

Offer Memorandum & Notice of Meeting

£10,000,000 LIBOR-linked Permanent Interest Bearing Shares



Section 1: OFFER MEMORANDUM

Offer Restrictions and Target Market Notice

FOR DISTRIBUTION ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) AND OUTSIDE THE REPUBLIC OF ITALY. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO, OR TO ANY PERSON LOCATED OR RESIDENT IN, ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to this document (the “**Offer Memorandum**”), whether received by email or otherwise, and you are therefore advised to read these disclaimer pages carefully before reading, accessing or making any other use of the Offer Memorandum. By accessing and taking any action with respect to the Offer Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Nationwide Building Society (“**Nationwide**”), Lloyds Bank Corporate Markets plc and Nomura International plc as dealer managers and solicitation agents (each a “**Dealer Manager**” and together the “**Dealer Managers**”), Equiniti Limited as tender agent, tabulation agent and registrar (“**Equiniti**”) or Bondinvest Capital Limited as retail information agent (“**BondCap**”) as a result of such access.

This document relates to Nationwide’s £10,000,000 Floating Rate Permanent Interest Bearing Shares (originally issued by Cheshire Building Society) (the “**PIBS**”). The ISIN of the PIBS is GB0001918076.

Nothing in the Offer Memorandum or the transmission thereof constitutes or contemplates an offer of, or the offer to purchase or the solicitation of an offer to sell, securities in the United States or any other jurisdiction. The PIBS have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state or other jurisdiction of the United States, and the PIBS may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

CONFIRMATION OF YOUR REPRESENTATION: By accessing or taking any action with respect to the Offer Memorandum, you shall be deemed to have confirmed your representation to Nationwide, each Dealer Manager, Equiniti and BondCap that:

- (i) you are a holder or a beneficial owner of some of the PIBS;
- (ii) you are not (and are not acting for the account or benefit of a person who is) located or resident in the United States or a U.S. person (as defined in Regulation S under the Securities Act), and if you have received this document by email, the electronic mail address that you have given to us and to which this document has been delivered is not located in the United States;
- (iii) you are a person to whom it is lawful to send the Offer Memorandum, to solicit consents under the Offer Memorandum or to make an invitation pursuant to the Tender Offer, in accordance with applicable laws, including the Offer and Distribution Restrictions set out herein;
- (iv) you consent to delivery of the Offer Memorandum to you in hard copy or by electronic transmission; and
- (v) you are not a Sanctions Restricted Person (as defined in the Offer Memorandum).

The Offer Memorandum may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, except that a holder of PIBS who holds as custodian or nominee for one or more beneficial owners may forward a complete copy of the Offer Memorandum to such beneficial owner(s), subject to the restrictions set out below and in the Offer Memorandum, and to compliance with all other applicable laws and regulations. Any other forwarding, distribution or reproduction of the attached document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the applicable laws of certain jurisdictions.

The Offer Memorandum must not be forwarded in or into the United States or to U.S. persons.

If the Offer Memorandum has been sent to you in an electronic form, please note that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Nationwide, the Dealer Managers, Equiniti or BondCap or any person who controls, or is a director, officer, employee, agent or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any such alterations or changes.

If you are not the named addressee to which the Offer Memorandum has been delivered, please notify the sender immediately and destroy the Offer Memorandum.

UK MiFIR product governance / Professional investors, ECPs and existing PIBS Holders target market – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the PIBS has led to the conclusion that: (i) the target market for the PIBS is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (“**UK MiFIR**”) and existing PIBS Holders; and (ii) all channels for distribution to eligible counterparties, professional clients and existing PIBS Holders are appropriate. The target market assessment indicates that the PIBS are incompatible with the needs, characteristic and objectives of retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, who are not existing PIBS Holders. Any person subsequently offering, selling or recommending the PIBS (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the PIBS (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under COBS, as applicable.

Restrictions: The Tender Offer and the Consent Solicitation described in the Offer Memorandum (together, the “**Offers**”), and the Offer Memorandum itself, are subject to offer and distribution restrictions. Any materials relating to the Offers do not constitute, and may not be used in connection with, any form of offer or solicitation in any place, except where such Offers are permitted by, and conducted in accordance with, applicable law.

FOR DISTRIBUTION ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) AND OUTSIDE THE REPUBLIC OF ITALY. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN OR INTO, OR TO ANY PERSON LOCATED OR RESIDENT IN, ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO RELEASE, PUBLISH OR DISTRIBUTE THIS DOCUMENT.

THIS DOCUMENT IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION.

OFFER MEMORANDUM DATED 3 JUNE 2021

Invitation by

Nationwide Building Society

(incorporated in England and Wales under the UK Building Societies Act 1986, as amended)

(“Nationwide”)

to eligible holders of its

£10,000,000 Floating Rate Permanent Interest Bearing Shares

(originally issued by Cheshire Building Society)

(the **“PIBS”**)

to tender any or all of their PIBS for purchase by Nationwide for cash

(the **“Tender Offer”**)

and related consent solicitation with respect to proposed variations to the terms of the PIBS

(the **“Consent Solicitation”**)

all on the terms and as further described in this Offer Memorandum

(the **“Offers”**)

Securities	ISIN	Outstanding nominal amount	Offer Price		Amount subject to the Tender Offer
			<i>(expressed as a percentage)</i>	<i>(expressed as an amount)</i>	
PIBS	GB0001918076	£10,000,000	104.00%	£1,040 for each £1,000 in nominal amount of PIBS	Any and all

In conjunction with the Tender Offer, Nationwide is convening a meeting (the **“Meeting”**) of the PIBS Holders (as defined below) to vote on two separate Resolutions which, if passed, will allow Nationwide to make certain variations to the Special Conditions of Issue of the PIBS (the **“Conditions”**). This document contains further information regarding the Meeting and the proposed variations.

The submission by or on behalf of a PIBS Holder of a Tender Instruction (as defined below) pursuant to the Tender Offer will also constitute such PIBS Holder’s instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to attend the Meeting and cast the votes attaching to such tendered PIBS in favour of both Resolutions. No other action in connection with the Meeting is required, or should be taken, by PIBS Holders in respect of those PIBS which they tender in the Tender Offer.

PIBS Holders who do not wish to tender their PIBS in the Tender Offer may, if they wish, make other arrangements to attend the meeting and cast their votes, or to appoint a proxy to do so on their behalf, all as further described in this document. In light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at a physical location, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions. Nationwide is therefore arranging for the Meeting to be attended by way of a video conference (and references herein to attendance “in person” will include such attendance).

A PIBS Holder who does not wish to participate in the Offers does not need to take any action and will continue to hold their PIBS. Since the Conditions of their PIBS may be varied if the Resolutions are passed, such PIBS Holders are urged to read this document carefully before deciding whether or not to participate in the Offers.

See the section of this document headed “Q&A” for an overview of the Offers.

Before making any decisions in respect of the Offers, PIBS Holders should carefully consider all of the information contained in this Offer Memorandum, including the section “Risk Factors and Other Considerations”.

THE OFFERS WILL COMMENCE ON 3 JUNE 2021 AND WILL EXPIRE AT 1.00 P.M. (UK TIME) ON 5 JULY 2021, UNLESS EXTENDED, RE-OPENED OR TERMINATED, AS PROVIDED IN THIS OFFER MEMORANDUM.

Dealer Managers and Solicitation Agents (in respect of the Offers to Institutional Investors only)

LLOYDS BANK CORPORATE MARKETS PLC

NOMURA INTERNATIONAL PLC

IMPORTANT NOTICES

This Offer Memorandum contains important information for PIBS Holders and should be read carefully before any decision is made with respect to the Offers. If any PIBS Holder is in any doubt as to the contents of this Offer Memorandum or the action it should take, it is recommended that such PIBS Holder seeks its own financial and/or legal advice, including in respect of any tax consequences, immediately from its broker, solicitor, accountant or other independent financial, tax or legal adviser.

Any person whose PIBS are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary (each an “**Intermediary**”) should contact such Intermediary urgently if it wishes to tender such PIBS pursuant to the Tender Offer or to otherwise vote on the Resolutions. **Such Intermediary will require instructions from such PIBS Holder prior to the deadlines contained in this Offer Memorandum in order for such PIBS Holder to tender its PIBS or otherwise vote on the Resolutions.** PIBS Holders should check with their Intermediary to understand what deadlines may be imposed by such Intermediary in order for a PIBS Holder to provide their instructions. The deadlines for such Intermediary will be before the deadlines set out in this Offer Memorandum.

The distribution of this document in certain jurisdictions may be restricted by law (see “Offer and Distribution Restrictions”).

None of Nationwide, Lloyds Bank Corporate Markets plc and Nomura International plc as dealer managers and solicitation agents (each a “**Dealer Manager**”) and together the “**Dealer Managers**”), Equiniti Limited as tender agent, tabulation agent and registrar (“**Equiniti**”) or Bondinvest Capital Limited as retail information agent (“**BondCap**”) or any of their respective Affiliates (as defined herein) makes any recommendation as to whether PIBS Holders should tender PIBS pursuant to the Tender Offer or vote on the Resolutions and none of them has authorised any person to make any such recommendation.

Each PIBS Holder is solely responsible for making their own independent appraisal of all matters as such PIBS Holder deems appropriate (including those relating to the Tender Offer and the Consent Solicitation) and each PIBS Holder must make their own decision whether to tender any or all of their PIBS for purchase pursuant to the Tender Offer or to otherwise vote in respect of the Resolutions (or either of them). None of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates is expressing any opinion on, nor making any representation or recommendation as to, the merits of the Tender Offer, the Consent Solicitation or the Resolutions.

None of Nationwide, the Dealer Managers, Equiniti or BondCap, or any of their respective Affiliates, is acting for any PIBS Holder, or will be responsible to any PIBS Holder for providing any protections which would be afforded to their clients or for providing advice in relation to the Offers.

Holders who do not participate in the Tender Offer, or whose PIBS are not accepted for purchase by Nationwide, will continue to hold their PIBS subject to their Conditions. The Conditions may be varied from time to time, including pursuant to the Resolutions, if passed and implemented.

The Offers described herein are not being made, and any Tender Instructions will not be accepted from, or on behalf of, PIBS Holders who are located or resident in any jurisdiction in which the making of the Offers would not be in compliance with the laws or regulations of such jurisdictions (see “*Offer and Distribution Restrictions*”). PIBS Holders must comply with such restrictions. However, this shall not prevent any such PIBS Holder from exercising its rights to attend and vote at the Meeting (or to appoint a proxy to do so on their behalf).

Neither the delivery of this Offer Memorandum nor any purchase of PIBS shall, under any circumstances, create any implication that the information contained in this Offer Memorandum is current as of any time subsequent to the date of such information or that there has been no change in the information set out in it or the affairs of Nationwide since the date of this Offer Memorandum.

This Offer Memorandum is only issued to and directed at PIBS Holders for the purposes of the Tender Offer and the Consent Solicitation. No other person may rely upon its contents, and it should not be relied upon by any PIBS Holders for any other purpose.

No person has been authorised to give any information or to make any representation about the PIBS, Nationwide, the Tender Offer or the Consent Solicitation other than as contained in this Offer Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates.

The Dealer Managers and their respective affiliates may, to the extent permitted by applicable law, have or hold a position in the PIBS and make, or continue to make, a market in, or act as principal in any transactions in, or relating to, or otherwise act in relation to, the PIBS. The Dealer Managers may also deliver Tender Instructions and Voting Only Instructions for their own respective accounts and on behalf of other PIBS Holders.

The applicable provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) must be complied with in respect of anything done in relation to the Offers in, from or otherwise involving the United Kingdom.

Each of Nationwide and the Dealer Managers are authorised by the Prudential Regulation Authority (the “**PRA**”) and regulated by the PRA and the Financial Conduct Authority (the “**FCA**”). BondCap is authorised and regulated by the FCA.

CERTAIN DEFINITIONS

Unless the context otherwise requires, all references in this Offer Memorandum to a “**PIBS Holder**” or a “**Holder**” of PIBS include:

- (i) a holder recorded in the PIBS Register as the holder of legal title to any PIBS (a “**Registered Holder**”);
- (ii) each CREST Participant holding a beneficial interest in any PIBS;
- (iii) any Intermediary who holds a beneficial interest in any PIBS on behalf of another person; and
- (iv) each ultimate beneficial owner of any PIBS holding such PIBS, directly or indirectly, in an account (or through the account of an Intermediary) in the name of a Registered Holder or a CREST Participant (as the case may be) acting on such beneficial owner’s behalf,

except that for the purposes of settling any beneficial owner’s entitlement to any Offer Price and Accrued Interest Payment to be paid to it pursuant to the Tender Offer, to the extent the beneficial owner is not itself a Registered Holder, the Offer Price and Accrued Interest Payment to be paid in respect of such beneficial owner’s PIBS which are purchased in the Tender Offer will be paid to, or to the order of, the Registered Holder in whose name those PIBS are registered. The payment of the Offer Price and the Accrued Interest Payment to, or to the order of, the Registered Holder will discharge Nationwide’s obligations in respect thereof, and the beneficial owner must look to the Registered Holder (and, if applicable, any relevant Intermediary) for payment of the relevant Offer Price and Accrued Interest Payment to it.

In addition, the following terms have the following meanings in this Offer Memorandum:

- “**Retail Investor**” means a PIBS Holder who is not an Institutional Investor (as defined below). Any PIBS Holder who is an individual (rather than a company or other organisation) will be a Retail Investor. Any PIBS Holder that is a company or other organisation and is not sure whether they are a Retail Investor or an Institutional Investor may contact BondCap for further information, using the contact details on page 7 below.
- “**Institutional Investor**” means a PIBS Holder that is:
 - (i) an “eligible counterparty” or a “professional client”, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) an “eligible counterparty” as defined in the FCA Handbook Conduct of Business Sourcebook or a “professional client” as defined in Regulation (EU) No 600/2014 as it forms part of English domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”).
- “**Eligible Holder**” means a PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the Securities Act), and (b) otherwise a person to whom the Offers can be lawfully made and that may lawfully participate in the Offers.
- “**Ineligible Holder**” means a PIBS Holder who is not an Eligible Holder.
- “**£**” and “**Sterling**” refer to the lawful currency for the time being of the United Kingdom.

FURTHER INFORMATION

Retail Investors

- (1) Retail Investors who have questions or require technical assistance in connection with the delivery of Tender Instructions or Voting Only Instructions should contact Equiniti using the following contact details:

Equiniti

Telephone: 0371 384 2050 (if calling from the UK)¹

Telephone: +44 371 384 2050 (if calling from outside the UK)¹

- (2) Retail Investors who have any other questions regarding the Offers should contact BondCap using the following contact details:

BondCap

Telephone: 020 7058 0080 / 0090 (if calling from the UK)²

Telephone: +44 20 7058 0080 / 0090 (if calling from outside the UK)²

Email: m.dyson@bondcap.co.uk

Institutional Investors

Institutional Investors who have questions or require technical assistance in connection with the delivery of Tender Instructions or Voting Only Instructions should contact Equiniti. Institutional Investors who have any other questions regarding the Offers should contact the Dealer Managers.

The contact details for Equiniti and the Dealer Managers are set out at the end of this Offer Memorandum.

Important Notice

None of Nationwide, the Dealer Managers, Equiniti or BondCap is able to provide financial, legal, tax, accounting or any other advice in connection with the Offers, or to express any opinion on the merits of the Offers or otherwise to make any recommendations as to whether or not PIBS Holders should participate in the Offers.

The details of Equiniti, BondCap (in the case of Retail Investors) and the Dealer Managers (in the case of Institutional Investors), are provided to help the relevant PIBS Holders understand the Offers, the options available to them in connection with the Offers and the administrative steps which any such PIBS Holder will need to take if it wishes to participate in the Offers.

If any PIBS Holder requires any financial, legal, tax, accounting or other advice, or wishes to obtain an opinion as to the merits of the Offers or a recommendation in connection with the Offers, it will need to contact its own broker, solicitor, accountant or other independent financial, tax, legal or accounting adviser.

¹Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls from within the UK are charged at the standard geographic rate and will vary by provider. Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offers nor give any financial, legal or tax advice.

²Lines are open from 9.00 a.m. to 5.00 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls from within the UK are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offers nor give any financial, legal or tax advice.

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Q&A

This section provides an overview, in 'question and answer' format, of the Offers described in this document.

1. Why have I received this Offer Memorandum?

You have received this Offer Memorandum as you have been identified as a Holder of some of Nationwide Building Society's £10,000,000 Floating Rate Permanent Interest Bearing Shares (the "PIBS").

The PIBS were originally issued by Cheshire Building Society in 1994. Nationwide acquired the Cheshire Building Society in 2008, at which time the PIBS became permanent interest bearing shares of Nationwide.

If you do not hold any PIBS and have received this document in error, please destroy this document and contact Equiniti (using the contact details on page 7 above) to let them know.

2. What are the Offers?

The Offers described in this Offer Memorandum comprise a Tender Offer and a Consent Solicitation.

Tender Offer

The Tender Offer is an invitation by Nationwide to all Eligible Holders of PIBS to tender (i.e. offer to sell) any or all of their PIBS to Nationwide at the Offer Price of 104.00 per cent., or £1,040 for each £1,000 in nominal amount of PIBS purchased.

If Nationwide accepts such tender, it will purchase those PIBS on the Settlement Date for the Offers and the relevant PIBS Holder will receive a cash amount, in pounds Sterling, equal to the Offer Price for such PIBS plus an amount equal to the accrued and unpaid interest on those PIBS up to the Settlement Date.

