobacco, like for like sales were up 3%) accompanied by a further improvement in underlying gross margin.

Return of Cash to Shareholders

In the Preliminary Results statement on 11 October 2007 we announced that after the key Christmas trading period we would review the Company's capital resources, having regard to the current and potential future requirements of the business. That review has now been completed and the Board today announces proposals to return £90m of cash to shareholders.

The return of £90m of cash to shareholders will comprise two elements. An initial return of £60m (equivalent to 33p per share) will be made by way of Special Dividend, combined with a share consolidation, and it is our intention to return the balance of £30m by way of an on market share buyback programme, implemented over the course of the next year, taking into account market conditions. Our dividend policy remains the same: over time we would aim for dividends to be covered twice by normally taxed earnings.

The share consolidation, which will be in the ratio 67 New Ordinary Shares for every 74 Existing Ordinary Shares, is intended to preserve comparability, so far as possible, of the company's share price and earnings and dividend per share before and after payment of the Special Dividend.

The Special Dividend and 67 for 74 share consolidation requires the approval of shareholders at an Extraordinary General Meeting which will be held on 20 February 2008, the notice of

which is expected to be posted to shareholders today. It is expected that WH Smith shares will be marked ex the special dividend on 22 February 2008 and the dividend will be paid on 29 February 2008 to shareholders on the share register on 21 February 2008. Full details of the special dividend and share consolidation, together with the requisite resolutions and notice of the EGM, will be set out in the circular to WH Smith PLC shareholders.

Commenting on today's announcement, Kate Swann, Group Chief Executive said:

"As we anticipated, trading conditions on the high street were competitive over the Christmas period. In this environment, we continued our strategy to rebalance the mix of our business towards our core categories and increased our gross margins as a result. We are pleased with the continued progress in our Travel business and we will continue to focus on growth opportunities in the coming year.

"Looking ahead, we remain cautious about consumer spending in our markets and our plans reflect this.

"The cash return to shareholders reflects our confidence in the cash generative nature of our business and our commitment to maintain an appropriate capital structure. We continue to invest in the business where we believe we will create value for shareholders."

- ENDS -

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Advance Notice of Results

WH Smith PLC will announce its Interim Results 2008 on Thursday 17 April 2008.