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**THIS ANNOUNCEMENT INCLUDES INSIDE INFORMATION**

17 October 2019

**WH SMITH PLC**

**PROPOSED PLACING OF NEW ORDINARY SHARES**

WH Smith PLC ("**WH Smith**" or the "**Group**") today announces a proposed placing of new ordinary shares in the Group (the "**Placing Shares**") to institutional investors (the "**Placing**") to raise gross proceeds of approximately £155 million, representing approximately 7% of WH Smith's existing share capital as at the closing price on 16 October 2019. The Placing is being conducted through an accelerated bookbuild which will be launched immediately following release of this announcement. Barclays Bank PLC ("**Barclays**") and J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**" or "**JPMC**"), are acting as Joint Bookrunners in connection with the Placing.

As announced separately today, WH Smith has agreed to acquire Marshall Retail Group ("**MRG**"), a leading and fast growing US travel retailer, for \$400 million (approximately £312 million)<sup>1,2</sup> on a cash and debt-free basis (the "**Transaction**").

The net proceeds of the Placing are intended to be used to part fund the Transaction.

**STRATEGIC HIGHLIGHTS**

- Compelling opportunity to accelerate the growth of WH Smith's International Travel business in the \$3.2 billion<sup>3</sup> US airport travel retail market
- Fast growing and highly successful US travel retailer with proven business model and unique capabilities across its airport, resorts and tourist retail channels
- MRG's significant recent store awards provide strong and highly visible near-term growth prospects
- The combination with WH Smith's existing operations, including InMotion, will strengthen the Group's International Travel offering
- The Transaction will broadly double the size of WH Smith's International Travel business
- Clear integration plan with existing strong MRG management team incentivised to drive growth

**FINANCIAL HIGHLIGHTS**

- Implied 2019E EBITDA multiple of 10.0x including synergies; 13.7x excluding synergies<sup>4</sup>
- 2019E EBITDA of c.\$31.5 million<sup>5</sup>, which does not fully reflect contribution from stores opened year-to-date
- Annual run-rate cost synergies of c.\$11 million expected by the third full year following Completion from procurement savings and operational efficiencies
- 36 awarded stores expected to open between 2020E and 2024E, of which 24 are expected to be opened next year, providing clear visibility into future growth<sup>6</sup>
- MRG expected to deliver a double-digit sales CAGR from 2020E through to 2024E driven by awarded stores adding more than 75% to retail square footage within airports
- Mid-single digit EPS accretion expected in the first full financial year following Completion, and expected to approach double digit EPS accretion in the second full financial year following Completion
- ROIC expected to exceed WACC by the third full financial year following Completion

**FINANCING AND STRUCTURE**

- Proposed acquisition to be financed through a combination of new debt and equity
- Disciplined financing structure reflecting WH Smith's capital allocation policy
- Approximately £155 million to be raised through an underwritten equity placing
- Remaining consideration to be financed through a new debt facility
- Return to below target leverage of 1.25x expected by the end of WH Smith's first full financial year following Completion
- The Transaction will require shareholder approval, with the Circular convening the General Meeting expected to be published by the end of November 2019
- Completion expected in the first quarter of the 2020 calendar year

The size of the Transaction means that it constitutes a Class 1 transaction for the purposes of the Listing Rules and accordingly is conditional on the approval of Shareholders at a General Meeting.

A circular containing further details of the Transaction, the Directors' recommendation, the notice of the General Meeting and the Resolution (the "**Circular**") is expected to be published by the end of November 2019.

The completion of the Transaction is subject to a number of customary conditions, including consent from certain store landlords (which may be waived by WH Smith) and US HSR regulatory approval. The Transaction is expected to complete in the first quarter of the 2020

calendar year.

The Placing is not conditional upon completion of the Transaction. If one or more conditions to the Transaction are not satisfied and Completion does not occur, proceeds will be returned to Shareholders in an efficient manner.

Further information on the Transaction can be found in the Transaction announcement released by WH Smith today. Capitalised terms used but not defined in this announcement have the same meanings as set out in the Group's separate announcement regarding the Transaction.

### **Details of the Placing**

Barclays and J.P. Morgan Cazenove (together, the "**Joint Bookrunners**" and each a "**Joint Bookrunner**") will commence a bookbuilding process in respect of the Placing (the "**Bookbuild**" or the "**Bookbuilding Process**"). The book will open with immediate effect.

The Placing has been fully underwritten by Barclays and J.P. Morgan Cazenove subject to the conditions and termination rights set out in the placing agreement between WH Smith and the Joint Bookrunners (the "**Placing and Sponsor's Agreement**"). Further details of the Placing and Sponsor's Agreement can be found in the terms and conditions contained in the appendix to this announcement (the "**Appendix**" (which forms part of this announcement), and together the announcement, the "**Announcement**").

The Placing is subject to the terms and conditions set out in the Appendix. Members of the public are not entitled to participate in the Placing.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued ordinary shares of WH Smith. This includes the right to receive all dividends and other distributions declared or paid in respect of such ordinary shares after the date of issue of the Placing Shares. The Placing Shares will be entitled to receive the final dividend for the financial year ended 30 August 2019.