The Tender Offer is not conditional upon the Resolutions being passed. If PIBS Holders tender their PIBS and if Nationwide elects to accept such tenders, then any PIBS validly tendered will be repurchased, whether or not the Resolutions are passed and implemented.

Consent Solicitation

The Consent Solicitation involves Nationwide convening a meeting of PIBS Holders (the "Meeting") and proposing resolutions for the PIBS Holders to vote upon, all in accordance with the Special Conditions of Issue of the PIBS (the "Conditions").

Nationwide is proposing two separate resolutions (the "Resolutions") which seek the consent of PIBS Holders to make certain variations to the Conditions (the "Proposed Variations"), which are explained further at Questions (5) to (10) below.

If sufficient votes are cast in favour of the Resolutions, Nationwide will be entitled (but not required) to vary the Conditions of the PIBS as set out in those Resolutions. These variations would bind all PIBS Holders, including those who do not vote in favour of them.

3. What is the timetable for the Offers?

The expected timetable of events for the Offers is set out in the section of this document headed "Expected Timetable".

This timetable is indicative only, and may change. If the timetable changes, Nationwide will inform PIBS Holders of the changes as soon as is reasonably practicable.

4. Why is Nationwide conducting the Tender Offer?

Nationwide is conducting the Tender Offer to give PIBS Holders an opportunity to sell their PIBS back to Nationwide at a premium to recent indicative market quotes.

As at close of business on 27 May 2021 (the latest practicable date before finalisation of this Offer Memorandum), the indicative mid-market price as quoted on the London Stock Exchange for the PIBS was 89.500 per cent., or £895 for each £1,000 in nominal amount of the PIBS. This reflects the quoted mid-price of the bid and offered prices on the London Stock Exchange on such date. It should be noted that, given limited trading volumes in the PIBS, this mid-market price may not be a reliable indicator of the price at which a PIBS Holder would have been able to sell their PIBS in the market on such date, and should not be taken as an indication of the price at which a PIBS Holder may be able to sell their PIBS in the market on any future date.

The Offer Price for the PIBS under the Tender Offer is 104.00 per cent., or £1,040 for each £1,000 in nominal amount of the PIBS.

Nationwide wishes to repurchase the PIBS because they no longer satisfy the purpose for which they were issued in 1994. Permanent interest bearing shares were historically issued by building societies to count towards their 'tier 1' capital adequacy requirements. Under these requirements, building societies must maintain a certain level of capital reserves that are designed to absorb losses in times of financial stress while protecting member deposits and enabling the society to continue as a viable business. Permanent interest bearing shares were issued with certain features which satisfied the prudential rules at the time for counting towards these requirements.

However, the prudential rules have since changed, and the PIBS will no longer be allowed to count as 'tier 1' capital after 2021. Therefore, Nationwide has elected to launch the Tender Offer with a view to buying back those PIBS which PIBS Holders wish to sell to it.

5. What are the Resolutions and the Proposed Variations?

Nationwide is proposing two separate Resolutions, referred to in this Offer Memorandum as 'Resolution 1' and 'Resolution 2'. The full terms of both Resolutions are set out in the Notice of Meeting which is attached at the end of this document. The background to the Resolutions, and the Proposed Variations to the Conditions, are summarised at Questions (6) to (10) below.

6. What is Resolution 1 and why is Nationwide proposing it?

Resolution 1 involves a proposal to vary the Conditions of the PIBS to change the way in which interest on the PIBS is calculated. This is because the interest rate is currently expressed to be calculated by reference to a reference rate known as the London interbank offered rate (“**LIBOR**”). Different LIBOR rates are published for different currencies and different tenors. Most LIBOR rates are expected to be discontinued after 2021. Interest on the PIBS is calculated by reference to the 6-month Sterling LIBOR rate.

LIBOR has formed the basis for calculating interest amounts for financial transactions globally for many decades. However, following a review by the United Kingdom Financial Conduct Authority (the “**FCA**”) and other regulators, concerns were raised as to the accuracy of LIBOR rates, which are based on quotations received from a number of banks.

As a result of the review, the FCA has confirmed that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after the end of 2021 and expects that some panel banks will cease contributing to LIBOR panels after such time.

Furthermore, on 5 March 2021, the FCA announced the future cessation and loss of representativeness of the LIBOR rates across a range of currencies and tenors.³ While, under that announcement, the FCA confirmed that it will consult on requiring continued publication of certain LIBOR rates, including the 6-month Sterling LIBOR rate, for a limited period of time after 2021 on the basis of a changed methodology (referred to as ‘synthetic’ LIBOR), the FCA made clear that such ‘synthetic’ LIBOR rates would no longer be representative of the underlying market and the economic reality that the relevant LIBOR rate is intended to measure.

As such, banks, building societies and other companies are being strongly encouraged to amend existing contracts based on LIBOR, where possible, to transition them to a new benchmark rate.

In anticipation of the cessation of LIBOR rates, alternative reference rates have been identified to replace them. For instruments – such as the PIBS – issued in pounds Sterling, the selected replacement rate is the Sterling Overnight Index Average (“**SONIA**”).

In addition to encouraging parties to use SONIA instead of Sterling LIBOR when concluding new financial transactions, the FCA is, as noted above, also encouraging banks, building societies and other companies who have outstanding ‘legacy’ instruments referencing Sterling LIBOR to amend the terms of those instruments, where possible, to replace the interest provisions with new SONIA provisions.

Accordingly, the replacement of LIBOR rates with alternative reference rates is not something specific to Nationwide; rather, it is a global, market-wide initiative actively encouraged and supported by regulators, given that LIBOR rates will be discontinued. Nationwide has briefed the FCA and the Prudential Regulatory Authority prior to proposing Resolution 1, as part of its own efforts to address its legacy LIBOR instruments by the end of 2021.

As is common with permanent interest bearing shares and other instruments, amending the terms of the PIBS requires the approval of the PIBS Holders by way of resolutions passed by the PIBS Holders acting through specified majorities at a meeting.

Nationwide is, accordingly, proposing Resolution 1 to allow it to vary the Conditions so that interest can be calculated on the PIBS by reference to SONIA (instead of LIBOR) after the September 2021 Interest Payment Date. If passed and implemented, this means that the last interest payment on the PIBS calculated on the basis of LIBOR will be paid on 30 September 2021, and all interest payments after that date will be calculated by reference to SONIA.

In addition, the proposed variations to the Conditions under Resolution 1 include further ‘fallback’ language that would take effect if SONIA were to be discontinued in the future. While this is not currently expected to happen, banks and building societies are now required by law to make robust arrangements (such as including terms in their financial instruments) which enable the transition from one reference rate to another, in similar circumstances to those in which LIBOR is being discontinued.

7. What are the variations to the Conditions proposed in Resolution 1?

The proposed variations to the Conditions under Resolution 1 would be made to Condition 3, and can be summarised as follows:

- (i) Condition 3(1), which contains the provisions for calculating interest on the PIBS by reference to LIBOR, will be expressed to apply only up to 30 September 2021;
- (ii) a new Condition 3(2) is proposed, which contains the provisions for calculating interest on the PIBS by reference to SONIA with effect from 30 September 2021; and
- (iii) a new Condition 3(5) is proposed, which contains the ‘fallback’ provisions which would apply if SONIA is discontinued in the future (which is not currently expected to happen).

There are also some incidental changes in Condition 3 to ensure clause cross-references remain accurate.

The Proposed Variations which are the subject of Resolution 1 are referred to in this document as the “**Interest Rate Variations**”.

³See: <https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

8. What are the differences between LIBOR and SONIA?

There are a number of differences between LIBOR and SONIA. The two most fundamental differences for a PIBS Holder are explained below. To understand these differences, it is first useful to summarise how interest is calculated on the PIBS today.

Current interest calculation

Interest is paid on the PIBS on interest payment dates (“**Interest Payment Dates**”) which fall every six months. The interest paid on an Interest Payment Date is the amount accrued during the period (the “**Interest Period**”) from (and including) the previous Interest Payment Date up to (but excluding) the Interest Payment Date on which payment is made.

Currently, the interest rate (the “**Rate of Interest**”) on the PIBS for each Interest Period is determined at the start of the Interest Period by reference to a 6-month LIBOR rate (which is taken from a widely-used screen page and expressed as a percentage) plus the margin of 2.40 per cent. per annum (the “**Margin**”).

Both LIBOR and SONIA rates are expressed as a percentage rate per annum.

Forward-looking term rate vs backward-looking overnight rate

The first fundamental difference between LIBOR and SONIA is that LIBOR is a ‘forward-looking term rate’. This means that the rate shown on the screen page reflects a market rate for lending transactions, assuming that an amount will be lent at or around that time for a fixed duration (for example, six months). Therefore, the Rate of Interest on the PIBS for an Interest Period can currently be set at the start of the Interest Period.

By contrast, the SONIA rate is an overnight rate compiled by the Bank of England on each business day and reflects actual lending transactions on a ‘look-back’ basis. In general terms, the Rate of Interest for an Interest Period on the PIBS, when calculated by reference to SONIA, is intended to reflect the rate of return of a daily compound interest investment over a period of time broadly equivalent to the relevant Interest Period (the “**Observation Period**”). The Rate of Interest can, therefore, only be calculated after this Observation Period has concluded.

In order to enable the Rate of Interest for an Interest Period to be calculated in time for the monies to be paid on the relevant Interest Payment Date, the Observation Period for an Interest Period is set a few days earlier than the Interest Period. More specifically, the usual approach is that the Observation Period starts five business days before the start of the corresponding Interest Period, and ends five business days before the end of that Interest Period.

In practice, this means that, if Resolution 1 is passed and implemented, while PIBS Holders would continue to receive interest payments (subject as provided in the Conditions) on the same Interest Payment Dates, the Rate of Interest (and therefore the amount of interest) for each Interest Payment Date will only be known a few days before such Interest Payment Date (whereas the rate and amount is currently known approximately six months in advance).

Risk-based rate vs risk-free rate

The other fundamental difference between LIBOR and SONIA is that the LIBOR rate quoted on the screen page includes an amount (the “**risk premium**”) intended to reflect the (generally very low) risk of lending money to a bank in London, whereas SONIA is designed as a (virtually) ‘risk-free’ rate. This is because, as noted above, the LIBOR rate assumes that money will be lent over an extended period (e.g. six months), whereas SONIA is based on lending money on an overnight basis. Generally speaking, it is cheaper for a bank to borrow money overnight than for a period of six months, because there is less chance of unforeseen events happening which could make it difficult for the bank to repay the money.

As a result, under normal circumstances, it can be expected that the SONIA rate will generally be lower than the LIBOR rate, given that SONIA does not include the risk premium.

Therefore, if the Rate of Interest on the PIBS is, from 30 September 2021, calculated by reference to SONIA rather than LIBOR, then the SONIA rate taken from the screen page will be adjusted upwards to compensate for the ‘missing’ risk premium. The amount of this adjustment is set out below under “*The SONIA Adjustment Margin*”. This reflects an industry-standard approach, as further described below.

The Working Group on Sterling Risk-Free Reference Rates (the “**Working Group**”) was set up to support the transition from Sterling LIBOR to SONIA. It comprises a diverse group of market participants and trade associations representing relevant sectors and markets. It also includes the Bank of England and the FCA, who participate as *ex-officio* members and provide administrative support to the group. The Working Group stated as follows in December 2019 in relation to risk free rates (“**RFRs**”):

“The relevant RFR rate needs to be adjusted to account for: (i) the fact that the RFR is an overnight rate and not a term rate; and (ii) the various premia included within LIBOR (i.e. a term liquidity premium and a bank credit risk element). In most cases, the RFRs are therefore expected to be lower than their LIBOR equivalent and consequently a credit adjustment spread may be required to minimise the economic impact of moving to these RFRs.”⁴

This is reflected in the proposed amendments under Resolution 1 by the requirement to include an adjustment margin (the “**SONIA Adjustment Margin**”) in each Rate of Interest calculated after 30 September 2021. The SONIA Adjustment Margin is described further below.

⁴<https://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/consultation-on-credit-adjustment-spread-methodologies-for-fallbacks-in-cash-products-referencing-gb.pdf>

The SONIA Adjustment Margin

The SONIA Adjustment Margin for the PIBS will be 0.2766 per cent. per annum.

This SONIA Adjustment Margin is a fixed percentage that will apply to each interest payment after 30 September 2021 (if Resolution 1 is passed and implemented).

The amount of the SONIA Adjustment Margin has been determined in accordance with a market-based pricing methodology which calculates the median difference between LIBOR and SONIA rates over a 5-year historical period, as published by Bloomberg Index Services Limited (“**Bloomberg**”).

In March 2020, the Working Group issued a paper⁵ summarising the feedback received regarding credit adjustment spread methodologies for fallbacks in relation to cash products referencing Sterling LIBOR. The paper confirmed that 92 per cent. of respondents gave their preference for use of the methodology outlined in the paragraph above as the preferred one for calculating a credit spread adjustment in connection with a transition from Sterling LIBOR to SONIA (the remaining 8 per cent. expressed no view in favour of an alternative methodology). Nationwide has therefore utilised this methodology for the determination of the SONIA Adjustment Margin.

On 5 March 2021, the FCA announced the future cessation and loss of representativeness of the LIBOR rates across a range of currencies and tenors.⁶ As a result, Bloomberg announced that 5 March 2021 was the “Spread Adjustment Fixing Date” (as defined in Bloomberg’s IBOR Fallback Rate Adjustments Rule Book).⁷ Accordingly, the relevant adjustment spreads were fixed as at 5 March 2021, and will not change (unless required to correct an error).

The adjustment rate fixed for the 6-month tenor in respect of the spread between Sterling LIBOR and SONIA, as announced in Bloomberg’s announcement of 5 March 2021 and as set out on Bloomberg page “SBP0006M Index”, is 0.2766 per cent. per annum.

Accordingly, the SONIA Adjustment Margin for the PIBS has been fixed at 0.2766 per cent. per annum.

Effective Date for the transition from LIBOR to SONIA

If Resolution 1 is passed in accordance with its terms and implemented, the new SONIA-based interest rate provisions (including the SONIA Adjustment Margin) will replace the current LIBOR-based provisions for all Interest Periods commencing on and after the Interest Payment Date falling in September 2021. This means that the last interest payment on the PIBS calculated by reference to LIBOR would be the interest payment falling in September 2021, and the first interest payment calculated by reference to SONIA would be the interest payment falling in March 2022.

Therefore, whereas the Rate of Interest under the Conditions today is expressed as the LIBOR rate plus the Margin, for interest amounts calculated after 30 September 2021 the Rate of Interest under the Conditions (assuming Resolution 1 is passed and implemented) would be expressed as the SONIA rate plus the SONIA Adjustment Margin plus the Margin.

In addition, if Resolution 2 is passed and implemented (see further below), each Rate of Interest on the PIBS determined by reference to SONIA will be increased by an additional margin of 1.50 per cent. per annum (the “**Additional Margin**”).

For the avoidance of doubt, the SONIA Adjustment Margin and, if Resolution 2 is passed and implemented, the Additional Margin will only be applied to the Rate of Interest when determined by reference to SONIA, and accordingly they are not applicable to the interest payment falling in September 2021.

9. What is Resolution 2 and why is Nationwide proposing it?

Resolution 2 involves a proposal to vary the Conditions of the PIBS to allow Nationwide, at its option, to redeem the PIBS on the Interest Payment Date falling in September 2030 or any Interest Payment Date afterwards. This means that Nationwide would be able (without any further approvals from the PIBS Holders, but upon giving advance notice to them) to repay and cancel all outstanding PIBS on the relevant Interest Payment Date, upon paying to the PIBS Holders an amount equal to £1,000 for each £1,000 in nominal amount of PIBS plus (subject to the Conditions) accrued and unpaid interest up to the relevant redemption date.

In conjunction with granting Nationwide the option to redeem and repay the PIBS, Resolution 2, if passed and implemented, will also result in the Rate of Interest payable on the PIBS for each Interest Period commencing on and after 30 September 2021 being increased by the Additional Margin of 1.50 per cent. per annum.

Nationwide is seeking the right to redeem the PIBS because the PIBS no longer satisfy the purpose for which they were originally issued, as further discussed in Question (4) above. While the Tender Offer gives PIBS Holders a chance to sell their PIBS to Nationwide now, Nationwide also realises that some PIBS Holders may prefer to continue holding their PIBS to generate income for the time being.

Therefore, Nationwide is proposing Resolution 2 in order to provide an alternative option for those PIBS Holders, which gives them an increase in the Rate of Interest over a period of at least nine years, and allows Nationwide to redeem all remaining PIBS at its option after that period.

⁵<https://www.bankofengland.co.uk/-/media/boe/files/markets/benchmarks/summary-of-responses-on-consultation-credit-adjustment.pdf?la=en&hash=87721B80E18C02FD605C4B40F31ED10709F425A5>

⁶<https://www.fca.org.uk/publication/documents/future-cessation-loss-representativeness-libor-benchmarks.pdf>

⁷https://assets.bbhub.io/professional/sites/10/IBOR-Fallbacks-LIBOR-Cessation_Announcement_20210305.pdf

10. What are the variations to the Conditions proposed in Resolution 2?

The proposed variations to the Conditions under Resolution 2 would be made to Condition 3 and Condition 4, and can be summarised as follows:

- (i) a new Condition 4(6) is proposed, which will set out Nationwide's right to redeem the PIBS, at its option, on any Interest Payment Date on or after the Interest Payment Date falling in September 2030;
- (ii) a new Condition 4(7) is proposed, which sets out certain requirements under the prudential rules which Nationwide must satisfy if it wishes to exercise its right to redeem the PIBS; and
- (iii) the new Condition 3(2) (to be inserted if Resolution 1 is passed and implemented) will also reference the 'Additional Margin' referred to in Question (9) above.