The number of Placing Shares and the price at which the Placing Shares are to be placed (the "**Placing Price**") will be agreed by the Joint Bookrunners and WH Smith at the close of the Bookbuild. The timing of the closing of the Bookbuild, pricing and allocations are at the discretion of the Joint Bookrunners and WH Smith.

Applications will be made for the Placing Shares to be admitted to the premium listing segment of the Official List of the Financial Conduct Authority (the "**FCA**") and to trading on the main market for listed securities of the London Stock Exchange plc (the "**London Stock Exchange**" and together, "**Admission**"). It is expected that Admission will take place at or around 8.00 a.m. (London time) on 21 October 2019 (or such later date as may be agreed between the Group and the Joint Bookrunners). The Placing is conditional upon, inter alia, Admission becoming effective. The Placing is also conditional upon the Placing and Sponsor's Agreement not being terminated in accordance with its terms.

The Appendix (which forms part of this Announcement) sets out further information relating to the Bookbuild and the terms and conditions of the Placing.

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### **About WH Smith**

WH Smith is listed on the London Stock Exchange (LSE: SMWH) and is a constituent of the FTSE 250 Index. The Group is a leading global retailer in news, books and convenience for the world's travelling customer. With approximately 1,600 stores in locations across the globe, WH Smith offers customers a wide range of books, newspapers & magazines, travel accessories, and food & drink.

It has two businesses, Travel and High Street. The Travel business operates from 586 units in UK airports, railway stations, motorway service areas and hospitals, and 433 units outside of the UK (including InMotion). Travel currently accounts for approximately two-thirds of Group trading profits. The High Street business operates from 576 stores, with an extensive reach across the UK and a presence on nearly every significant UK high street. High Street sells a wide range of products, across the following categories: Stationery (including greetings cards), Books, and News and Impulse (including newspapers, magazines and confectionery).

The Group employs around 14,000 people, primarily in the UK.

#### IMPORTANT NOTICE

Members of the public are not eligible to take part in the Placing. All offers of the Placing Shares will be made pursuant to an exemption under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), from the requirement to produce a prospectus for offers of the Placing Shares. This Announcement and the terms and conditions set out in the Appendix to this Announcement are for information purposes only and are directed only at: (a) persons in member states of the European Economic Area (the "**EEA**") other than the United Kingdom who are qualified investors as defined under the Prospectus Regulation ("**Qualified Investors**"); (b) persons in the United Kingdom who are Qualified Investors and (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") (ii) high net worth companies, unincorporated associations and other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom it may otherwise be lawfully communicated (all such persons together being referred to as "**Relevant Persons**").

This Announcement and the terms and conditions set out in the Appendix to this Announcement must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Announcement relates is only available to, and will be engaged in only with, Relevant Persons. Persons distributing this Announcement must satisfy themselves that it is lawful to do so. This Announcement is for information only and does not constitute an offer to sell, or a solicitation of an offer to buy or otherwise acquire, any securities in any jurisdiction. Persons needing advice should consult an independent financial adviser.

The distribution of this Announcement and the offering, placing and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by WH Smith, the Joint Bookrunners or any of their respective affiliates that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by WH Smith and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

Any failure to comply with such restriction may constitute a violation of the securities laws of such jurisdictions.

This Announcement or any part of it does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States (including its territories and possessions, any state of the United States and the District of Columbia (the "**United States**" or "**US**"), Canada, Australia, South Africa, Japan or any other jurisdiction in which the same would be unlawful. No public offering of the Placing Shares is being made in any such jurisdiction.

The Placing Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), or under the securities laws or with any securities regulatory authority of any state or other jurisdiction of the United States, and accordingly the Placing Shares may not be offered, sold, pledged or transferred, directly or indirectly, in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any relevant state or jurisdiction of the United States. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

By participating in the Bookbuilding Process and the Placing, each person who is invited to and who chooses to participate in the Placing (each a "**Placee**") by making an oral and legally binding offer to acquire Placing Shares will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained in the Appendix to this Announcement and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in the Appendix to this Announcement.

This Announcement may contain "**forward-looking statements**" with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "**aim**", "**anticipate**", "**target**", "**expect**", "**estimate**", "**intend**", "**plan**", "**goal**", "**believe**", "**seek**", "**may**", "**could**", "**outlook**" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they are based on numerous assumptions regarding WH Smith's present and future business strategies, relate to future events and depend on circumstances which are or may be beyond the control of WH Smith and/or MRG and which could cause actual results of trends to differ materially from those made in or suggested by the forward-looking statements in this Announcement, including, but not limited to, domestic and global economic business conditions; market-related risks such as fluctuations in interest rates; the policies and actions of governmental and regulatory authorities; the effect of competition, inflation and deflation; the effect of legislative, fiscal, tax and regulatory developments in the jurisdictions in which WH Smith and MRG and their respective affiliates operate; the effect of volatility in the equity, capital and credit markets on profitability and ability to access capital and credit; a decline in credit ratings of WH Smith and/or MRG; the effect of operational and integration risks; an unexpected decline in sales for WH Smith or MRG; inability to realise anticipated synergies; any limitations of internal financial reporting controls; and the loss of key personnel. Any forward-looking statements made in this Announcement by or on behalf of WH Smith speak only as of the date they are made. Except as required by applicable law or regulation, WH Smith expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in WH Smith's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

J.P. Morgan Securities plc, which conducts its UK investment banking activities as J.P. Morgan Cazenove, and which is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated in the United Kingdom by the Financial Conduct Authority (the "**FCA**") and the PRA, is acting for WH Smith in connection with the Placing and the Transaction and no-one else and will not be responsible to anyone other than WH Smith for providing the protections afforded to clients of J.P. Morgan Securities plc nor for providing advice in relation to the Placing or the Transaction or any other matter referred to in this Announcement.