There are also some incidental changes in Condition 4 as a result of these variations, including updating the definition "Relevant Supervisory Consent" in Condition 4(4) to reflect that Nationwide's prudential regulator is now the Prudential Regulation Authority, rather than the Building Societies Commission.

The Proposed Variations which are the subject of Resolution 2 are referred to in this document as the "**Redemption Right Variations**".

11. Are Resolution 1 and Resolution 2 interdependent?

Resolution 1 and Resolution 2 are being proposed as separate resolutions. This means that PIBS Holders will vote on each Resolution separately, and they do not have to vote in the same way on both. Therefore, it is possible that the PIBS Holders may pass one of the Resolutions but not the other Resolution.

If Resolution 1 is passed, Nationwide currently expects to implement the variations to the Conditions approved under Resolution 1, whether or not Resolution 2 also passes.

However, if Resolution 1 does not pass, Resolution 2 will not be implemented (even if it passes).

12. What are the minimum thresholds for passing each Resolution?

Quorum requirement for the Meeting

The minimum quorum required for the Meeting to consider the Resolutions is one or more persons present and holding or representing in aggregate not less than one-third of the principal amount of the PIBS for the time being outstanding.

If the Meeting is required to be adjourned, the quorum at such adjourned Meeting will initially be the same as for the first Meeting. However, if such quorum is not present within half an hour of the time appointed for the start of the adjourned Meeting, then one or more persons present and holding or representing any PIBS, irrespective of the principal amount of PIBS so represented, shall form a quorum.

Tender Instructions and Voting Only Instructions which are validly submitted in accordance with the procedures set out in this Offer Memorandum (including its Annex) and the Notice of Meeting which is attached at the end of the document, and which have not been subsequently revoked (in the circumstances in which such revocation is permitted), will remain valid for the adjourned Meeting.

Minimum votes required for passing each Resolution

Each Resolution will only be passed at the Meeting (or, if applicable, the adjourned Meeting) if not less than three-quarters of the votes represented at such Meeting are cast in favour of such Resolution.

The implementation of each Resolution is conditional on satisfaction of the Eligibility Condition relating to each Resolution – see Question (17) below for further information.

13. What happens if the Resolutions are not passed and implemented?

Resolution 1

If Resolution 1 is not passed and implemented, this means that the existing LIBOR-based interest provisions in Condition 3 of the PIBS will continue to apply. If 6-month Sterling LIBOR is discontinued after 2021, such that there is no longer a 6-month Sterling LIBOR screen rate and if (which is thought likely) it will not be possible to obtain quotations for 6-month Sterling LIBOR from reference banks, that may, in practice, result in the PIBS becoming fixed rate PIBS having a Rate of Interest determined by reference to the last level for which a 6-month Sterling LIBOR rate could be determined.

However, whether or not 6-month Sterling LIBOR will continue after 2021 and, if so, in what form, is not yet certain. As noted at Question (6) above, the FCA announced on 5 March 2021 that it will consult on requiring continued publication of certain LIBOR rates, including the 6-month Sterling LIBOR rate, for a limited period of time after 2021 on the basis of a changed methodology (referred to as 'synthetic' LIBOR). However, the FCA made clear that such 'synthetic' LIBOR rates would no longer be representative of the underlying market and the economic reality that the relevant LIBOR rate is intended to measure.

Therefore, it is not certain how the interest rate provisions in the Conditions of the PIBS may operate after 2021.

Resolution 2

If Resolution 2 is not passed and implemented, Nationwide will not acquire a right to redeem the PIBS on the Interest Payment Date falling in September 2030 or any Interest Payment Date afterwards.

In addition, if Resolution 1 is passed and implemented but Resolution 2 is not passed and implemented, the provisions for calculating interest on the PIBS will change from LIBOR to SONIA, but those provisions will not provide for the Additional Margin (referred to in Question (9) above) to be paid.

14. Do I have to take any action in connection with the Offers?

PIBS Holders may elect to participate in the Offers, but are not required to do so. The options available to PIBS Holders who wish to participate are set out in Question (18) below.

PIBS Holders who do not participate will continue to hold their PIBS. Since the Conditions of their PIBS may be varied if the Resolutions are passed, such PIBS Holders are urged to read this Offer Memorandum carefully before deciding whether or not to participate in the Offers.

15. Am I a Retail Investor or an Institutional Investor?

Please see the section "*Certain Definitions*" on page 6 of this document for the meaning of the terms 'Retail Investor' and 'Institutional Investor'.

Any PIBS Holder who is an individual (rather than a company or other organisation) will be a Retail Investor.

Any PIBS Holder that is a company or other organisation and is not sure whether they are a Retail Investor or an Institutional Investor may contact BondCap for further information (see page 7 above for their contact details).

16. Am I an Eligible Holder or an Ineligible Holder?

You will be an 'Eligible Holder' unless you are:

- (i) located or resident in the United States; or
- (ii) a "U.S. person" (as defined in Regulation S the United States Securities Act) or acting for the account or benefit of a U.S. person; or
- (iii) otherwise a person to whom the Offers cannot lawfully be made.

In practice, if you are an individual holding PIBS, are based in the United Kingdom and are not a U.S. person, you are likely to be an 'Eligible Holder'.

Retail Investors can contact BondCap if they are unsure of their status. Institutional Investors can contact the Dealer Managers if they are unsure of their status.

PIBS Holders who submit (or arrange to have submitted on their behalf) a Tender Instruction in the Tender Offer will be deemed to represent and agree that they are an Eligible Holder.

PIBS Holders who submit (or arrange to have submitted on their behalf) Voting Only Instructions will be required to confirm in such Voting Only Instructions whether they are an Eligible Holder or Ineligible Holder.

17. Why is it necessary to distinguish between Eligible Holders and Ineligible Holders?

The reason for making this distinction is due to securities laws, in particular those of the United States. If the Meeting is quorate and/or a Resolution is passed but that would not have been the case had the participating Ineligible Holders not participated, Nationwide will (in the first instance) be able to adjourn the Meeting to propose the relevant Resolution(s) at the adjourned Meeting, and if at the adjourned Meeting the same outcome applies Nationwide will not implement the relevant Resolution(s).

If, however, Ineligible Holders participate at the Meeting but their participation does not affect the determination as to whether the Meeting was quorate and whether sufficient votes were cast in favour of a Resolution, Nationwide will be permitted to implement the relevant Resolution(s) irrespective of the participation of Ineligible Holders.

This is the meaning of the 'Eligibility Condition' described in this document.

For the avoidance of doubt, any PIBS Holder that is "Ineligible" will still receive notification of the PIBS Meeting and is entitled to exercise their rights as a PIBS Holder to vote on the Resolutions.

Retail Investors can contact BondCap if they are unsure of their status. Institutional Investors can contact the Dealer Managers if they are unsure of their status.

18. I want to participate in the Offers. What options do I have?

PIBS Holders who wish to take part in the Offers can select from the three options below in respect of some or all of their PIBS. Option 1 is a Tender Instruction. Option 2 and Option 3 are Voting Only Instructions.

OPTION 1 – Tender Instruction – tender PIBS and vote in favour of both Resolutions

A PIBS Holder who wishes to participate in the Tender Offer should select Option 1. This will involve the PIBS Holder submitting a Tender Instruction (or arranging to have a Tender Instruction submitted on its behalf).

If Nationwide elects to accept tenders of PIBS and settle the Tender Offer, Nationwide will purchase those PIBS on the Settlement Date and will pay £1,040 for each £1,000 in nominal amount of such PIBS, together with an amount equal to the accrued and unpaid interest in respect of those PIBS up to the Settlement Date.

The submission of a Tender Instruction will also constitute the PIBS Holder's instruction to appoint the Chairperson of the Meeting (or their nominee) as such PIBS Holder's proxy to attend the Meeting on such PIBS Holder's behalf and cast the votes attaching to the PIBS which are the subject of such Tender Instruction in favour of both Resolutions. **Accordingly, PIBS Holders electing Option 1 should take no other action in respect of the Meeting or the Resolutions in respect of those PIBS for which Option 1 is selected. Any PIBS Holder that submits both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS will be deemed to have made a Tender Instruction in respect of those PIBS.** The number of votes cast will be equal to 1 vote for each £1,000 in nominal amount of PIBS.

PIBS Holders who hold their PIBS in CREST can exercise Option 1 by arranging for the CREST Participant through which they hold their PIBS to submit a Tender Instruction on their behalf via CREST, which must be done by the Participation Deadline.

PIBS Holders who hold their PIBS outside CREST in certificated form can exercise Option 1 by selecting and completing Option 1 on their Paper Instruction Form, which must be returned by post to Equiniti, to be received by Equiniti by no later than the Participation Deadline.

For full details on how to participate in the Offers, please see the section of this document headed "*Procedures for Participating in the Offers*".

A PIBS Holder who does not wish to tender their PIBS, but who wishes to vote on the Resolutions, may instead elect Option 2 or Option 3 on their Paper Instruction Form, as summarised below.

OPTION 2 – Voting Only Instruction – appoint the Chairperson of the Meeting as proxy to vote on the Resolutions, without tendering PIBS

A PIBS Holder who does not wish to tender all (if any) of their PIBS in the Tender Offer, and who wishes to vote on the Resolutions in respect of the PIBS not tendered, can elect to appoint the Chairperson of the Meeting (or their nominee) as proxy to cast the votes attaching to their PIBS in respect of the Resolutions.

PIBS Holders should cast their votes in respect of Resolution 1 and Resolution 2 separately. For example, if a PIBS Holder holds £10,000 in nominal amount of PIBS, such PIBS Holder can elect to vote:

- (i) in favour of, or against, Resolution 1 (or a combination of votes in favour and against) up to a maximum combined amount of £10,000;
and
- (ii) in favour of, or against, Resolution 2 (or a combination of votes in favour and against) up to a maximum combined amount of £10,000.

The amount of PIBS voted 'in favour of' or 'against' a Resolution must be an amount equal to £1,000 or a whole multiple of £1,000.

PIBS Holders should note that Option 2 does not involve a tender of PIBS. Accordingly, such Holders' PIBS will not be purchased by Nationwide pursuant to the Tender Offer, and such PIBS Holders will therefore not receive the Offer Price or Accrued Interest Payment in respect of their PIBS upon settlement of the Tender Offer. Such PIBS Holders will instead continue to hold their PIBS.

PIBS Holders who hold their PIBS in CREST can exercise Option 2 by arranging for the CREST Participant through which they hold their PIBS to submit a Paper Instruction Form selecting and completing Option 2 in respect of such holders' PIBS. The Paper Instruction Form must be returned by post to Equiniti, to be received by Equiniti by no later than the Voting Deadline. Such PIBS Holders should note that it will not be possible to submit voting-only instructions electronically in CREST, due to the limitations of the CREST system in light of the concurrent Tender Offer.

PIBS Holders who hold their PIBS outside CREST in certificated form can exercise Option 2 by selecting and completing Option 2 on their Paper Instruction Form. The Paper Instruction Form must be returned by post to Equiniti, to be received by Equiniti by no later than the Voting Deadline.

For full details on how to participate in the Offers, please see the section of this document headed "*Procedures for Participating in the Offers*".

OPTION 3 – Voting Only Instruction – elect to attend, or appoint a separate proxy to attend, and vote at the Meeting, without tendering PIBS

A PIBS Holder who does not wish to tender all (if any) of their PIBS or to appoint the Chairperson of the Meeting as proxy to attend the Meeting and vote on the Resolutions on their behalf, but who still wishes to vote on the Resolutions in respect of those PIBS not tendered, may instead elect to attend, or to appoint a proxy other than the Chairperson to attend, the Meeting and cast the votes attaching to such PIBS at the Meeting. Please refer to Questions (22) and (23) below for further information on attending the Meeting.

At the Meeting, PIBS Holders, or the proxy appointed on their behalf, should cast their votes in respect of Resolution 1 and Resolution 2 separately, when prompted to do so by the Chairperson. For example, if a PIBS Holder holds £10,000 in nominal amount of PIBS, such PIBS Holder can elect to vote:

- (i) in favour of, or against, Resolution 1 (or a combination of votes in favour and against) up to a maximum combined amount of £10,000;
and
- (ii) in favour of, or against, Resolution 2 (or a combination of votes in favour and against) up to a maximum combined amount of £10,000.

The amount of PIBS voted in favour of, or against, a Resolution must be an amount equal to £1,000 or a whole multiple of £1,000.

PIBS Holders should note that Option 3 does not involve a tender of PIBS. Accordingly, such Holders' PIBS will not be purchased by Nationwide pursuant to the Tender Offer, and such PIBS Holders will therefore not receive the Offer Price or Accrued Interest Payment in respect of their PIBS upon settlement of the Tender Offer. Such PIBS Holders will instead continue to hold their PIBS.

PIBS Holders who hold their PIBS in CREST can exercise Option 3 by arranging for the CREST Participant through which they hold their PIBS to submit a Paper Instruction Form selecting and completing Option 3 in respect of such holders' PIBS. The Paper Instruction Form must be returned by post to Equiniti, to be received by Equiniti by no later than the Voting Deadline. Such PIBS Holders should note that it will not be possible to submit voting-only instructions electronically in CREST, due to the limitations of the CREST system in light of the concurrent Tender Offer.

PIBS Holders who hold their PIBS outside CREST in certificated form can exercise Option 3 by selecting and completing Option 3 on their Paper Instruction Form. The Paper Instruction Form must be returned by post to Equiniti, to be received by Equiniti by no later than the Voting Deadline.

For full details on how to participate in the Offers, please see the section of this document headed "*Procedures for Participating in the Offers*".

19. Can I select more than one Option in respect of my PIBS?

Only one of the above three options (the "**Options**") can be selected for each PIBS held. However, PIBS Holders who hold more than one PIBS do not have to choose the same Option for all their PIBS.

Each PIBS has a denomination of £1,000. Therefore, a PIBS Holder who holds more than £1,000 in nominal amount of PIBS can select different Options, provided that at least £1,000 (or a whole multiple of £1,000) of PIBS is specified in each Option selected, and the total amount of PIBS across all the Options selected by a PIBS Holder cannot exceed the total amount of such Holder's PIBS.

If a PIBS Holder selects more than one Option and the total amount of PIBS represented across those Options exceeds that Holder's total holding of PIBS, then: (1) any PIBS specified in Option 1 will be treated as the first priority instruction, such that those PIBS will be deemed to have been tendered in the Tender Offer; (2) to the extent that the Holder's total holding of PIBS exceeds the PIBS specified in Option 1, any remaining PIBS specified in Option 2 will be treated as a second priority instruction; and (3) to the extent that the Holder's total holding of PIBS exceeds the PIBS specified in Options 1 and 2, any remaining PIBS specified in Option 3 will be treated as a third priority instruction.

20. How do I participate?

The steps you must take if you wish to participate in the Offers differ depending on whether you hold your PIBS in CREST or in certificated form outside of CREST, and which Option(s) (as described in Question (18)) you wish to select in respect of your PIBS.

Please note, the deadline for receipt of Tender Instructions and Voting Only Instructions is **1.00 p.m. (UK time) on 5 July 2021**.

If you hold your PIBS through a broker, bank, custodian or other Intermediary and you wish to participate in the Offers, you are urged to contact that Intermediary as a matter of priority, to ascertain what that Intermediary needs to receive from you, and by when, in order to ensure the Intermediary can arrange for the submission of instructions on your behalf by the above deadline.

For full details on how to participate in the Offers, please see the section of this document headed "*Procedures for Participating in the Offers*".

21. I've lost my PIBS certificate(s). Can I still participate in the Offers?

PIBS Holders who hold their PIBS in certificated form outside CREST will have received one or more PIBS certificates evidencing their holding when they first obtained their PIBS.

If such a PIBS Holder wishes to tender their PIBS in the Tender Offer, they must return their Tender Instruction together with their PIBS certificate(s) representing their holding of the PIBS so tendered. If such Holder has lost their PIBS certificate(s), then such Holder should contact Equiniti (whose contact details are set out on page 7 of this document) as a matter of urgency to obtain a Letter of Indemnity, which must be duly completed and signed and returned together with such PIBS Holder's Tender Instruction.

PIBS Holders who wish to vote on the Resolutions without tendering any PIBS only need to return their Voting Only Instruction to Equiniti. Such Holders do not need to return their PIBS certificate(s) (or a Letter of Indemnity) (but should ensure that the nominal amount of PIBS in respect of which they submit Voting Only Instructions does not exceed their total holding of PIBS).

PIBS Holders who hold their PIBS in CREST do not need to send any certificates (or Letters of Indemnity) to Equiniti in order to participate in the Tender Offer or to vote on the Resolutions (but will need to return their Paper Instruction Form to Equiniti if they wish to submit Voting Only Instructions).

22. When is the Meeting?

The Meeting has been convened for 1.00 p.m. (UK time) on 7 July 2021.

If a quorum is not present at the Meeting, or if a Resolution is passed but the related Eligibility Condition is not satisfied, the Meeting may be adjourned, in which case a further notice will be given to PIBS Holders confirming the date and time of the adjourned Meeting.