Barclays Bank PLC is authorised by the PRA and regulated by FCA and the PRA, is acting for WH Smith in connection with the Placing

and the Transaction and no-one else and will not be responsible to anyone other than WH Smith for providing the protections afforded to clients of Barclays Bank PLC nor for providing advice in relation to the Placing or the Transaction or any other matter referred to in this Announcement.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their respective affiliates or their or their respective affiliates' agents, directors, officers and employees, respectively, as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefor is expressly disclaimed.

This Announcement does not constitute a recommendation concerning any investor's options with respect to the Placing. The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance. The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than the London Stock Exchange.

Neither the content of WH Smith's website nor any website accessible by hyperlinks on WH Smith's website is incorporated in, or forms part of, this Announcement.

#### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MIFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MIFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

A circular containing further details of the Transaction, the Directors' recommendation, the notice of the General Meeting and the Resolution is expected to be sent to WH Smith shareholders by the end of November 2019. Subject to satisfaction of the Conditions, Completion is expected to occur in the first quarter of calendar year 2020.

## APPENDIX A - TERMS AND CONDITIONS

### IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. ALL OFFERS OF THE PLACING SHARES WILL BE MADE PURSUANT TO AN EXEMPTION UNDER REGULATION (EU) 2017/1129 (THE "**PROSPECTUS REGULATION**"), FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE PLACING SHARES. THIS ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN THIS ANNOUNCEMENT ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE "**EEA**") OTHER THAN THE UNITED KINGDOM WHO ARE QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS REGULATION ("**QUALIFIED INVESTORS**"); (B) PERSONS IN THE UNITED KINGDOM WHO ARE QUALIFIED INVESTORS AND (I) INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, (THE "**ORDER**"); OR (II) HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS AND OTHER PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER; OR (III) PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS ANNOUNCEMENT (INCLUDING THIS APPENDIX) AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, ANY PROVINCE OR TERRITORY OF CANADA OTHER THAN THE PROVINCES OF ONTARIO, QUEBEC, ALBERTA AND BRITISH COLUMBIA (AND IN THOSE PROVINCES ONLY TO PURCHASERS THAT ARE NOT INDIVIDUALS AND THAT QUALIFY BOTH AS AN "ACCREDITED INVESTOR" AND A "PERMITTED CLIENT" UNDER APPLICABLE CANADIAN SECURITIES LAWS), JAPAN, SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISERS AS TO THE LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

This Announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for any new ordinary shares ("**Placing Shares**") in the capital of WH Smith ("**WH Smith**" or the "**Group**") in any jurisdiction in which any such offer or solicitation would be unlawful.

All offers of the Placing Shares will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus. This Announcement is being distributed and communicated to persons in the UK only in circumstances to which section 21(1) of the Financial Services and Markets Act 2000, as amended ("**FSMA**"), does not apply.

The Placing Shares referred to in this Announcement have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or transferred in, into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any relevant state or jurisdiction of the United States.

The distribution of this Announcement, the placing of the Placing Shares (the "**Placing**") and/or issue of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by WH Smith, Barclays Bank PLC ("**Barclays**"), or J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove) ("**JPMC**") (Barclays and, together with JPMC, the "**Joint Bookrunners**" and each a "**Joint Bookrunner**") or any of their respective affiliates that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by WH Smith and the Joint Bookrunners to inform themselves about and to observe any such restrictions.

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notices" section of this Announcement.

Persons who are invited to and who choose to participate in the Placing (and any person acting on such person's behalf) by making an oral or written offer to subscribe for Placing Shares, including any individuals, funds or others on whose behalf a commitment to subscribe for Placing Shares is given (the "**Placees**") will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and subscribing for Placing Shares on the terms and conditions contained in this Appendix and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Appendix. In particular, each such Placée represents, warrants, undertakes, agrees and acknowledges (amongst other things), that:

- 1 it is a Relevant Person and undertakes that it will subscribe for, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business; and
- 2 in the case of a Relevant Person in a member state of the EEA who subscribes for any Placing Shares pursuant to the Placing:
  - (a) it is a Qualified Investor; and
  - (b) in the case of any Placing Shares subscribed for by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation,
    - (i) the Placing Shares subscribed for by it in the Placing have not been subscribed for on behalf of, nor have

they been subscribed for with a view to their offer or resale to, persons in any member state of the EEA other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or

- (ii) where Placing Shares have been subscribed for by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons; and
- 3 it is subscribing for the Placing Shares for its own account or is subscribing for the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements and agreements contained in this Announcement; and
- 4 it understands (or, if acting for the account of another person, such person understands) the resale and transfer restrictions set out in this Appendix; and
- 5 except as otherwise permitted by WH Smith and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 3 above) is either (i) outside the United States subscribing for the Placing Shares in an offshore transaction as defined in and in accordance with Regulation S under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act ("**Rule 144A**").