23. Where is the Meeting being held?

The Meeting is being convened at One Bishops Square, London E1 6AD, United Kingdom.

However, in light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the above physical location, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions. Nationwide is therefore also arranging for PIBS Holders who select Option 3 for their PIBS to be able to attend the Meeting by way of a video conference.

Given the ongoing risks associated with Covid-19, PIBS Holders who wish to vote without tendering their PIBS are urged to consider selecting Option 2 for their PIBS, appointing the Chairperson of the Meeting (or their nominee) as proxy to cast their votes. If, however, they select Option 3 and wish to attend the Meeting, they are urged to do so via the video conference facility, as there is a risk that the Meeting venue may be unable to admit entry to all PIBS Holders who arrive at the venue due to ongoing Covid-19 restrictions.

PIBS Holders who wish to attend the Meeting, or appoint a proxy other than the Chairperson of the Meeting to attend the Meeting on their behalf, will attend the Meeting virtually and will not attend the physical location unless they specify otherwise in their Paper Instruction Form.

Attending via video conference

PIBS Holders who select Option 3 for their PIBS, and thus elect to attend the Meeting (or to appoint a proxy other than the Chairperson of the Meeting (or their nominee) to attend the Meeting on their behalf) will be required to specify, on their Paper Instruction Form, an email address to which log-in details for the video conference can be sent. The Paper Instruction Form must be received by Equiniti by no later than the Voting Deadline.

Log-in details will be emailed to the relevant participants on the day before the Meeting (or, if applicable, the adjourned Meeting). Participants who are expecting to receive log-in details and have not received them by 2.00 p.m. (UK time) on the day before the Meeting should contact Equiniti, whose contact details are set out on page 7 of this document.

The video conference facility will be hosted by Lumi. The log-in details will include a weblink to the electronic platform, the Meeting ID, a Shareholder Reference Number (SRN) and PIN.

PIBS Holders or proxies attending the Meeting via the video conference facility will be able to vote electronically during the Meeting, once instructed by the Chairman. Participants will vote on Resolution 1 and Resolution 2 separately.

24. I also hold other permanent interest bearing shares and/or other debt instruments issued by Nationwide – is it possible to tender those instruments in the Tender Offer?

The Tender Offer and the Resolutions only apply to the £10,000,000 Floating Rate Permanent Interest Bearing Shares (originally issued by Cheshire Building Society), with ISIN GB0001918076.

25. Where can I obtain further information on the Offers?

For details of whom you can contact to obtain further information on the Offers, please see the section of this document headed “*Further Information*” on page 7 above.

TERMS AND CONDITIONS OF THE OFFERS

The Tender Offer and the related Consent Solicitation are being made on the terms and subject to the conditions contained in this Offer Memorandum (including the offer restrictions set out in “*Offer and Distribution Restrictions*”).

Defined terms used in this Offer Memorandum have the meaning given in “*Definitions*” and any other definitions of such terms are for ease of reference only and shall not affect their interpretation.

OVERVIEW

Nationwide invites, subject to the offer restrictions referred to in “*Offer and Distribution Restrictions*”, all eligible PIBS Holders to tender their PIBS for purchase by Nationwide for cash, on the terms set out below (the “**Tender Offer**”).

In conjunction with the Tender Offer, the PIBS Holders are being invited to consent to certain variations to the Conditions as proposed by Nationwide for approval by Resolutions of PIBS Holders at a meeting (the “**Meeting**”) of the PIBS Holders (such invitation, the “**Consent Solicitation**”).

The submission by or on behalf of a PIBS Holder of a Tender Instruction pursuant to the Tender Offer will also constitute such PIBS Holder’s instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to attend the Meeting (and any adjourned Meeting) and to cast the votes attaching to the PIBS which are the subject of such Tender Instruction in favour of both Resolutions.

Options for Participation

PIBS Holders are not required to participate in the Offers. However, if they wish to do so, they may select from three Options. See Questions (18) and (19) in the section of this document headed “*Q&A*” for information on these three Options, which form part of these Terms and Conditions of the Offers.

TENDER OFFER

The Tender Offer commences on the date of this Offer Memorandum and expires at 1.00 p.m. (UK time) on 5 July 2021 (the “**Participation Deadline**”). In order to participate in the Tender Offer, PIBS Holders must arrange for the submission of a Tender Instruction on their behalf, to be received by Equiniti as tender agent not later than the Participation Deadline. See the section of this document headed “*Procedures for Participating in the Offers*” for further information.

Offer Price and Accrued Interest Payment

If a PIBS Holder validly tenders its PIBS by the Participation Deadline and Nationwide elects to purchase those PIBS pursuant to the Tender Offer, Nationwide will pay to such PIBS Holder a cash amount, in pounds Sterling, equal to 104.00 per cent., or £1,040 for each £1,000, of the nominal amount of such Holder’s PIBS so purchased (the “**Offer Price**”).

In addition, Nationwide will separately pay to the PIBS Holder an amount equal to the accrued and unpaid interest on the PIBS so purchased for the period from (and including) the Interest Payment Date on the PIBS immediately preceding the Settlement Date up to (but excluding) the Settlement Date (the “**Accrued Interest Payment**”).

Tender Instructions

In order to participate in the Tender Offer, and be eligible to receive the Offer Price and Accrued Interest Payment, PIBS Holders must validly tender their PIBS by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by Equiniti as tender agent by the Participation Deadline.

Only CREST Participants or Registered Holders of PIBS may submit Tender Instructions. Each PIBS Holder that is not itself a CREST Participant or a Registered Holder must arrange for the CREST Participant or Registered Holder through which it holds its PIBS to submit a valid Tender Instruction on its behalf.

Accordingly, PIBS Holders are urged to contact their CREST Participant, Registered Holder or other Intermediary through which they hold their PIBS as a matter of urgency, to determine when such CREST Participant, Registered Holder or other Intermediary will require instructions from the PIBS Holder in order to ensure that the Tender Instruction can be submitted by the Participation Deadline. The deadlines for such CREST Participant, Registered Holder or other Intermediary will be before the Participation Deadline.

For PIBS held in CREST, the CREST Participant must submit Tender Instructions electronically via the CREST system. For PIBS held in certificated form outside CREST, the Registered Holder must submit Tender Instructions by way of a Paper Instruction Form, selecting Option 1. See the section “*Procedures for Participating in the Offers*” of this Offer Memorandum for further information regarding the submission of valid Tender Instructions.

Tender Instructions must be submitted in respect of whole denominations of PIBS, and accordingly must be submitted in respect of a nominal amount equal to £1,000 or a whole multiple of £1,000 of PIBS.

Tender Instructions will be irrevocable except in the limited circumstances described in “*Amendment and Termination – Revocation Rights*”.

If, between the time of conclusion of the Meeting (or, if adjourned, the adjourned Meeting) and the time of announcement by Nationwide as to whether or not it accepts for purchase any PIBS validly tendered pursuant to the Tender Offer, there has been a material adverse change in the financial condition of Nationwide or any other significant development which requires Nationwide to extend revocation rights in connection with the Tender Offer to PIBS Holders as set out under “*Amendment and Termination – Revocation Rights*”, Nationwide will give notice to PIBS Holders accordingly and the announcement of the results of the Offers, and the Settlement Date, will be postponed until after expiry of the period during which revocation rights can be exercised.

Payments

If PIBS validly tendered in the Tender Offer are accepted for purchase by Nationwide, the Offer Price and Accrued Interest Payment payable to PIBS Holders will be paid to Equiniti as the PIBS Registrar on the Settlement Date for onward payment to the relevant PIBS Holders in accordance with the usual procedures of the PIBS Registrar for payments to such PIBS Holders. Accordingly:

- (i) in relation to the Offer Price:
 - (a) PIBS Holders who hold their PIBS in certificated form will be paid by cheque posted on the Settlement Date to the registered address of such PIBS Holder appearing in the PIBS Register; and
 - (b) PIBS Holders who hold their PIBS in CREST will be paid by a credit to the registered cash account of the relevant CREST Participant appearing in the PIBS Register; and
- (ii) in relation to the Accrued Interest Payment, PIBS Holders will be paid electronically to their mandated account or, if one is not available, by cheque posted on the Settlement Date to the registered address of such PIBS Holder appearing in the PIBS Register.

The payment by Nationwide of such amounts to Equiniti as PIBS Registrar and by Equiniti in accordance with its usual procedures to the relevant Registered Holder or CREST Participant (as applicable) will discharge the obligation of Nationwide to all PIBS Holders in respect of the payment of the Offer Price and Accrued Interest Payment for each PIBS Holder. No additional amounts will be payable by Nationwide, Equiniti or any other person in the event of any delay or failure in the onward transmission of such amounts by the Registered Holder or CREST Participant (as applicable) to any PIBS Holder who is a beneficial owner holding its PIBS through such Registered Holder or CREST Participant (as applicable).

Provided Nationwide makes, or has made on its behalf, full payment of the Offer Price and Accrued Interest Payment for all PIBS accepted for purchase pursuant to the Tender Offer on or before the Settlement Date, no amounts will be payable to PIBS Holders as a result of any delay in the onward transmission of funds to such PIBS Holder's account, or for any failure or delay in the delivery of a mailed cheque.

PIBS which are purchased to be cancelled

If Nationwide accepts valid tenders of PIBS for purchase pursuant to the Tender Offer, it is the current intention of Nationwide to cancel all such validly tendered PIBS on or around the Settlement Date. The Settlement Date will take place shortly after the conclusion of the Meeting or, if necessary, any adjourned Meeting.

Nationwide shall be entitled, at its sole discretion, to require the PIBS so accepted for purchase pursuant to the Tender Offer to be transferred to it (or to its order) for subsequent cancellation, or alternatively may direct that the PIBS are cancelled directly without first being transferred to it (or to its order).

References in this Offer Memorandum to any purchase of PIBS by Nationwide or any transfer of PIBS to Nationwide should be construed accordingly.

General conditions of the Tender Offer

The invitation by Nationwide to PIBS Holders to tender their PIBS is an invitation to treat by Nationwide, and any references to the Tender Offer shall be construed accordingly. As such, Nationwide may elect, in its sole and absolute discretion (and subject as set out in these Terms and Conditions of the Offers), whether it will accept for purchase any PIBS tendered pursuant to the Tender Offer. Nationwide's current intention is that it will accept all valid tenders of PIBS pursuant to the Tender Offer, subject to these Terms and Conditions of the Offers.

Nationwide will at all times have the discretion to accept for purchase any PIBS tendered in the Tender Offer, the tender of which would otherwise be invalid or, in the sole opinion of Nationwide, may otherwise be invalid, subject to applicable law.

If any person does not receive a copy of this Offer Memorandum or any announcement made or notice issued in connection with the Tender Offer, this shall not invalidate any aspect of the Tender Offer. No acknowledgement of receipt of any Tender Instruction and/or other documents will be given by Nationwide, the Dealer Managers, Equiniti or BondCap.

CONSENT SOLICITATION

Resolutions and Proposed Variations

In conjunction with the Tender Offer, PIBS Holders are being invited to consent to the making of certain variations to the Special Conditions of Issue of the PIBS (the "**Conditions**") relating to the following matters:

- (i) **Resolution 1** relates to the manner in which interest will be calculated on the PIBS from 30 September 2021, such that interest would be calculated by reference to a SONIA reference rate rather than the 6-month Sterling LIBOR reference rate. There would also be an additional adjustment margin of 0.2766 per cent. per annum to reflect the differences between 6-month Sterling LIBOR and SONIA. In addition, it is proposed to include 'fallback' language that would take effect if SONIA were to be discontinued in the future; and
- (ii) **Resolution 2** relates to (1) the proposed inclusion in the Conditions of an option for Nationwide to elect, in its discretion, to redeem and repay the PIBS on the Interest Payment Date falling in September 2030 or any Interest Payment Date thereafter; and (2) the proposed increase in each Rate of Interest on the PIBS after 30 September 2021 by the Additional Margin of 1.50 per cent. per annum.

Together, Resolution 1 and Resolution 2 are referred to as the "**Resolutions**", and the proposed variations to the Conditions are referred to as the "**Proposed Variations**".

The precise forms of the Resolutions are set out in the Notice of Meeting which is attached at the end of this document, and further information on the meaning of, and reasons for, the Resolutions are set out at Questions (5) to (10) in the section of this document headed “Q&A”.

Nationwide is not required to implement the Resolutions and the Proposed Variations even if the Resolutions are passed by the PIBS Holders. However, it is Nationwide’s current expectation that:

- (i) if Resolution 1 is passed at the Meeting (or the adjourned Meeting, if applicable) and the Eligibility Condition is satisfied, Nationwide will implement Resolution 1 and vary the Conditions to reflect the Proposed Variations under Resolution 1 accordingly; and
- (ii) if Resolution 2 is passed at the Meeting (or the adjourned Meeting, if applicable) and the Eligibility Condition is satisfied, Nationwide will implement Resolution 2 and vary the Conditions to reflect the Proposed Variations under Resolution 2 only if Resolution 1 is also passed and implemented.

Eligibility Condition

The implementation of each Resolution will be conditional upon:

- (i) the passing of the relevant Resolution; and
- (ii) the quorum required for, and the requisite majority of votes cast in favour of the relevant Resolution at, the Meeting (or the adjourned Meeting, if applicable) being satisfied by Eligible Holders only, irrespective of any participation at the Meeting by Ineligible Holders (the “**Eligibility Condition**”).

In addition, as noted above, Nationwide will only implement Resolution 2 if Resolution 1 is also passed and implemented.

Nationwide will announce the results of the Meeting (and, if applicable, the adjourned Meeting), including if each Resolution was passed and whether or not the Eligibility Condition was satisfied for each Resolution, as soon as reasonably practicable after the relevant Meeting.

See further below, and also Question (17) in the section of this document headed “Q&A”, for more information about the distinction between Eligible Holders and Ineligible Holders.

Meeting and Resolutions

A Meeting of the PIBS Holders is being convened by Nationwide for PIBS Holders to consider and, if thought fit, pass the Resolutions, as more fully set out in the Notice of Meeting, which is attached at the end of this document.

The Meeting is being convened for 1.00 p.m. (UK time) on 7 July 2021.

The Meeting is being convened at One Bishops Square, London E1 6AD, United Kingdom.

However, in light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the above physical location, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions.

Nationwide is therefore also arranging for PIBS Holders to be able to attend the Meeting by way of a video conference. **Given the ongoing risks associated with Covid-19, PIBS Holders who wish to vote without tendering their PIBS are urged to consider selecting Option 2 for their PIBS, appointing the Chairperson of the Meeting (or their nominee) as proxy to cast their votes. If, however, they select Option 3 and wish to attend the Meeting, they are urged to do so via the video conference facility, as there is a risk that the Meeting venue may be unable to admit entry to all PIBS Holders who arrive at the venue due to ongoing Covid-19 restrictions.** Further information regarding attending the Meeting via video conference is set out in Question (23) of the section of this document headed “Q&A”.

PIBS Holders are reminded that the submission by a PIBS Holder of a Tender Instruction in the Tender Offer will also constitute that PIBS Holder’s instruction to appoint the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to attend the Meeting on such PIBS Holder’s behalf and cast the votes attaching to the PIBS which are the subject of such Tender Instruction in favour of both Resolutions. **Accordingly, PIBS Holders electing Option 1 should take no other action in respect of the Meeting or the Resolutions in respect of those PIBS for which Option 1 is selected. Any PIBS Holder that submits both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS will be deemed to have made a Tender Instruction in respect of those PIBS.**

PIBS Holders who elect not to tender their PIBS in the Tender Offer but who submit a valid Voting Only Instruction which is received by Equiniti by the Voting Deadline will, if they select Option 3 and thereby elect to attend the Meeting or to appoint a proxy (other than the Chairperson of the Meeting or their nominee) to attend the Meeting on their behalf, be provided by Equiniti with instructions on how to attend and participate at the Meeting by video conference. The Paper Instruction Form on which Voting Only Instructions can be made will contain a space for PIBS Holders to provide a contact email address and telephone number. It is important that these fields are completed, so that the relevant Meeting details can be provided by Equiniti to such PIBS Holder.

Quorum

The quorum required for the Meeting to consider the Resolutions is one or more persons present and holding or representing in aggregate not less than one-third of the principal amount of the PIBS for the time being outstanding.

If the Meeting is required to be adjourned, the quorum at such adjourned Meeting will be the same as for the first Meeting, except that if such quorum is not present within half an hour of the time appointed for the start of the adjourned Meeting, then one or more persons present and holding or representing any PIBS, irrespective of the principal amount of PIBS so represented, shall form a quorum.

Tender Instructions and Voting Only Instructions which are validly submitted in accordance with the procedures set out in this Offer Memorandum (including its Annex) and in the Notice of Meeting attached at the end of this document, and which have not been subsequently revoked (in the circumstances in which such revocation is permitted), shall remain valid for the adjourned Meeting.

Voting

Each Resolution will only be passed at the Meeting (or, if applicable, the adjourned Meeting) if not less than three-quarters of the votes represented at such Meeting are cast in favour of such Resolution.

The implementation of each Resolution is conditional on the satisfaction of the Eligibility Condition relating to such Resolution. In addition, Nationwide's current intention is that it will only implement Resolution 2 if Resolution 1 is also passed and implemented.

Eligibility Condition

Both Eligible Holders and Ineligible Holders attending or otherwise represented at the Meeting will be taken into consideration for the purposes of determining whether the relevant quorum has been satisfied at the Meeting (or any adjournment thereof) and/or whether the requisite majority of votes have been cast in favour of the relevant Resolution.