#### **No prospectus**

No prospectus or other offering document has been or will be submitted to be approved by the Financial Conduct Authority (the "**FCA**") in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix), the announcement of the pricing of the Placing through a Regulatory Information Service (the "**Placing Results Announcement**") and any information publicly announced through a Regulatory Information Service (as defined in the listing rules of the FCA (the "**Listing Rules**")) by or on behalf of WH Smith on or prior to the date of this Announcement or otherwise published on WH Smith's website in connection with this Placing (the "**Publicly Available Information**") and subject to any further terms set forth in the contract note or trade confirmation sent to individual Placees. Each Placee, by participating in the Placing, agrees that it has neither received nor relied on any information, representation, warranty or statement made by or on behalf of the Joint Bookrunners or WH Smith other than the Publicly Available Information and none of the Joint Bookrunners, WH Smith nor any person acting on such person's behalf nor any of their affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Group in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

#### **Details of the Placing Agreement and the Placing Shares**

Each of the Joint Bookrunners has entered into a placing and sponsor's agreement (the "**Placing Agreement**") with WH Smith under which it has severally undertaken, on the terms and subject to the conditions set out in the Placing Agreement, to use reasonable endeavours to procure Placees for the Placing Shares. In accordance with the terms of the Placing Agreement, to the extent any Placee fails to take up its allocation of Placing Shares, the Joint Bookrunners have severally agreed to take up such shares in the Agreed Proportion (as defined in the Placing Agreement) and WH Smith agrees to allot and issue such shares to the Joint Bookrunners accordingly, in each case on the terms set out in the Placing Agreement.

The Placing Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing ordinary shares in the capital of WH Smith ("**Ordinary Shares**"), including the right to receive all dividends and other distributions declared, made or paid in respect of such Ordinary Shares after the date of issue of the Placing Shares, including the final dividend for the year ended 30 August 2019.

As part of the Placing, WH Smith has agreed that it will not issue or sell any Ordinary Shares for a period of 90 days after Admission (as defined below) without the prior written consent of the Joint Bookrunners. This agreement is subject to certain customary exceptions.

#### **Application for admission to listing and trading**

Applications will be made to the FCA for admission of the Placing Shares to listing on the premium listing segment of the Official List and to London Stock Exchange plc ("**London Stock Exchange**") for admission of the Placing Shares to trading on its main market for listed securities (together "**Admission**").

It is expected that Admission will take place on or before 8.00 a.m. (London time) on 21 October 2019 and that dealings in the Placing Shares on the London Stock Exchange's main market for listed securities will commence at the same time.

#### **Bookbuilding Process**

The Joint Bookrunners will today commence the bookbuilding process in respect of the Placing (the "**Bookbuilding Process**") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners and WH Smith shall be entitled to effect the Placing by such alternative method to the Bookbuilding Process as they may, in their sole discretion, determine.

#### **Principal terms of the Bookbuilding Process and Placing**

- 1 Barclays and JPMC are acting as Joint Bookrunners to the Placing, as agents of WH Smith.
- 2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited by the Joint Bookrunners to participate. The Joint Bookrunners and their affiliates are entitled to enter bids in the Bookbuilding Process.
- 3 The Bookbuilding Process will establish a single price per Placing Share payable to the Joint Bookrunners by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price and the aggregate proceeds to be raised through the Placing will be agreed between the Joint Bookrunners and WH Smith following completion of the Bookbuilding Process and any discount to the market price of the Ordinary Shares will be determined in accordance with the Listing Rules.
- 4 To bid in the Bookbuilding Process, Placees should communicate their bid by telephone to their usual sales contact at Barclays or JPMC. Each bid should state the number of Placing Shares that a prospective Placee wishes to subscribe for at either the Placing Price which is ultimately established by WH Smith and the Joint Bookrunners or at prices up to a price limit specified in its bid. Bids may be scaled down by the Joint Bookrunners on the basis referred to in paragraph 9 below. Each of the Joint Bookrunners is arranging the Placing severally, and not jointly, or jointly and severally, as agent of WH Smith.
- 5 The Bookbuilding Process is expected to close no later than 4.00 p.m. (London time) on 17 October 2019 but may be closed earlier or later at the discretion of the Joint Bookrunners. The Joint Bookrunners may, in agreement with WH Smith, accept bids that are received after the Bookbuilding Process has closed. WH Smith reserves the right to reduce the amount to be raised pursuant to the Placing in its discretion. The total number of shares to be issued pursuant to the Placing shall not exceed the number of shares permitted to be issued pursuant to the allotment and disapplication of pre-emption authorities that shareholders granted to WH Smith at its annual meeting on 23 January 2019.
- 6 Each Placee's allocation will be agreed between the Joint Bookrunners and will be confirmed orally by the relevant Joint Bookrunner as soon as practicable following the close of the Bookbuilding Process. The relevant Joint Bookrunner's oral confirmation of an allocation will give rise to a legally binding commitment by the Placee concerned, in favour of the relevant Joint Bookrunner and WH Smith, under which it agrees to subscribe for the number of Placing Shares allocated to it on the terms and subject to the conditions set out in this Appendix and WH Smith's articles of association.
- 7 WH Smith will release the Placing Results Announcement following the close of the Bookbuilding Process, detailing the aggregate number of the Placing Shares to be issued and the Placing Price at which such shares have been placed.
- 8 Each Placee's allocation and commitment will be evidenced by a contract note or trade confirmation issued to such Placee by one of the Joint Bookrunners. The terms of this Appendix will be deemed incorporated therein.
- 9 The Joint Bookrunners may choose to accept bids, either in whole or in part, on the basis of allocations agreed with WH Smith and may scale down any bids for this purpose on such basis as they may determine or be directed. The Joint Bookrunners may also, notwithstanding paragraphs 5 to 7 above, (a) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (b) allocate Placing Shares after the Bookbuilding Process has closed to any person submitting a bid after that time.
- 10 A bid in the Bookbuilding Process will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with the relevant Joint Bookrunner's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Bookrunner, to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and WH Smith has agreed to allot and issue to that Placee.
- 11 Except as required by law or regulation, no press release or other announcement will be made by the Joint Bookrunners or WH Smith using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.
- 12 Irrespective of the time at which a Placee's allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be subscribed for pursuant to the Placing will be required to be made at the same time, on the basis explained below under 'Registration and Settlement'.
- 13 All obligations under the Bookbuilding Process and Placing will be subject to fulfilment of the conditions referred to below under 'Conditions of the Placing' and to the Placing not being terminated on the basis referred to below under 'Termination of the Placing'.
- 14 By participating in the Bookbuilding Process each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- 15 To the fullest extent permissible by law, neither of the Joint Bookrunners nor any of their affiliates nor any of their or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Joint Bookrunners nor any of their affiliates nor any of its or their agents, directors, officers or employees shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Bookbuilding Process or of such alternative method of effecting the Placing as the Joint Bookrunners and WH Smith may agree.