If a Resolution is passed but the Eligibility Condition is not satisfied in respect of such Resolution, it is a term of each Resolution that the Meeting shall be adjourned on the same basis as for a Meeting where the necessary quorum is not obtained. In such event, the relevant Resolution shall be proposed again to PIBS Holders at such adjourned Meeting for the purposes of determining whether it can be passed irrespective of any participation by Ineligible Holders at such adjourned Meeting and, if so, whether the Eligibility Condition will be satisfied in such circumstances. If a Resolution is passed at the adjourned Meeting but the related Eligibility Condition is not satisfied, such Resolution will not be implemented.

PIBS Holders who submit (or arrange to have submitted on their behalf) a Tender Instruction in the Tender Offer will be deemed to represent and agree that they are an Eligible Holder.

PIBS Holders who hold their PIBS in certificated form and who submit (or arrange to have submitted on their behalf) Voting Only Instructions will be required to specify on their Paper Instruction Form, in the box provided, if they are an Ineligible Holder. If they do not mark the box provided for that purpose, they will be deemed to represent and agree that they are an Eligible Holder.

If a Registered Holder completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such Registered Holder should indicate this on the relevant Paper Instruction Form. If selecting Option 2, the Registered Holder must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3, the Registered Holder must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

Where a CREST Participant completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such CREST Participant should indicate this on the relevant Paper Instruction Form. If selecting Option 2, the CREST Participant must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3, the CREST Participant must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

See also Question (17) of the section of this document headed "Q&A".

Resolutions binding

If a Resolution is duly passed and Nationwide elects to implement the Resolution, the Conditions will be varied in accordance with the relevant Resolution. Such variations will be binding on all PIBS Holders, whether or not present or represented at the Meeting and whether or not voting in favour.

Amendments to Offers upon adjournment of Meeting

If the Meeting is adjourned, Nationwide may, in its sole discretion, elect to make certain amendments in respect of the Offers, including (without limitation) changing the Participation Deadline, the Voting Deadline and/or the Settlement Date in respect of the Tender Offer. Nationwide will announce any such amendments as soon as is reasonably practicable after the Meeting is adjourned.

Voting by way of a Tender Instruction

A PIBS Holder who submits (or arranges the submission on its behalf of) a valid Tender Instruction pursuant to the Tender Offer will also, as part of that Tender Instruction, be arranging automatically (without any further action) for the votes attaching to the PIBS which are the subject of the Tender Instruction to be cast in favour of both Resolutions.

Accordingly, the submission by a PIBS Holder of a valid Tender Instruction pursuant to the Tender Offer will also constitute such PIBS Holder's instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder's proxy to attend the Meeting (and any adjourned Meeting) and to cast the votes attaching to the PIBS which are the subject of such Tender Instruction in favour of the Resolutions.

It will not be possible to submit a Tender Instruction without, at the same time, giving such instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder's proxy to vote in favour of both Resolutions.

Such appointment will be irrevocable (except in the limited circumstances in which revocation of the Tender Instruction is permitted, as provided under "Amendment and Termination – Revocation Rights" in this Offer Memorandum). Accordingly, any PIBS Holder submitting (and not validly revoking, in the limited circumstances permitted) a valid Tender Instruction pursuant to the Tender Offer will not be entitled separately to attend or vote at the Meeting (or any adjourned Meeting).

Voting by way of a Voting Only Instruction

If a PIBS Holder does not wish to tender all (if any) of their PIBS in the Tender Offer, and still wishes to vote on the Resolutions in respect of those PIBS not tendered, they may submit a Voting Only Instruction. If selecting Option 2 on the Paper Instruction Form, the Voting Only Instruction will appoint the Chairperson of the Meeting (or their nominee) to vote such holder's PIBS in accordance with its instructions. If selecting Option 3 on the Paper Instruction Form, the PIBS Holder will indicate that it wishes to attend and vote at the Meeting itself or to appoint another proxy to do so on its behalf.

PIBS Holders should note that if they vote by way of the submission of a Voting Only Instruction, they will not participate in the Tender Offer with respect to the PIBS that are the subject of such Voting Only Instruction, and accordingly will not be entitled to receive the Offer Price and Accrued Interest Payment in respect of such PIBS pursuant to the Tender Offer. Such PIBS Holders will, instead, continue to hold those PIBS after completion of the Tender Offer, subject to the PIBS Conditions (as varied in accordance with the Proposed Variations if the Resolutions are passed and implemented).

PIBS Holders may not submit both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS. Any PIBS Holder that submits both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS will be deemed to have made a Tender Instruction in respect of those PIBS. See Question (19) in the section of this document headed “Q&A” for further information.

General

Expected Timetable

Nationwide currently expects the Tender Offer and the Consent Solicitation to proceed on the timetable set out in the section of this document headed “*Expected Timetable*”. The provisions of that section are deemed to form part of the terms and conditions of the Offers.

The times and dates set out in the expected timetable are subject to the right of Nationwide to extend, re-open, amend, and/or terminate the Offers (subject to applicable law and as provided in this Offer Memorandum) at any time in its sole discretion.

Announcements

Unless stated otherwise, announcements in connection with the Offers will be made by publication through RNS (<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

Nationwide may, in its absolute discretion, also give notice by any other means it considers appropriate, including (without limitation) by mailing notices to the registered address of PIBS Holders appearing in the PIBS Register.

Such announcements may also be made on the relevant Reuters Insider Screen and/or by the issue of a press release to a Notifying News Service.

Electronic copies of all such announcements and notices will also be available after publication from BondCap. Significant delays may be experienced where notices are sent by post. Accordingly, Retail Investors may wish to contact BondCap, whose contact details are set out on page 7 of this document, to obtain the relevant announcements during the course of the Offers.

Institutional Investors may contact the Dealer Managers, whose contact details are set out at the end of this document, to obtain the relevant announcements during the course of the Offers.

Amendment and Termination

Nationwide may, in its sole and absolute discretion, extend, re-open, amend, waive any condition of or terminate the Offers at any time (subject to applicable law and as provided in this Offer Memorandum). Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in this Offer Memorandum as soon as reasonably practicable after the relevant decision is made. See “*Amendment and Termination*” below.

Costs and Expenses

Any charges, costs and expenses incurred by a PIBS Holder in connection with the Tender Offer or the Consent Solicitation shall be borne by such PIBS Holder. No brokerage costs will be levied by Nationwide, the Dealer Managers, Equiniti or BondCap. PIBS Holders should check whether their broker, custodian or other Intermediary will charge any fees or disbursements to them.

Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders submitting Tender Instructions

By submitting (or arranging the submission on its behalf of) a Tender Instruction, Holders will make certain agreements, acknowledgements, representations, warranties and undertakings as set out in the Annex (*Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders*) to this Offer Memorandum.

Nationwide, the Dealer Managers, Equiniti and BondCap will rely on the truth and accuracy of these agreements, acknowledgements, representations, warranties and undertakings.

Requirements of United States securities laws

In the event that the Resolutions or either of them are passed and implemented, sales of the PIBS may not be made in the United States or to U.S. persons (unless made outside the United States pursuant to Rules 903 and 904 of Regulation S under the Securities Act) until the expiry of the period of 40 days after the date on which the Conditions are amended.

Governing law

The Tender Offer and the Consent Solicitation, each Voting Only Instruction and each Tender Instruction and any purchase of PIBS pursuant to the Tender Offer, and any non-contractual obligations arising out of or in connection with any of the foregoing, shall be governed by and construed in accordance with English law.

By submitting a Tender Instruction or Voting Only Instruction, the relevant PIBS Holder (including any beneficial owner of the PIBS, if those PIBS are held through an Intermediary) irrevocably and unconditionally agrees for the benefit of Nationwide, the Dealer Managers, Equiniti and BondCap that the courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Tender Offer, the Consent Solicitation, any Tender Instruction, any Voting Only Instruction and any purchase of PIBS pursuant to the Tender Offer (including any disputes relating to any non-contractual obligations arising out of or in connection therewith) and that, accordingly, any suit, action or proceedings arising out of or in connection with the foregoing may be brought in such courts.

EXPECTED TIMETABLE

Nationwide currently expects the Tender Offer and the Consent Solicitation to proceed on the timetable below. However, the times and dates below are indicative only, and subject to change. Nationwide will announce any changes to the timetable.

Events	Times and Dates <i>(All times are UK time)</i>
Commencement of the Tender Offer and the Consent Solicitation	3 June 2021
Announcement of the Tender Offer and the Consent Solicitation. Offer Memorandum, Notice of Meeting and a Paper Instruction Form sent to PIBS Holders (subject to the offer and distribution restrictions).	
Participation Deadline, Voting Deadline and PIBS Record Time	1.00 p.m. on 5 July 2021
<p><i>Participation Deadline</i> Deadline for receipt by Equiniti of all Tender Instructions for a PIBS Holder to be eligible (if such PIBS are accepted for purchase by Nationwide) to receive the Offer Price and Accrued Interest Payment. Accordingly, this is the latest time and date for (i) receipt of Tender Instruction Forms and the related PIBS certificates (or a Letter of Indemnity in lieu thereof, if applicable) for tendered PIBS in certificated form; and (ii) settlement of TTE Instructions for PIBS tendered in CREST.</p> <p><i>Voting Deadline</i> Deadline for receipt by Equiniti of all Voting Only Instructions with respect to the Resolutions.</p> <p><i>PIBS Record Time</i> Only PIBS Holders who hold their PIBS as at the PIBS Record Time (and continue to hold them until conclusion of the Meeting) will be eligible to vote (or to appoint a proxy to vote) at the Meeting (unless the Meeting is adjourned).</p>	
Meeting	1.00 p.m. on 7 July 2021
Meeting of PIBS Holders to consider the Resolutions approving the Proposed Variations.	
Results Announcement	8 July 2021
<p>If the Meeting will be adjourned, Nationwide expects to announce the adjournment of the Meeting and the Results Announcement will be delayed.</p> <p>If the Meeting will not be adjourned, Nationwide expects to announce the results of the Offers, including announcement of (i) the aggregate nominal amount of PIBS validly tendered prior to the Participation Deadline; (ii) whether Nationwide accepts for purchase any PIBS and, if so, the aggregate nominal amount of PIBS so accepted for purchase pursuant to the Tender Offer; (iii) the total amount (being the Offer Price plus Accrued Interest Payment) payable in respect of each £1,000 nominal amount of PIBS purchased, to be paid to PIBS Holders on the Settlement Date pursuant to the Tender Offer; and (iv) whether each of the Resolutions was passed at the Meeting, whether the Eligibility Condition for each Resolution was satisfied, and whether each Resolution will be implemented.</p>	
Settlement Date	14 July 2021
<p>If the Meeting will be adjourned, Nationwide expects to delay the Settlement Date until after the adjourned Meeting.</p> <p>If the Meeting will not be adjourned, this is the expected settlement date of the Tender Offer, including (i) repurchase and cancellation of PIBS purchased in the Tender Offer and (ii) payment of the Offer Price and Accrued Interest Payment in respect of such PIBS.</p>	

The above times and dates are indicative only, and subject to the right of Nationwide to extend, re-open, amend and/or terminate the Offers (subject to applicable law and as provided in this Offer Memorandum).

PIBS Holders are advised to check with any bank, custodian, securities broker or other Intermediary through which they hold their PIBS when such Intermediary would need to receive instructions from a PIBS Holder in order for that PIBS Holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offers before the relevant deadlines specified in this Offer Memorandum. The deadlines set by any such Intermediary will be earlier than the relevant deadlines specified above.

PIBS Holders are also advised to ensure that, where any documents are posted to Equiniti, they allow sufficient time to ensure receipt of such documents by Equiniti by the relevant deadline.

If a quorum is not achieved at the Meeting (or if the quorum is achieved and either or both Resolutions are passed but the Eligibility Condition is not satisfied), the Meeting shall be adjourned until a date not less than 14 days nor more than 42 days later. The date of the adjourned Meeting will be notified to the PIBS Holders in the notice of the adjourned Meeting in accordance with the Conditions, such notice to be given at least 10 days (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) prior to the proposed adjourned Meeting.

Any such notice will also specify any amendments to the timetable for the Offers, including any extension of the offer period, the new Participation Deadline, Voting Deadline, PIBS Record Time and Settlement Date and any other amendments.

OFFER AND DISTRIBUTION RESTRICTIONS

This Offer Memorandum does not constitute an invitation to participate in the Offers in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this Offer Memorandum comes are required by each of Nationwide, the Dealer Managers, Equiniti and BondCap to inform themselves about, and to observe, any such restrictions.

Notwithstanding the foregoing paragraph and the following Offer and Distribution Restrictions, the Offer and Distribution Restrictions do not prevent any PIBS Holder from receiving the Notice of Meeting or exercising their right to vote on the Resolutions.

PIBS Holders who believe they are unable to participate in the Tender Offer due to the offer and distribution restrictions set out below are urged to contact BondCap as a matter of priority.

United States

The Offers are not being made, and will not be made to (or for the account or benefit of) U.S. persons (as defined in Regulation S under the Securities Act) or directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The PIBS may not be tendered in the Offers by any such use, means, instrumentality or facility from or within the United States or by U.S. persons or by persons located or resident in the United States as defined in Regulation S of the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). Accordingly, copies of this Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States or to U.S. persons. Any purported tender of PIBS in the Offers resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of PIBS made by a U.S. person or by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal that is a U.S. person or that is giving instructions from within the United States will be invalid and will not be accepted.

As used in this document, “**United States**” means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Each PIBS Holder participating in the Tender Offer will represent that it is not a U.S. person, is not located in the United States and is not participating in the Tender Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not a U.S. person and is not giving an order to participate in the Tender Offer from the United States.

In addition, nothing in this Offer Memorandum or the transmission thereof constitutes or contemplates an offer of, or the offer to purchase or the solicitation of an offer to sell securities in the United States or any other jurisdiction. The PIBS have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and the PIBS may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, this Offer Memorandum must not be distributed in or into the United States or to U.S. persons (as defined in Regulation S under the Securities Act) in any circumstances.

In the event that the Resolutions or either of them are passed and implemented, then sales of the PIBS may not be made in the United States or to U.S. persons (unless made outside the United States pursuant to Rules 903 and 904 of Regulation S under the Securities Act) until the expiry of the period of 40 days after the date of the amended Conditions.

United Kingdom

The communication of this Offer Memorandum and any other documents or materials relating to the Offers are not being made and such documents and/or materials have not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000.

Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to, and may only be acted upon by, those persons in the United Kingdom falling within Article 43 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”) (which includes an existing member of Nationwide and, therefore, includes the PIBS Holders) or within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order) or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

Nationwide is acting solely and exclusively in the capacity of offeror in respect of the Offers and is not acting for or on behalf of PIBS Holders or any other person, and will not regard any person as its “client” in relation to the Tender Offer or the Consent Solicitation. Accordingly, Nationwide will not be responsible to any person for providing the sorts of protections afforded to persons who receive investment services or advice under the FSMA, Regulation (EU) No 600/2014 as it forms part of domestic law (“**UK MiFIR**”) by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”), the FCA Handbook Product Intervention and Product Governance Sourcebook, Directive 2014/65/EU, as amended (“**MiFID II**”) or any other regulatory regime in a capacity as a client.

Italy

The Offers are not being made, directly or indirectly, in the Republic of Italy. None of the Offers, this Offer Memorandum or any other document or materials relating to the Offers have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian laws and regulations. Accordingly, (i) neither the Offers, nor this Offer Memorandum or any other offering material relating to the Offers or the PIBS may be distributed or made available in the Republic of Italy and (ii) no marketing, promotional, informative or solicitation activity whatsoever can be performed in the Republic of Italy.

France

This Offer Memorandum and any documents or offering materials relating to the Offers may not be distributed in the Republic of France except to qualified investors (*investisseurs qualifiés*) as defined in Article 2(e) of the Prospectus Regulation, as amended, and Article L.411-2 of the French *Code monétaire et financier* as amended from time to time. This Offer Memorandum has not been and will not be submitted for clearance to nor approved by the *Autorité des marchés financiers*.

Belgium

The Offers are not being made, directly or indirectly, to the public in Belgium. Neither this Offer Memorandum nor any other documents or materials relating to the Offers have been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority (*Autoriteit voor financiële diensten en markten / Financial Services and Markets Authority*) and, accordingly, the Offers may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of 1 April 2007 on public takeover bids as amended or replaced from time to time (the “**Belgian Takeover Law**”).

Accordingly, the Offers may not be advertised and the Offers will not be extended, and neither this Offer Memorandum nor any other documents or materials relating to the Offers (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than (i) “qualified investors” in the sense of Article 21 of the Prospectus Regulation (as amended from time to time), acting on their own account, and provided that they do not qualify as a “consumer” within the meaning of Article 1.1 of the Belgian Code of Economic Law (as amended or replaced from time to time) or (ii) in any circumstances set out in Article 6, §4 of the Belgian Takeover Law. Insofar as Belgium is concerned, this Offer Memorandum has been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offers. Accordingly, the information contained in this Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

General

This Offer Memorandum does not constitute an offer to buy or the solicitation of an offer to sell PIBS (and tenders of PIBS in the Offers will not be accepted from PIBS Holders) in any circumstances in which such offer or solicitation is unlawful.

In addition to the representations referred to above in respect of the United States, each PIBS Holder participating in the Tender Offer will also be deemed to give certain representations, acknowledgements, warranties and undertakings and make certain agreements in respect of the jurisdictions referred to above and generally as described in the Annex (*Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders*) to this Offer Memorandum.

Any tender of PIBS for purchase pursuant to the Tender Offer from a PIBS Holder who is unable to make these representations will not be accepted. Each of Nationwide, the Dealer Managers, Equiniti and BondCap reserves the right, in its absolute discretion, to investigate, in relation to any tender of PIBS for purchase pursuant to the Tender Offer, whether any such representation given by a PIBS Holder is correct and, if such investigation is undertaken and as a result Nationwide determines (for any reason) that such representation is not correct, such tender shall not be accepted.

DEFINITIONS

“Accrued Interest”	Interest accrued and unpaid on the PIBS from (and including) the Interest Payment Date for the PIBS immediately preceding the Settlement Date to (but excluding) the Settlement Date.
“Accrued Interest Payment”	An amount in cash (rounded to the nearest £0.01, with £0.005 rounded upwards) equal to the amount of the Accrued Interest on the PIBS validly tendered for purchase by a PIBS Holder and purchased by Nationwide pursuant to the Tender Offer.
“Additional Margin”	The additional margin of 1.50 per cent. per annum, by which each Rate of Interest on the PIBS determined by reference to SONIA will be increased if both Resolution 1 and Resolution 2 are passed at the Meeting (or the adjourned Meeting) and implemented. See Question (9) in the section of this document headed “Q&A” for further information.
“Affiliates”	With respect to any person: (i) such person’s directors, officers, employees, agents, affiliates or advisers; and (ii) any person controlling such person, and such controller’s directors, officers, employees, agents, affiliates or advisers.
“beneficial owner”	A person who is the owner of a beneficial interest in PIBS but who is not a Registered Holder or CREST Participant in respect of such PIBS.
“Bloomberg”	Bloomberg Index Services Limited.
“BondCap”	Bondinvest Capital Limited. <i>BondCap is acting as Retail Information Agent for the Offers, and may be contacted by Retail Investors who have questions regarding the Offers, using the contact details on page 7 of this Offer Memorandum.</i>
“Conditions”	The Special Conditions of Issue of the PIBS, as varied from time to time.
“Consent Solicitation”	The invitation by Nationwide to PIBS Holders to consent, by way of voting on the Resolutions, to the Proposed Variations to the Conditions of the PIBS, as set out in the Notice of Meeting attached at the end of this document.
“CREST”	The relevant system (as defined in the CREST Regulations) in respect of which EUI is the operator (as defined in the CREST Regulations).
“CREST Manual”	The document entitled the “CREST Manual” issued by EUI.
“CREST Participant”	A person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations).
“CREST Regulations”	The Companies Act 1996 (Uncertificated Securities) Regulations 1996 (S.I. No 68/1996) and the UK Uncertificated Securities Regulations 2001 (SI 2001No. 2001/3755), including any modifications thereof or any regulations in substitution therefor and for the time being in force.
“Dealer Managers”	Lloyds Bank Corporate Markets plc and Nomura International plc.
“Eligibility Condition”	The condition to the implementation of a Resolution, if passed, that the quorum required for, and the requisite majority of votes cast at, the Meeting (or, if applicable, the adjourned Meeting) in respect of such Resolution are satisfied by Eligible Holders only, irrespective of any participation at the Meeting by Ineligible Holders. See Question (17) of the section of this document headed “Q&A” for further information.
“Eligible Holder”	Each PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the Securities Act), and (b) otherwise a person to whom the Offers can be lawfully made and that may lawfully participate in the Offers.
“Equiniti”	Equiniti Limited. <i>Equiniti is acting as tender agent and tabulation agent for the Offers, and is also the PIBS Registrar.</i>
“ESA Instruction”	An escrow account adjustment input (AESN), transaction type “ESA” (as described in the CREST Manual).
“EUI”	Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited).
“EUWA”	The European Union (Withdrawal) Act 2018.
“FCA”	The Financial Conduct Authority.
“Financial Promotion Order”	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
“FSMA”	The Financial Services and Markets Act 2000, as amended.
“Ineligible Holder”	A PIBS Holder who is not an Eligible Holder.
“Intermediary”	Any broker, dealer, commercial bank, trust company or other nominee or custodian who holds PIBS or an interest in PIBS on behalf of another person.

“ Institutional Investor ”	A PIBS Holder that is: (i) an “eligible counterparty” or a “professional client”, each as defined in MiFID II; or (ii) an “eligible counterparty” as defined in the FCA Handbook Conduct of Business Sourcebook or a “professional client” as defined in UK MiFIR.
“ Interest Payment Date ”	An Interest Payment Date as defined in the Conditions of the PIBS.
“ Interest Period ”	An Interest Period as defined in the Conditions of the PIBS.
“ Interest Rate Variations ”	The proposed variations to the Conditions, which are the subject of Resolution 1, as set out in the Notice of Meeting.
“ Letter of Indemnity ”	A letter of indemnity in the form which Holders of PIBS held in certificated form who have lost their PIBS certificate may obtain from Equiniti if they wish to participate in the Tender Offer, and which must be returned to Equiniti (in lieu of the lost PIBS certificate) together with such Holder’s Tender Instruction Form.
“ LIBOR ”	London interbank offered rate.
“ Lumi ”	Lumi, being the platform which will host the video conference facility for the Meeting.
“ Margin ”	The original Margin of 2.40 per cent. per annum, as defined in the Conditions of the PIBS.
“ Meeting ”	The meeting of PIBS Holders to be held at 1.00 p.m. (UK time) on 7 July 2021 to consider the Resolutions (as described in the Notice of Meeting) (and any adjournment thereof).
“ MiFID II ”	Directive 2014/65/EU, as amended.
“ Nationwide ”	Nationwide Building Society.
“ Notice of Meeting ”	The notice dated the date of this Offer Memorandum convening the Meeting, which is attached at the end of this document.
“ Notifying News Service ”	A recognised financial news service or services (e.g. Reuters/Bloomberg) as selected by Nationwide.
“ Observation Period ”	A period of time broadly equivalent to an Interest Period, over which a Rate of Interest calculated by reference to SONIA will be determined.
“ Offer Memorandum ”	This Offer Memorandum (including the Annex hereto and the Notice of Meeting attached hereto).
“ Offer Price ”	The price at which Nationwide will purchase PIBS which are validly tendered in the Tender Offer and accepted for purchase by Nationwide, being an amount equal to 104.00 per cent., or £1,040 for each £1,000, of the nominal amount of PIBS so purchased. <i>Nationwide will also pay the Accrued Interest Payment in respect of the PIBS purchased by it pursuant to the Tender Offer.</i>
“ Offers ”	The Tender Offer and the Consent Solicitation.
“ Paper Instruction Form ”	(i) With respect to PIBS held in CREST, the paper form on which CREST Participants can specify Voting Only Instructions (i.e. Option 2 or Option 3, as described at Question (18) in the section of this document headed “Q&A”) on behalf of PIBS Holders who hold PIBS in CREST; or (ii) With respect to PIBS held in certificated form outside CREST, the paper form on which PIBS Holders can specify their Tender Instructions (i.e. Option 1, as described at Question (18) in the section of this document headed “Q&A”) or Voting Only Instructions (i.e. Option 2 or Option 3, as described at Question (18) in the section of this document headed “Q&A”) with respect to their PIBS. <i>Registered Holders of PIBS should have received a Paper Instruction Form together with their copy of this Offer Memorandum. Any Registered Holder who did not receive a Paper Instruction Form should contact Equiniti to request one as a matter of priority if they wish to participate in the Offers.</i>
“ Participation Deadline ”	1.00 p.m. (UK time) on 5 July 2021 (subject to the right of Nationwide to extend, re-open, amend and/or terminate the Tender Offer).
“ PIBS ”	The £10,000,000 Floating Rate Permanent Interest Bearing Shares (ISIN: GB0001918076) of Nationwide (originally issued by Cheshire Building Society).
“ PIBS Holder ”	A holder of PIBS, as more fully described on page 6 of this Offer Memorandum, and a “ Holder ” of PIBS shall be construed accordingly.
“ PIBS Record Time ”	1.00 p.m. (UK time) on 5 July 2021 (unless the Meeting is adjourned). Only PIBS Holders who hold their PIBS as at the PIBS Record Time (and continue to hold them until conclusion of the Meeting) will be eligible to vote (or to appoint a proxy to vote) at the Meeting.
“ PIBS Register ”	The register of PIBS Holders maintained by the PIBS Registrar on behalf of Nationwide.
“ PIBS Registrar ”	Equiniti, as registrar in respect of the PIBS.
“ PRA ”	The Bank of England acting as Prudential Regulation Authority.

“Proposed Variations”	The proposed Interest Rate Variations and the proposed Redemption Right Variations.
“Prospectus Regulation”	Regulation (EU) 2017/1129, as amended.
“Rate of Interest”	The Rate of Interest as defined in the Conditions of the PIBS.
“Redemption Right Variations”	The proposed variations to the Conditions, which are the subject of Resolution 2, as set out in the Notice of Meeting attached at the end of this document.
“Registered Holder”	A holder recorded in the PIBS Register as the holder of legal title to any PIBS.
“Resolution 1”	The resolution to be proposed at the Meeting in respect of the Interest Rate Variations, as described in greater detail in the Notice of Meeting attached at the end of this document.
“Resolution 2”	The resolution to be proposed at the Meeting in respect of the Redemption Right Variations, as described in greater detail in the Notice of Meeting attached at the end of this document.
“Resolutions”	Resolution 1 and Resolution 2 (and each a “Resolution”).
“Results Announcement”	The announcement which Nationwide currently expects to make on or around 8 July 2021 (unless the Meeting is adjourned) confirming the results of the Offers, including announcement of (i) the aggregate nominal amount of PIBS validly tendered prior to the Participation Deadline; (ii) whether Nationwide accepts for purchase any PIBS and, if so, the aggregate nominal amount of PIBS so accepted for purchase pursuant to the Tender Offer; (iii) the total amount (being the Offer Price plus Accrued Interest Payment) payable in respect of each £1,000 nominal amount of PIBS purchased, to be paid to PIBS Holders on the Settlement Date pursuant to the Tender Offer; and (iv) whether each of the Resolutions was passed at the Meeting, whether the Eligibility Condition for each Resolution was satisfied, and whether each Resolution will be implemented.
“Retail Information Agent”	BondCap.
“Retail Investor”	A PIBS Holder who is not an Institutional Investor.
“RFR”	A ‘risk-free rate’.
“RNS”	The Regulatory News Service provided by the London Stock Exchange plc (being a regulatory information service that is on the list of regulatory information services maintained by the FCA).
“Sanctions Authority”	Each of: <ul style="list-style-type: none"> (i) the United States government; (ii) the United Nations; (iii) the European Union (or any of its member states); (iv) the United Kingdom; (v) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; or (vi) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty’s Treasury.

“Sanctions Restricted Person”	Each person or entity (a “Person”): (i) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in: (A) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/sdnlist.pdf); or (B) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: http://www.treasury.gov/ofac/downloads/fse/fselist.pdf); or (C) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions); or (ii) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (A) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf) (the “SSI List”); (B) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014, Council Regulation (EU) No 1290/2014 and Council Regulation (EU) No 2015/1797 (the “EU Annexes”); or (C) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes.
“Securities Act”	The United States Securities Act of 1933, as amended.
“Settlement Date”	Expected to be 14 July 2021 (unless the Meeting is adjourned) (subject to the right of Nationwide to extend, re-open, amend and/or terminate the Tender Offer).
“SONIA”	Sterling Overnight Index Average.
“SONIA Adjustment Margin”	The adjustment margin of 0.2766 per cent. per annum, to be included in the calculation of each Rate of Interest on the PIBS determined by reference to SONIA if Resolution 1 is passed on its terms and implemented (as further described in Question (8) in the section headed “Q&A” of this document).
“Sterling” or “£”	Pounds sterling, the lawful currency of the United Kingdom.
“Tender Instruction”	In the case of: (a) PIBS held in certificated form, a Tender Instruction Form; and (b) PIBS held in CREST, a TTE Instruction.
“Tender Instruction Form”	A Paper Instruction Form completed by (or on behalf of) a PIBS Holder and specifying ‘Option 1’, which is received (together with the certificate(s) for the relevant PIBS (or, if applicable, a Letter of Indemnity in lieu thereof)) by Equiniti as tender agent by the Participation Deadline in order for such PIBS Holder to be able to participate in the Tender Offer.
“Tender Offer”	The invitation by Nationwide, subject to the offer restrictions referred to in “ <i>Offer and Distribution Restrictions</i> ”, to eligible PIBS Holders to tender their PIBS for purchase by Nationwide for cash, on the terms and subject to the conditions set out in this Offer Memorandum.
“TTE Instruction”	The “transfer to escrow” instruction pursuant to which CREST Participants may tender PIBS pursuant to the terms of the Tender Offer.
“UK MiFIR”	Regulation (EU) No 600/2014 as it forms part of English domestic law by virtue of the EUWA.
“United Kingdom” or “UK”	United Kingdom of Great Britain and Northern Ireland.
“United States” or “U.S.”	United States of America.
“Voting Deadline”	The final time (being 1.00 p.m. (UK time) on 5 July 2021, unless the Meeting is adjourned) for receipt by Equiniti of Voting Only Instructions.
“Voting Only Instruction”	An instruction by PIBS Holders submitted by way of a Paper Instruction Form specifying ‘Option 2’ or ‘Option 3’ in accordance with the procedures set out in this Offer Memorandum, which will enable a PIBS Holder or its appointed proxy to attend the Meeting and vote on the Resolutions, without tendering their PIBS in the Tender Offer.
“Working Group”	The Working Group on Sterling Risk-Free Reference Rates.

RISK FACTORS AND OTHER CONSIDERATIONS

Before making a decision whether to tender PIBS pursuant to the Tender Offer or whether to otherwise vote on the Resolutions, PIBS Holders should carefully consider all of the information in this Offer Memorandum, including the following risk factors and other considerations.

Risks relating to a continued holding of PIBS following conclusion of the Tender Offer

Although the PIBS which are not acquired and cancelled by Nationwide pursuant to the Tender Offer will continue to be listed on the London Stock Exchange, any trading market for such remaining PIBS may be even more limited than before the Tender Offer. An illiquid market in securities may adversely affect the price at which those securities trade and/or may result in increased volatility in the trading price. As a result, the market price for the PIBS that remain outstanding after the completion of the Tender Offer may be adversely affected due to the Tender Offer. None of Nationwide, the Dealer Managers, Equiniti or BondCap, or any of their respective Affiliates, has any duty to make a market in any remaining PIBS.

All PIBS Holders will be bound by the Resolutions, if passed

If the Resolutions are passed and implemented, a PIBS Holder who continues to hold their PIBS after settlement of the Tender Offer will hold their PIBS on the Conditions as varied by the Proposed Variations.

If Resolution 2 is passed and implemented, Nationwide will have the right, at its option, to redeem all outstanding PIBS on the Interest Payment Date falling in September 2030 or any Interest Payment Date after that date. Such right would be subject to compliance with prevailing prudential rules, and Nationwide would give advance notice to PIBS Holders before redeeming and repaying the PIBS. The redemption price would be equal to £1,000 for each £1,000 in nominal amount of PIBS, together, subject to Condition 3 of the Conditions, with accrued and unpaid interest up to the date of redemption.

If Resolution 1 is not passed and implemented, the existing LIBOR-based interest provisions in Condition 3 of the PIBS will continue to apply. If the 6-month Sterling LIBOR rate is discontinued after 2021, and if (which is thought likely) it will not be possible to obtain quotations for LIBOR from reference banks, that may, in practice, result in the PIBS becoming fixed rate PIBS having a Rate of Interest determined by reference to the last level for which a 6-month Sterling LIBOR rate could be determined. Alternatively, a 'synthetic' 6-month LIBOR rate may be available for a limited period of time, although such rate may not be representative of the underlying market and the economic reality that such LIBOR rate is intended to measure. Whether or not LIBOR will continue after 2021 and, if so, in what form, is not yet certain. Therefore, it is not certain how the interest rate provisions in the Conditions of the PIBS may operate after 2021. See Questions (6) and (13) in the section of this document headed "Q&A" for further information.

No obligation to accept tenders of PIBS for purchase

Nationwide is not under any obligation to accept, and shall have no liability to any person for non-acceptance of, any tender of PIBS for purchase pursuant to the Tender Offer. Tenders of PIBS for purchase may be rejected in the sole discretion of Nationwide for any reason and Nationwide is not under any obligation to PIBS Holders to furnish any reason or justification for refusing to accept a tender of PIBS for purchase. For example, tenders of PIBS for purchase may be rejected if the Tender Offer is terminated, if the Tender Offer does not comply with the relevant requirements of a particular jurisdiction or for any other reason.

The market continues to develop in relation to SONIA as a reference rate

If Resolution 1 is passed and implemented, the Interest Rate Variations will be made to the Conditions of the PIBS. This means that all amounts of interest on the PIBS accruing from (and including) 30 September 2021 will be calculated by reference to a SONIA reference rate, rather than a LIBOR reference rate. For further information, please see Questions (5) to (10) in the section of this document headed "Q&A".