## **Registration and Settlement**

If Placees are allocated any Placing Shares in the Placing, they will be sent a contract note or trade confirmation which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to the relevant Joint Bookrunner. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner or otherwise as such Joint Bookrunner may direct.

Settlement of transactions in the Placing Shares (ISIN: GB00B2PDGW16) following Admission will take place within the CREST system. Settlement through CREST will be on a T+2 basis unless otherwise notified by the Joint Bookrunners and is expected to occur on 21 October 2019. Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, WH Smith and the Joint Bookrunners may agree that the Placing Shares should be issued in certificated form. The Joint Bookrunners reserve the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of two percentage points above prevailing LIBOR as determined by the Joint Bookrunners.

If Placees do not comply with their obligations the relevant Joint Bookrunner may sell any or all of their Placing Shares on their behalf and retain from the proceeds, for its own account and benefit, an amount equal to the Placing Price of each share sold plus any interest due. Placees will, however, remain liable for any shortfall below the Placing Price and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional contract note or trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

#### **Conditions of the Placing**

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms.

The obligations of the Joint Bookrunners under the Placing Agreement are, and the Placing is, conditional on, inter alia:

- (a) WH Smith having complied with its obligations under the Placing Agreement or under the terms or conditions of the Placing which fall to be performed on or prior to Admission save where, in the opinion of the Joint Bookrunners, acting together and in good faith, such non-compliance is not (singly or in the aggregate) material in the context of the Placing or Admission;
- (b) the representations and warranties on the part of WH Smith contained in the Placing Agreement are true and accurate and not misleading as at the date of the Placing Agreement and as at Admission save where, in the opinion of the Joint Bookrunners, acting together and in good faith, such non-compliance is not (singly or in the aggregate) material in the context of the Placing or Admission;
- (c) the Share Purchase Agreement (as that term is defined in the Placing Agreement) remaining in full force and effect and not having been amended in any material respect or terminated (including no notice having been given in respect of its termination), and no condition that is not capable of waiver by WH Smith in the Share Purchase Agreement having become incapable of satisfaction, in each case prior to Admission;
- (d) the Terms of Subscription (as such term is defined in the Placing Agreement) having been duly executed no later than 6.00 p.m. (London time) on the date of the Placing Agreement;
- (e) the publication of the Placing Results Announcement through a Regulatory Information Service by no later than 8.00 a.m. (London time) on the first business day following the date of the Placing Agreement;
- (f) WH Smith allotting, subject only to Admission, the Placing Shares in accordance with the Placing Agreement;
- (g) the delivery by WH Smith to the Joint Bookrunners immediately prior to Admission of a certificate signed for and on behalf of WH Smith by a Director on behalf thereof confirming, inter alia, that the warranties given by WH Smith in the Placing Agreement remain true and accurate; and
- (h) Admission taking place not later than 8.00 a.m. (London time) on 21 October 2019,

(all conditions to the obligations of the Joint Bookrunners included in the Placing Agreement being together, the "**conditions**").