SONIA is based on an 'overnight rate'. Overnight rates differ from interbank offered rates, such as LIBOR, in a number of material respects, including (without limitation) that SONIA is a backwards-looking, risk-free overnight rate, whereas LIBOR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, SONIA may behave materially differently from LIBOR. The use of SONIA as a reference rate for bonds and other instruments (such as the PIBS) is a fairly recent development, and the use of the SONIA reference rate may continue to be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of instruments referencing SONIA. The market may adopt a version of SONIA in a way that differs significantly from those set out in the Interest Rate Variations. The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to an overnight rate, and hedging arrangements may be affected (including, without limitation, in circumstances where the derivatives or loan markets adopt SONIA conventions that are different from those applied to the PIBS). This could result in reduced liquidity or increased volatility in the market price of PIBS or could otherwise adversely affect the market price of the PIBS.

Furthermore, the Rate of Interest on the PIBS will, if the Interest Rate Variations are implemented, only be capable of being determined shortly prior to the relevant Interest Payment Date. It may be difficult for PIBS Holders to estimate reliably the amount of interest which will be payable on any Interest Payment Date.

In addition, the Interest Rate Variations contain certain 'fallback' provisions if SONIA itself is discontinued or cannot otherwise be used to calculate Rates of Interest on the PIBS in the future. While this is not currently expected, the 'fallback' provisions would enable a further replacement reference rate to be determined by Nationwide at the time for the purposes of calculating future Rates of Interest on the PIBS, subject to compliance with the Conditions of the PIBS. While those provisions are designed with a view to any such replacement rate being determined in accordance with prevailing market practice, and accordingly to be as economically neutral to both Nationwide and PIBS Holders as is reasonably practicable, there is a risk that such provisions do not operate as intended.

Responsibility for complying with the procedures of the Offers

Holders are responsible for complying with all of the procedures for tendering PIBS pursuant to the Tender Offer or, if applicable, for providing Voting Only Instructions in respect of the Consent Solicitation.

None of Nationwide, the Dealer Managers, Equiniti or BondCap, or any of their respective Affiliates, assumes any responsibility for informing any PIBS Holder of irregularities with respect to such PIBS Holder's participation in the Tender Offer or Consent Solicitation.

Completion, termination and amendment

Until Nationwide announces whether it has decided to accept valid tenders of PIBS pursuant to the Tender Offer, no assurance can be given that the Tender Offer will be completed. In addition, subject to applicable law and as provided in this Offer Memorandum, Nationwide may, in its sole discretion, extend, re-open, amend or terminate the Tender Offer and the related Consent Solicitation at any time before such announcement and may, in its sole discretion, waive any of the conditions to the Tender Offer (either before or after such announcement).

Until either Resolution 1 or both of the Resolutions are passed and implemented, no assurance can be given that the Consent Solicitation will be completed. In addition, subject to applicable law and as provided in this Offer Memorandum, Nationwide may, in its sole discretion, extend, re-open, amend or terminate the Consent Solicitation at any time.

Tender Instructions irrevocable

Tender Instructions will be irrevocable except in the limited circumstances described in "*Amendment and Termination*".

Compliance with the offer and distribution restrictions and representations by PIBS Holders

Holders are referred to the offer and distribution restrictions in "*Offer and Distribution Restrictions*" and the agreements, acknowledgements, representations, warranties and undertakings described in "*Procedures for Participating in the Offers*" and set out in the Annex (*Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders*) to this Offer Memorandum, which PIBS Holders will be deemed to make on submission of a Tender Instruction. Non-compliance with these could result in, among other things, the unwinding of trades and/or heavy penalties.

Responsibility to consult advisers

Each PIBS Holder is solely responsible for making its own independent appraisal of all matters as such PIBS Holder deems appropriate (including relating to the Offers, Nationwide and the PIBS) and each PIBS Holder must make its own decision as to whether to tender any or all of its PIBS for purchase pursuant to the Tender Offer and/or to participate in the Consent Solicitation.

Holders should consult their own tax, accounting, financial, legal and other advisers regarding the suitability to themselves of the tax, accounting, financial, legal or other consequences of participating in, or electing not to participate in, the Offers.

None of Nationwide, the Dealer Managers, Equiniti or BondCap, or any of their respective Affiliates, is acting for any PIBS Holder, nor will they be responsible to any PIBS Holder for providing any protections which would be afforded to their clients or for providing advice in relation to the Offers. None of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates makes any representation or recommendation whatsoever regarding the Tender Offer or the Consent Solicitation, nor do they express any view on the merits of the Offers or make any recommendation as to whether PIBS Holders should tender PIBS in the Tender Offer or otherwise participate in the Consent Solicitation.

Tax consequences

In view of the number of different jurisdictions where tax laws may apply to PIBS Holders, this Offer Memorandum does not discuss the tax consequences for such PIBS Holders arising from the Offers, including any disposal by them of any PIBS pursuant to the Tender Offer and receipt by them of the Offer Price and Accrued Interest Payment.

PIBS Holders are urged to consult their own professional advisers regarding the possible tax consequences to them that may arise under the laws of the jurisdictions that apply to them in connection with the Offers, including (if their PIBS are purchased by Nationwide pursuant to the Tender Offer) the receipt of the Offer Price and Accrued Interest Payment and/or the disposal of PIBS sold to Nationwide pursuant to the Tender Offer.

PIBS Holders will be liable for their own taxes and will have no recourse against Nationwide, the Dealer Managers, Equiniti, BondCap, their respective Affiliates or any other person with respect to taxes arising in connection with the Offers, including the receipt of the Offer Price and Accrued Interest Payment and disposal of PIBS pursuant to the Tender Offer, if applicable.

Restrictions on transfer of PIBS

When considering whether to participate in the Offers, PIBS Holders should take into account that restrictions on the transfer of PIBS will apply from the time of submission of Tender Instructions until the conclusion of the Meeting, including any adjourned Meeting.

In the case of PIBS that are held in certificated form, the relevant procedures for submission of a valid Tender Instruction Form include the delivery to Equiniti as tender agent of the certificate or certificates for the PIBS which are the subject of the relevant Tender Instruction Form together with such Tender Instruction Form, and the relevant PIBS Holder will not be able subsequently to transfer the PIBS which are the subject of such Tender Instruction Form (other than pursuant to the Tender Offer) unless the Tender Offer is terminated or the relevant Tender Instruction Form is revoked (in the limited circumstances in which such revocation is permitted).

In the case of the PIBS held in CREST, the relevant procedures for submission of a valid Tender Instruction include the settlement of a TTE Instruction, which results in the relevant PIBS being transferred to an escrow account held by Equiniti. PIBS Holders will not be able to access or transfer such PIBS (other than pursuant to the Tender Offer) unless the Tender Offer is terminated or the relevant Tender Instruction is revoked (in the limited circumstances in which such revocation is permitted).

Other purchases or redemption of the PIBS

Whether or not the Tender Offer is completed, Nationwide, the Dealer Managers, Equiniti, BondCap and their respective Affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time, PIBS other than pursuant to the Tender Offer, including through open market purchases and privately negotiated transactions, or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the prices to be paid pursuant to the Tender Offer and could be for cash or other consideration or otherwise on terms more or less favourable than those contemplated in the Tender Offer.

None of Nationwide, the Dealer Managers, Equiniti, BondCap or their respective Affiliates will be required to purchase any PIBS, and future decisions with respect to any purchase or (if Resolution 2 is passed and implemented) redemption of the PIBS by Nationwide will be made in light of the prevailing market, economic and regulatory conditions at that time.

PROCEDURES FOR PARTICIPATING IN THE OFFERS

Please note:

Different procedures apply for the submission of Tender Instructions and Voting Only Instructions.

Tender Instructions

PIBS Holders who wish to tender their PIBS in the Tender Offer should see the section “Tender Instructions” below. Different procedures apply for the submission of Tender Instructions in respect of:

- (1) PIBS held in certificated form (i.e. outside CREST); and
- (2) PIBS held in CREST.

Holders of PIBS held in certificated form should carefully read the information below under “Tender Instruction Forms, for PIBS held in certificated form”.

Holders of PIBS held in CREST should carefully read the information below under “TTE Instructions, for PIBS held in CREST”.

Voting Only Instructions

PIBS holders who do not wish to tender their PIBS in the Tender Offer but who wish to vote on the Resolutions in the Consent Solicitation should see the section “Voting Only Instructions” below.

Questions with respect to the delivery of Tender Instructions and Voting Only Instructions should be raised with Equiniti, whose contact details are at the end of this Offer Memorandum.

PAPER INSTRUCTION FORMS

All Registered Holders of PIBS and CREST Participants will have received, or may request from Equiniti, a Paper Instruction Form. The Paper Instruction Form available to Registered Holders is different from the Paper Instruction Form available to CREST Participants, as further discussed below.

Paper Instruction Form for PIBS held in certificated form outside CREST

The Paper Instruction Form available to Registered Holders will allow such Registered Holders to select from three Options for participating in the Tender Offer and/or the Consent Solicitation. These Options are more fully discussed in Question (18) of the section of this document headed “Q&A”, and can be summarised as follows:

- **Option 1 – Tender Instruction – tender PIBS and vote in favour of both Resolutions:** tender such Holder’s PIBS and appoint the Chairperson of the Meeting (or their nominee) as proxy to vote in favour of both Resolutions.
- **Option 2 – Voting Only Instruction – appoint Chairperson as proxy:** do not tender PIBS, but appoint the Chairperson of the Meeting (or their nominee) as proxy to attend the Meeting and vote on the Resolutions in accordance with such PIBS Holder’s instructions.
- **Option 3 – Voting Only Instruction – attend Meeting or appoint a different proxy:** do not tender PIBS, but elect to attend, or to appoint a proxy other than the Chairperson to attend, the Meeting and vote on the Resolutions at the Meeting.

Where a Registered Holder selects Option 1 to apply to some or all of their PIBS, such Paper Instruction Form shall represent a Tender Instruction and shall be considered a Tender Instruction Form in respect of the PIBS for which Option 1 is selected.

Where a Registered Holder selects Option 2 or Option 3 to apply to some or all of their PIBS, such Paper Instruction Form shall represent a Voting Only Instruction in respect of the PIBS for which Option 2 or Option 3 is selected.

As further described in Question (19) of the section of this document headed “Q&A”, only one Option can be selected for each PIBS held, but PIBS Holders who hold more than one PIBS do not have to choose the same Option for all their PIBS (see Question (19) for further information). In addition, a Registered Holder may return a Paper Instruction Form representing instructions from more than one beneficial owner of PIBS for whom it holds those PIBS. If a Registered Holder validly selects Option 1 for some of its PIBS and Option 2 or Option 3 for other PIBS held by it, the Paper Instruction Form will represent both a Tender Instruction (in respect of the PIBS for which Option 1 is selected) and a Voting Only Instruction (in respect of the PIBS for which Option 2 or Option 3 is selected).

Paper Instruction Form for PIBS held in CREST

The Paper Instruction Form available to CREST Participants will allow such CREST Participants, on behalf of the beneficial owners of the relevant PIBS, to select from two options for participating in the Consent Solicitation. These options are more fully discussed in Question (18) of the section of this document headed “Q&A”, and can be summarised as follows:

- **Option 2 – Voting Only Instruction – appoint Chairperson as proxy:** do not tender PIBS, but appoint the Chairperson of the Meeting (or their nominee) as proxy to attend the Meeting and vote on the Resolutions in accordance with the relevant PIBS Holder’s instructions.
- **Option 3 – Voting Only Instruction – attend Meeting or appoint a different proxy:** do not tender PIBS, but elect for the relevant PIBS Holder to attend, or to appoint a proxy other than the Chairperson to attend, the Meeting and vote on the Resolutions at the Meeting.

CREST Participants cannot specify Option 1 in their Paper Instruction Form, since PIBS held in CREST can only be tendered in the Tender Offer by way of a TTE Instruction settled in CREST.

Where a CREST Participant returns a Paper Instruction Form, it shall specify Option 2 and/or Option 3 and shall, accordingly, represent a Voting Only Instruction.

As further described in Question (19) of the section of this document headed “Q&A”, only one Option can be selected for each PIBS held, but PIBS Holders who hold more than one PIBS do not have to choose the same Option for all their PIBS (see Question (19) for further information). In addition, a CREST Participant may return a Paper Instruction Form representing instructions from more than one beneficial owner of PIBS for whom it holds those PIBS.

TENDER INSTRUCTIONS

Nationwide will only accept tenders of PIBS for purchase pursuant to the Tender Offer which are made by way of the submission of valid Tender Instructions in accordance with the relevant procedures set out in this section “*Procedures for Participating in the Offers*”.

To tender PIBS for purchase pursuant to the Tender Offer, a PIBS Holder should ensure that it submits (or arranges for the submission on its behalf of) a valid Tender Instruction by no later than the Participation Deadline.

Only CREST Participants or Registered Holders of PIBS may submit Tender Instructions. Each PIBS Holder that is not itself a CREST Participant or a Registered Holder must arrange for the CREST Participant or Registered Holder through which it holds its PIBS to submit a valid Tender Instruction on its behalf.

Accordingly, PIBS Holders are urged to contact their CREST Participant, Registered Holder or other Intermediary through which they hold their PIBS as a matter of urgency, to determine when such CREST Participant, Registered Holder or other Intermediary will require instructions from the PIBS Holder in order to ensure that the Tender Instruction can be submitted by the Participation Deadline. The deadlines for such CREST Participant, Registered Holder or other Intermediary will be before the Participation Deadline.

Tender Instructions must be submitted in respect of whole denominations of PIBS, and accordingly must be submitted in respect of a nominal amount equal to £1,000 or a whole multiple of £1,000. A separate Tender Instruction should be submitted in respect of each Registered Holder or CREST Participant.

To tender PIBS for purchase pursuant to the Tender Offer, a PIBS Holder should, by no later than the Participation Deadline:

- (a) where such PIBS are **held in certificated form**, deliver, or arrange to have delivered on its behalf, to Equiniti as tender agent (for receipt by Equiniti by no later than the Participation Deadline):
 - (i) a valid, completed Tender Instruction Form (in the form of the Paper Instruction Form mailed to the Registered Holder of such PIBS, or otherwise available from Equiniti on request, on which the Registered Holder should select ‘Option 1’); and
 - (ii) the certificate or certificates for the PIBS which are the subject of such Tender Instruction Form (or, if the Registered Holder cannot locate such certificate(s), a duly completed and signed Letter of Indemnity in the form obtainable from Equiniti upon request); or
- (b) where such PIBS are **held in CREST**, send (or, in the case of a PIBS Holder who is not a CREST Participant, procure that their CREST Participant sends) a TTE Instruction to EUI, which must be properly authenticated in accordance with EUI’s specifications, containing the relevant information set out in “*Tender Instructions – TTE Instructions, for PIBS held in CREST*” below, and settled before the Participation Deadline.

The submission by a PIBS Holder of a valid Tender Instruction will also constitute such PIBS Holder’s instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to attend the Meeting (and any adjourned Meeting) and to cast the votes attaching to the PIBS which are the subject of such Tender Instruction in favour of both Resolutions. It will not be possible to submit a Tender Instruction without, at the same time, giving such instructions appointing the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to vote in favour of the Resolutions.

The Chairperson of the Meeting may themselves cast votes as the proxy or may elect to appoint any one or more nominees to attend the Meeting and cast the votes for which they have been appointed proxy.

Tender Instruction Forms, for PIBS held in certificated form

For PIBS held in certificated form, only Registered Holders may submit Tender Instruction Forms. Any PIBS Holder who is not itself a Registered Holder should contact the Registered Holder or Intermediary through which it holds its PIBS as a matter of urgency, to arrange for a Tender Instruction to be submitted on its behalf.

In addition to completing and delivering, or arranging to have delivered on its behalf, a Tender Instruction Form (i.e., a Paper Instruction Form on which the Registered Holder selects ‘Option 1’) for receipt by Equiniti by the Participation Deadline, PIBS Holders holding PIBS in certificated form must also deliver to Equiniti, together with such Tender Instruction Form, the certificate or certificates for the PIBS which are the subject of such Tender Instruction Form.

Such PIBS Holders will also be required to provide certain additional information, all as set out in the Paper Instruction Form.

Holders of the PIBS held in certificated form who have lost their certificate(s) should contact Equiniti (the contact details for which are set out below) requesting that Equiniti send the relevant PIBS Holder a letter of indemnity (the “**Letter of Indemnity**”). The Letter of Indemnity should be completed and signed by such PIBS Holder in accordance with the instructions provided by Equiniti and set out in the Letter of Indemnity, and lodged with Equiniti in support of the relevant PIBS Holder’s Tender Instruction Form. The completed Letter of Indemnity must be received by Equiniti before the Participation Deadline. Equiniti will notify the relevant PIBS Holder of any applicable certificate replacement fee to be paid by such PIBS Holder. A Letter of Indemnity will only be accepted in lieu of certificates at the sole discretion of Nationwide.

The contact details of Equiniti for the purposes of obtaining a Letter of Indemnity are: Equiniti Limited; telephone: 0371 384 2050 (if calling from within the UK) or +44 371 384 2050 (if calling from outside the UK). Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding English and Welsh public holidays). Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be recorded and randomly monitored for security and training purposes.

A Tender Instruction Form for PIBS held in certificated form will not be valid unless or until the certificate(s) in respect of PIBS to which such Tender Instruction Form relates, or a duly completed and signed Letter of Indemnity (if accepted by Nationwide in its sole discretion in lieu thereof), have been received by Equiniti.

Holders of PIBS in certificated form are urged to ensure that, where any documents are posted to Equiniti, they allow sufficient time to ensure receipt of such documents by Equiniti by the relevant deadline. All documentation sent to or from a PIBS Holder is sent at the PIBS Holder's own risk.