If any of the conditions set out in the Placing Agreement is not fulfilled or, where permitted, waived to the extent permitted by law or regulations in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as WH Smith and the Joint Bookrunners may agree, or the Placing Agreement is terminated in accordance with its terms (as to which, see



'Termination of the Placing' below)), the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Bookbuilding Process, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under 'Termination of the Placing' below and will not be capable of rescission or termination by it.

The Joint Bookrunners (acting jointly) may, at their absolute discretion and upon such terms as they think appropriate, waive fulfilment of all or any of the conditions in the Placing Agreement in whole or in part (to the extent permitted by law or regulation) or extend the time provided for fulfilment of any such conditions in respect of all or any part of the performance thereof. The condition in the Placing Agreement relating to Admission may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Appendix.

Neither the Joint Bookrunners nor any of their respective affiliates nor any of their or their respective affiliates' agents, directors, officers or employees, respectively, nor WH Smith shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners and WH Smith.

### **Termination of the Placing**

The Joint Bookrunners (acting jointly) may, in their absolute discretion terminate the Placing Agreement at any time up to and including Admission in certain circumstances, including (among others) a breach of the warranties given to the Joint Bookrunners which the Joint Bookrunners acting in good faith consider to be material in the context of the Placing or Admission; the occurrence of a Material Adverse Change (as that term is defined in the Placing Agreement), in the good faith opinion of a Joint Bookrunner; or on the occurrence of a force majeure event. Notice of termination may be communicated by a Joint Bookrunner as soon as practicable to any director of WH Smith orally or by email or otherwise and announced to a Regulatory Information Service.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Announcement shall cease and terminate at such time and no claim may be made by any Placee in respect thereof.

By participating in the Bookbuilding Process, each Placee agrees with WH Smith and the Joint Bookrunners that the exercise by WH Smith or the Joint Bookrunners of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of WH Smith or the Joint Bookrunners (as the case may be) and that neither WH Smith nor the Joint Bookrunners need make any reference to such Placee and that none of WH Smith, the Joint Bookrunners, their respective affiliates or their or their respective affiliates' agents, directors, officers or employees, respectively, shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under 'Conditions of the Placing' above and will not be capable of rescission or termination by it after oral confirmation by the Joint Bookrunners following the close of the Bookbuilding Process.

### **Representations, warranties and further terms**

By submitting a bid in the Bookbuilding Process, each prospective Placee (and any person acting on such Placee's behalf) represents, warrants, acknowledges and agrees (for itself and for any such prospective Placee) that:

- 1 it has read and understood this Announcement in its entirety and that its subscription for the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained in this Appendix and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, WH Smith, the Placing Shares or otherwise, other than the information contained in this Announcement and the Publicly Available Information;
- 2 it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document has been or will be prepared in connection with the Placing;
- 3 WH Smith's Ordinary Shares are listed on the premium listing segment of the Official List, and that WH Smith is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA, which includes a description of the nature of WH Smith's business and WH Smith's most recent balance sheet and profit and loss account and that it is able to obtain or access such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded company, without undue difficulty;
- 4 neither the Joint Bookrunners nor WH Smith nor any of their respective affiliates, or their or their respective affiliates' agents, directors, officers or employees, respectively, nor any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or WH Smith or any other person other than the information in this Announcement or any other Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares; nor has it requested the Joint Bookrunners, WH Smith,

- any of their affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
- 5 neither the Joint Bookrunners nor any person acting on behalf of them nor any of their respective affiliates, or their or their respective affiliates, agents, directors, officers or employees, respectively, has or shall have any liability for this Announcement, or any other Publicly Available Information, or any representation relating to the Group, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- 6 the Placing is not conditional upon completion of the Transaction and that although WH Smith anticipates using the proceeds raised through the Placing to satisfy part of the cash consideration payable and the costs associated with the Transaction, completion of the Transaction is dependent on certain conditions being satisfied and that neither WH Smith nor the Joint Bookrunners warrant or represent that the Transaction will take place;
- 7 the content of this Announcement and the Publicly Available Information has been prepared by and is exclusively the responsibility of WH Smith and that neither of the Joint Bookrunners, any of their affiliates or any persons acting on their behalf is responsible for or has or shall have any liability for any information or representation, warranty or statement relating to the Group contained in this Announcement, or any other Publicly Available Information, nor will they be liable for any Placée's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Announcement, any other Publicly Available Information or otherwise. Nothing in this Appendix shall exclude any liability of any person for fraudulent misrepresentation;
- 8 it and/or each person on whose behalf it is participating is not, and at the time the Placing Shares are subscribed for will not be, a resident of Australia, South Africa, Japan or any province or territory of Canada other than the Provinces of Ontario, Quebec, Alberta and British Columbia (and, if in those provinces, it and/or each person on whose behalf it is participating is both an "accredited investor" and a "permitted client" under applicable Canadian securities laws);
- 9 the Placing Shares are being offered and sold on behalf of WH Smith in offshore transactions (as defined in Regulation S under the Securities Act) and to certain qualified institutional buyers ("QIBs") (as defined in Rule 144A) in reliance upon Rule 144A or another exemption from, or transaction not subject to, the registration requirements under the Securities Act. It and the prospective beneficial owner of the Placing Shares is, and at the time the Placing Shares are subscribed for will be either: (i) outside the United States and subscribing for the Placing Shares in an offshore transaction as defined in, and in accordance with, Regulation S under the Securities Act or (ii) a QIB which has (where required by the relevant Joint Bookrunner) agreed to be bound to the terms of a US investor letter in the form provided to it by one of the Joint Bookrunners or its affiliates. In addition, it has such knowledge and experience in financial and business matters to be capable of evaluating the merits and the risks of an investment in the Placing Shares, will not look to the Joint Bookrunners for all or part of any such loss it may suffer, is able to bear the economic risk of an investment in the Placing Shares and is able to sustain a complete loss of the investment in the Placing Shares and, with respect to (ii) above, it is subscribing for the Placing Shares for its own account or for one or more accounts as to each of which it exercises sole investment discretion and each of which is a QIB, it is subscribing for the Placing Shares for investment purposes only and not with a view to any distribution or for resale in connection with the distribution thereof in whole or in part, in the United States and it has full power to make the acknowledgements, representations and agreements herein on behalf of each such account.
- 10 The Placing Shares have not been and will not be registered or qualified for offer and sale nor will a prospectus be cleared in respect of any of the Placing Shares under the securities laws or legislation of the United States, Australia, Canada, Japan or South Africa and, subject to certain exceptions, may not be offered, sold, resold, delivered, pledged or transferred, directly or indirectly, within those jurisdictions.
- 11 (i) the only information on which it is entitled to rely and on which it has relied in committing to subscribe for the Placing Shares is contained in this Announcement and the Publicly Available Information, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of WH Smith, the Placing Shares and the terms of the Placing based on Publicly Available Information; (ii) the Joint Bookrunners and WH Smith (or any of their respective affiliates) have not made any representation to it, express or implied, with respect to the Group, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information; (iii) it has conducted its own investigation of the Group, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing; and (iv) it has not relied on any investigation that the Joint Bookrunners or any person acting on their behalf may have conducted with respect to the Group, the Placing or the Placing Shares;
- 12 the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of the United States, or any state or other jurisdiction of the United States, nor approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. The Placing Shares have not been registered or otherwise qualified for offer and sale nor will a prospectus be cleared or approved in respect of the Placing Shares under the securities laws of Australia, Canada, South Africa or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within the United States, Australia, Canada, South Africa or Japan or in any country or jurisdiction where any action for that purpose is required;

- 13 The Placing Shares offered and sold in the United States are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and, so long as the Placing Shares are "restricted securities", it will not deposit the Placing Shares into any unrestricted depository receipt facility maintained by any depository bank in respect of WH Smith's securities. It will not reoffer, sell, pledge or otherwise transfer the Placing Shares except: (i) in an offshore transaction in accordance with Regulation S under the Securities Act; (ii) in the United States to QIBs pursuant to Rule 144A; (iii) pursuant to Rule 144 under the Securities Act (if available) or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, in each case in compliance with all applicable securities laws of the United States or any State or other jurisdiction of the United States or (iv) pursuant to an effective registration statement under the Securities Act and that, in each such case, such offer, sale, pledge or transfer will be made in accordance with any applicable securities laws of any state of the United States;
- 14 it and/or each person on whose behalf it is participating:
- (a) is entitled to subscribe for Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
  - (b) has fully observed such laws and regulations;
  - (c) has capacity and authority and is entitled to enter into and perform its obligations as a subscriber of Placing Shares and will honour such obligations; and
  - (d) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 15 it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing in or into the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- 16 neither of the Joint Bookrunners, nor their respective affiliates, nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of either of the Joint Bookrunners and that the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to their clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 17 it will make payment to the Joint Bookrunners (as the Joint Bookrunners may direct) for the Placing Shares allocated to it in accordance with the terms and conditions of this Announcement on the due times and dates set out in this Announcement, failing which the relevant Placing Shares may be placed with others on such terms as the Joint Bookrunners determine in their absolute discretion without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Announcement) which may arise upon the sale of such Placee's Placing Shares on its behalf;
- 18 its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for, and that it may be called upon to subscribe for a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
- 19 no action has been or will be taken by any of WH Smith, the Joint Bookrunners or any person acting on behalf of WH Smith or the Joint Bookrunners that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- 20 the person who it specifies for registration as holder of the Placing Shares will be (i) the Placee; or (ii) a nominee of the Placee, as the case may be. The Joint Bookrunners and WH Smith will not be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. It agrees to subscribe for Placing Shares pursuant to the Placing on the basis that the Placing Shares will be allotted to a CREST stock account of the Joint Bookrunners (or either of them) who will hold them as nominee directly or indirectly on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- 21 the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- 22 it and any person acting on its behalf falls within Article 19(5) and/or 49(2) of the Order, as amended, and undertakes that it will subscribe for, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;

- 23 it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to Admission except to persons whose ordinary activities involve them in subscribing for, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of FSMA;
- 24 if within the EEA, it is a Qualified Investor as defined in section 86(7) of FSMA, being a person falling within Article 2(e) of the Prospectus Regulation;
- 25 it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
- 26 it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of FSMA and the Financial Services Act 2012 in respect of anything done in, from or otherwise involving the United Kingdom);
- 27 if it is a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation (including any relevant implementing measure in any member state), the Placing Shares subscribed for by it in the Placing will not be subscribed for on a non-discretionary basis on behalf of, nor will they be subscribed for with a view to their offer or resale to, persons in a member state of the EEA other than Qualified Investors, or in circumstances in which the express prior written consent of the Joint Bookrunners has been given to the offer or resale.
- 28 it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA prior to Admission except to persons whose ordinary activities involve them in subscribing for, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA;
- 29 if it has received any inside information (as defined in the market abuse regulation (EU) No. 596/2014) about WH Smith in advance of the Placing, it has not: (i) dealt in the securities of WH Smith; (ii) encouraged or required another person to deal in the securities of WH Smith; or (iii) disclosed such information to any person, prior to the information being made publicly available;
- 30 neither the Joint Bookrunners, WH Smith nor any of their respective affiliates, or their or their respective affiliates' agents, directors, officers or employees, respectively, nor any person acting on behalf of such persons is making any recommendation to it, advising it regarding the suitability of any transaction it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representation, warranty, acknowledgement, agreement, undertaking or indemnity contained in the Placing Agreement nor the exercise or performance of any of the Joint Bookrunners' rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 31 acknowledges and accepts that the Joint Bookrunners may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise and, except as required by applicable law or regulation, the Joint Bookrunners will not make any public disclosure in relation to such transactions;
- 32 it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Criminal Justice Act 1993, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related or similar rules, regulations or guidelines issued, administered or enforced by any government agency having jurisdiction in respect thereof (together the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- 33 its commitment to subscribe for Placing Shares on the terms set out in this Announcement will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to WH Smith's or the Joint Bookrunners' conduct of the Placing;
- 34 it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Group and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- 35 WH Smith, the Joint Bookrunners and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to each Joint Bookrunner on its own behalf and on behalf of WH Smith and are irrevocable;
- 36 if it is subscribing for the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and

- undertakings on behalf of each such accounts;
- 37 time is of the essence as regards its obligations under this Appendix;
- 38 any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to the Joint Bookrunners;
- 39 the Placing Shares will be issued subject to the terms and conditions set out in this Appendix; and
- 40 this Appendix and all documents into which this Appendix is incorporated by reference or otherwise validly forms a part will be governed by and construed in accordance with English law. All agreements to subscribe for shares pursuant to the Bookbuilding Process and/or the Placing will be governed by English law and the English courts shall have exclusive jurisdiction in relation thereto except that proceedings may be taken by WH Smith or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold WH Smith, each of the Joint Bookrunners and each of their respective affiliates and each of their and their respective affiliates' agents, directors, officers and employees, respectively, harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, directly by WH Smith. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither WH Smith nor the Joint Bookrunners would be responsible. If this is the case, it would be sensible for Placees to take their own advice and they should notify the Joint Bookrunners accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-UK stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless WH Smith and the Joint Bookrunners in the event that either WH Smith and/or the Joint Bookrunners have incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Appendix are given to the Joint Bookrunners for themselves and on behalf of WH Smith and are irrevocable.

The Joint Bookrunners are acting exclusively for WH Smith and no one else in connection with the Bookbuilding Process and the Placing and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Bookbuilding Process or the Placing and will not be responsible to anyone (including Placees) other than WH Smith for providing the protections afforded to their clients or for providing advice in relation to the Bookbuilding Process or the Placing or other matters referred to in this Announcement.

Each Placee and any person acting on behalf of the Placee acknowledges that the Joint Bookrunners do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements or agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that either of the Joint Bookrunners may (at their absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

In the event that the Joint Bookrunners acquire Placing Shares in the Placing, the Joint Bookrunners may co-ordinate disposals of such shares in accordance with applicable law and regulation. Except as required by applicable law or regulation, the Joint Bookrunners do not propose to make any public disclosure in relation to such transactions.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

All times and dates in this Announcement may be subject to amendment. The Joint Bookrunners will notify Placees and any persons acting on behalf of the Placees of any changes.

Neither the content of WH Smith's website nor any website accessible by hyperlinks on WH Smith's website is incorporated in, or forms part of, this Announcement.

## APPENDIX B – KEY NOTES

1. Purchase price for 100% of Marshall Retail Group Holding Company, Inc., on a debt-free cash-free basis subject to customary closing adjustments.
2. Based on GBP:USD foreign exchange rate of £1:\$1.282, as at 19:00 BST on 16 October 2019.
3. US airport travel retail market size excluding Duty Free and Food & Beverages, per AXN Factbook.
4. Acquisition multiple calculated based on purchase price of \$400 million, divided by expected EBITDA of \$31.5 million for the financial year ending December 2019 less \$2.3 million of pre-tax profit attributable to minority partners (having minority partners is mandatory under some US airport lease contracts). This amount will be recognised, on a post-tax basis, as a non-controlling interest in WH Smith's income statement going forward.
5. EBITDA on a fully consolidated basis excluding certain non-recurring items. As is mandatory in some US airport lease contracts (and consistent with InMotion), MRG has minority partners. The share of post-tax profit attributable to those minority partners will be recognised as a non-controlling interest in WH Smith's income statement going forward.
6. Based on stores awarded to date (33 airport, 3 tourist / resort); awarded stores may be subject to delayed opening.