Once the PIBS certificate has been sent to Equiniti, the relevant PIBS Holder will not be able to access or transfer the PIBS concerned (other than in accordance with the Tender Offer) for any transaction or charging purposes unless the Tender Offer is terminated or the relevant Tender Instruction is revoked (in the limited circumstances in which such revocation is permitted).

If Nationwide announces it has decided to accept valid tenders of PIBS for purchase pursuant to the Tender Offer, the relevant PIBS will be transferred to or to the order of Nationwide (unless such PIBS are, at the option of Nationwide, cancelled directly).

Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders

By completing and returning a valid Tender Instruction Form, the Registered Holder and (if different) the PIBS Holder on whose behalf such Tender Instruction Form is submitted shall be deemed to make the agreements, acknowledgements, representations, warranties and undertakings set out in Part A of the Annex (*Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders*) to this Offer Memorandum at the time of submission of the Tender Instruction Form, the Participation Deadline and the time of settlement on the Settlement Date.

If a Retail Investor is unable to make such agreements, acknowledgements, representations, warranties and undertakings, such Retail Investor should contact BondCap urgently. The contact details for BondCap are set out on page 7 of this Offer Memorandum.

If an Institutional Investor is unable to make such agreements, acknowledgements, representations, warranties and undertakings, such Institutional Investor should contact the Dealer Managers urgently. The contact details for the Dealer Managers are set out at the end of this Offer Memorandum.

TTE Instructions, for PIBS held in CREST

For PIBS held in CREST, only CREST Participants may submit TTE Instructions. Any PIBS Holder who is not itself a CREST Participant should contact the CREST Participant or Intermediary through which it holds its PIBS as a matter of urgency, to arrange for a Tender Instruction to be submitted on its behalf.

Holders of PIBS held in CREST must complete the following procedures by no later than the Participation Deadline. Each such PIBS Holder who is not itself a CREST Participant must arrange for the CREST Participant through which it holds such PIBS to submit a valid TTE Instruction on its behalf by the deadlines set by CREST. Such PIBS Holder should contact the Intermediary through which it holds its PIBS in order to arrange the submission of a TTE Instruction.

The procedures for a PIBS Holder in CREST that must be completed in order for that PIBS Holder to be able to participate in the Tender Offer require the sending of a transfer to escrow instruction ("**TTE Instruction**") in respect of that Holder's PIBS being tendered for purchase, specifying Equiniti (in its capacity as a CREST Participant under its participant ID referred to below) as the escrow agent to whom such PIBS should be transferred so that the transfer to escrow settles by not later than the Participation Deadline. Any TTE Instruction will not be valid unless and until the TTE Instruction has settled.

The TTE Instruction must be properly authenticated in accordance with EUI's specifications and must contain, in addition to the other information which is required for a TTE Instruction to settle in CREST, the following details:

- (a) the aggregate nominal amount of PIBS to be transferred to an escrow balance (and therefore to be tendered pursuant to the Tender Offer);
- (b) the PIBS Holder's member account ID;
- (c) the PIBS Holder's participant ID;
- (d) the corporate action ISIN number, participant ID and member account ID of Equiniti in its capacity as a CREST Participant, which are as set out below:

<i>ISIN Number</i>	<i>Participant ID</i>	<i>Member Account ID</i>
GB0001918076	5RA22	RA507901

- (e) the intended settlement date. This should be as soon as possible and in any event not later than the Participation Deadline;
- (f) the corporate action number for the Tender Offer. This is allocated by EUI and can be found by viewing the relevant corporate action details in CREST;
- (g) input with standard TTE instruction of priority of at least 80; and

(h) a contact name and daytime telephone number in the event of queries. This should be included in the shared note field of such PIBS Holder's TTE Instruction.

After settlement of the relevant TTE instruction, the relevant PIBS Holder will not be able to access or transfer the PIBS concerned (other than in accordance with the Tender Offer) for any transaction or charging purposes unless the Tender Offer is terminated or the relevant TTE Instruction is revoked (in the limited circumstances in which such revocation is permitted).

If Nationwide announces it has decided to accept valid tenders of PIBS for purchase pursuant to the Tender Offer, Equiniti (in its capacity as escrow agent) will transfer the relevant PIBS concerned to or to the order of Nationwide (unless such PIBS are, at the option of Nationwide, cancelled directly in the escrow account).

Holders are recommended to refer to the CREST Manual for further information on the CREST procedures outlined above. Holders of the PIBS in CREST should note that normal system timings and limitations will apply in connection with a TTE Instruction given in respect of the Tender Offer. Holders are referred to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders

By submitting a valid TTE Instruction, the CREST Participant and (if different) the PIBS Holder on whose behalf such TTE Instruction is submitted shall be deemed to make the agreements, acknowledgements, representations, warranties and undertakings set out in Part B of the Annex (*Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders*) to this Offer Memorandum at the time of submission of the TTE Instruction, the Participation Deadline and the time of settlement on the Settlement Date.

If a Retail Investor is unable to make such agreements, acknowledgements, representations, warranties and undertakings, such Retail Investor should contact BondCap urgently.

If an Institutional Investor is unable to make such agreements, acknowledgements, representations, warranties and undertakings, such Institutional Investor should contact the Dealer Managers urgently.

VOTING ONLY INSTRUCTIONS

PIBS Holders who do not wish to tender all (if any) of their PIBS in the Tender Offer may instead, in respect of those PIBS not tendered in the Tender Offer, if they wish, make separate arrangements to vote on the Resolutions at the Meeting by submitting, or arranging the submission on their behalf, of Voting Only Instructions to be received by Equiniti by no later than the Voting Deadline.

Only Registered Holders and CREST Participants may submit Voting Only Instructions. Any PIBS Holder who is not itself a Registered Holder or a CREST Participant should contact the Registered Holder or CREST Participant (or other Intermediary) through which it holds its PIBS as a matter of urgency, to arrange for Voting Only Instructions to be submitted on its behalf.

Voting Only Instructions must be given by the return to Equiniti, for receipt by Equiniti by no later than the Voting Deadline, of a duly completed and signed Paper Instruction Form specifying 'Option 2' and/or 'Option 3' (as applicable). As further described in Question (19) of the section of this document headed "Q&A", only one Option can be selected for each PIBS held, but PIBS Holders who hold more than one PIBS do not have to choose the same Option for all their PIBS (see Question (19) for further information).

General

PIBS Holders may not submit both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS. Any PIBS Holder that submits both a Tender Instruction and a Voting Only Instruction in respect of the same PIBS will be deemed to have made a Tender Instruction in respect of those PIBS. See Question (19) in the section of this document headed "Q&A" for further information.

Irrevocability

The submission of a valid Tender Instruction in accordance with the procedures set out in this section "*Procedures for Participating in the Offers*" will be irrevocable (except in the limited circumstances described in the section "*Amendment and Termination – Revocation Rights*" in this Offer Memorandum).

Voting Only Instructions may be revoked, in accordance with the Conditions of the PIBS, at any time up to 24 hours before the time set for the start of the Meeting (or, if applicable, the adjourned Meeting).

Irregularities

All questions as to the validity, form, eligibility and valid revocation (including times of receipt) of any Tender Instruction or Voting Only Instruction will be determined by Nationwide in its sole and absolute discretion, which determination shall be final and binding.

Nationwide reserves the absolute right to reject any and all Tender Instructions, Voting Only Instructions or revocation instructions not in proper form or for which any corresponding agreement by Nationwide to accept would, in the opinion of Nationwide and its legal advisers, be unlawful. Nationwide also reserves the absolute right to waive any defects, irregularities or delay in the submission of any and all Tender Instructions, Voting Only Instructions or revocation instructions. Nationwide also reserves the absolute right to waive any such defect, irregularity or delay in respect of a particular vote or tender of PIBS, whether or not Nationwide elects to waive similar defects, irregularities or any delay in respect of other votes or tenders of PIBS.

Any defect, irregularity or delay must be rectified within such time as Nationwide determines, unless waived by it. Tender Instructions and Voting Only Instructions will be deemed not to have been made until such defects, irregularities or delays have been rectified or waived. None of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates shall be under any duty to give notice to a PIBS Holder of any defects, irregularities or delays in any Tender Instruction, Voting Only Instruction or revocation instruction nor shall any of them incur any liability for failure to give such notice.

None of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates, accepts any responsibility for failure of delivery of any Tender Instruction, Voting Only Instruction, revocation instruction or other notice or communication. Any determination made by Nationwide in good faith in respect of any Tender Instruction, Voting Only Instruction, revocation instruction or other notice or communication shall, in the absence of manifest error, be final and binding.

AMENDMENT AND TERMINATION

Amendment and Termination

Notwithstanding any other provision of the Offers, Nationwide may, subject to applicable laws, at its option and in its sole discretion, at any time before any announcement of acceptance by it of the PIBS tendered for purchase in the Tender Offer:

- (a) extend the Participation Deadline and/or Voting Deadline for, or re-open, the Offers (in which case all references in this Offer Memorandum to “Participation Deadline” and/or “Voting Deadline” (as applicable) shall, unless the context otherwise requires, be to the latest time and date to which the Participation Deadline and/or Voting Deadline, as applicable, has been so extended or re-opened);
- (b) otherwise extend, re-open or amend the Offers in any respect (including, but not limited to, any increase, decrease, extension, re-opening or amendment, as applicable, in relation to the Participation Deadline, the Voting Deadline and/or the Settlement Date);
- (c) delay the acceptance of Tender Instructions or purchase of PIBS validly tendered in the Tender Offer until satisfaction or waiver of the conditions to the Offers, even if the Offers have expired; or
- (d) terminate the Offers, including with respect to Tender Instructions submitted before the time of such termination.

Nationwide also reserves the right at any time to waive any or all of the conditions of the Offers as set out in this Offer Memorandum.

Nationwide will ensure PIBS Holders are notified of any such extension, re-opening, amendment or termination as soon as is reasonably practicable after any such decision is made. To the extent a decision is made to waive any condition of the Offers generally, as opposed to in respect of certain tenders of PIBS for purchase only, such decision will also be announced as soon as is reasonably practicable after it is made.

Revocation Rights

Tender Instructions

If, at any time on or prior to the Settlement Date, Nationwide amends the Offers in any way (including by way of the making of any announcement, or the issue of any supplement or other form of update to this Offer Memorandum) or there is a material development that, in either case, in the opinion of Nationwide, is materially prejudicial to the interests of PIBS Holders that have already submitted Tender Instructions in the Tender Offer before the announcement of such amendment (which announcement shall include a statement that in the opinion of Nationwide such amendment or development is materially prejudicial to the interests of such PIBS Holders), then such Tender Instructions may be revoked at any time from the date and time of the announcement of such amendment until 5.00 p.m. (UK time) on the seventh Business Day following such announcement (subject to the earlier deadlines required by CREST and/or any other Intermediary through which PIBS Holders hold their PIBS).

If, in such circumstances, any PIBS Holder elects to revoke its Tender Instruction, then: (A) where the relevant revocation instruction is received by Equiniti no less than 24 hours before the time fixed for the Meeting (or, if applicable, the adjourned Meeting), such Tender Instruction and such PIBS Holder’s automatic appointment of the Chairperson of the Meeting (or their nominee) as its proxy to vote in favour of both Resolutions shall be revoked, and such PIBS will not be purchased pursuant to the Tender Offer; and (B) where the relevant revocation instruction is received by Equiniti less than 24 hours before the time fixed for the Meeting (or, if applicable, the adjourned Meeting), such Tender Instruction shall be deemed to be an instrument appointing the Chairperson of the Meeting (or their nominee) to vote in favour of both Resolutions on behalf of the relevant PIBS Holder, rather than a Tender Instruction, and accordingly such PIBS shall not be purchased pursuant to the Tender Offer.

For the avoidance of doubt, any extension or re-opening of the Offers (including any amendment in relation to the Participation Deadline, the Voting Deadline and/or Settlement Date) in accordance with the terms of the Offers as described in this section “*Amendment and Termination*” shall not be considered materially prejudicial to the interests of PIBS Holders that have submitted Tender Instructions (provided that the Settlement Date as so extended or re-opened occurs by no later than 60 days after the originally scheduled Settlement Date).

Holders wishing to exercise any right of revocation as set out above should do so as follows:

- (a) **in the case of PIBS in certificated form**, by procuring the delivery by the relevant Registered Holder to Equiniti of a valid revocation instruction, being a written correspondence in which the relevant PIBS Holder states that it wishes to exercise its right of revocation and provides details of the relevant PIBS Holder, the relevant Tender Instruction Form and the PIBS to which the original Tender Instruction Form relates; and
- (b) **in the case of PIBS held in CREST**, by procuring that the relevant CREST Participant sends a valid electronic “ESA Instruction”, which ESA Instruction must, to be valid, specify the PIBS to which the original TTE Instruction related, the PIBS Holder’s member account ID, the PIBS Holder’s participant ID, the intended settlement date, the corporate action number for the Tender Offer, input with standard delivery instruction priority of at least 80, and specify any other information required by CREST and/or by Equiniti as PIBS Registrar.

PIBS Holders that are not themselves Registered Holders or CREST Participants are advised to check with the Registered Holder, CREST Participant or other Intermediary through which they hold their PIBS when such person needs to receive instructions to revoke a Tender Instruction in order to meet the above deadline.

For the avoidance of doubt, any PIBS Holder who does not exercise any such right of revocation in the circumstances and in the manner specified above, shall be deemed to have waived such right of revocation and its original Tender Instruction will remain effective.

Voting Only Instructions

Voting Only Instructions may be revoked, in accordance with the Conditions of the PIBS, at any time up to 24 hours before the time set for the start of the Meeting (or, if applicable, the adjourned Meeting). A revocation instruction received by Equiniti less than 24 hours before the time set for the start of the Meeting (or, if applicable, the adjourned Meeting) will be invalid and have no effect (except that if the revocation instruction is received less than 24 hours before the time set for the start of the first Meeting and if the Meeting is subsequently adjourned, such revocation will take effect with respect to the adjourned Meeting).

PIBS Holders that are not themselves Registered Holders or CREST Participants are advised to check with the Registered Holder, CREST Participant or other Intermediary through which they hold their PIBS when such person needs to receive instructions to revoke a Voting Only Instruction by the above deadline.

Any Registered Holder or CREST Participant which submitted a Voting Only Instruction may revoke such Voting Only Instruction by delivering to Equiniti a written correspondence in which the relevant PIBS Holder states that it wishes to exercise its right of revocation and provides details of the relevant PIBS Holder, the relevant Voting Only Instruction and the PIBS to which the original Voting Only Instruction relates.

Effect of Amendment

Any Tender Instruction submitted prior to an amendment to the terms of the Offers or any other development which is either not (in the opinion of Nationwide) materially prejudicial to PIBS Holders that have already submitted Tender Instructions for the Offers or in relation to which PIBS Holders have not exercised any available revocation rights, will continue to be valid and binding following any amendment to the Offers (and any such Tender Instruction shall be deemed to have been made on the terms of the Offers as so amended, and any purchase in respect of PIBS which are the subject of such Tender Instruction shall be deemed to have been entered into on the terms of such amended Offers).

Any Voting Only Instructions will remain valid unless and until revoked, provided that no changes are made to the proposed Resolutions.

DEALER MANAGERS, EQUINITI AND BONDCAP

Nationwide has retained Lloyds Bank Corporate Markets plc and Nomura International plc to act as Dealer Managers for the Offers, Equiniti to act as tender agent and tabulation agent for the Offers and BondCap to act as retail information agent. Nationwide has entered into a Dealer Manager Agreement with the Dealer Managers, an engagement letter with Equiniti and an engagement letter with BondCap, which contain certain provisions regarding payment of fees, expense reimbursement and indemnity arrangements relating to the Offers.

For the purposes of the settlement of the Tender Offer on the Settlement Date, the Offer Price and Accrued Interest Payment for each PIBS Holder in respect of the PIBS validly tendered for purchase and accepted by Nationwide will be calculated on behalf of Nationwide. Such calculation will, absent manifest error, be conclusive and binding on Nationwide and the PIBS Holders.

The Dealer Managers and their respective affiliates may, subject to applicable offer and distribution restrictions, contact Institutional Investors regarding the Offers and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Offer Memorandum and related materials to PIBS Holders.

BondCap may, subject to applicable offer and distribution restrictions, contact Retail Investors regarding the Offers and may request brokerage houses, custodians, nominees, fiduciaries and others to forward this Offer Memorandum and related materials to Retail Investors.

The Dealer Managers and their respective affiliates have provided and continue to provide certain investment banking services to Nationwide for which they have received and will receive compensation that is customary for services of such nature. Each of the Dealer Managers is involved in a wide range of commercial banking, investment banking and other activities out of which conflicting interests or duties may arise. Such activities and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, the provision of financial advisory services and the exercise of creditor rights. The Dealer Managers and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the PIBS. None of the Dealer Managers or any of their subsidiaries and affiliates has any obligation to disclose any such information. The Dealer Managers and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the PIBS or the effect that such activities may directly or indirectly have on any of the PIBS.

The Dealer Managers are acting exclusively for Nationwide and no one else in connection with the arrangements described in this Offer Memorandum and will not be responsible to anyone other than Nationwide for providing the protections afforded to customers of the Dealer Managers, or for advising any other person in connection with the arrangements described in this Offer Memorandum.

PIBS Holders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax, accounting, financial and legal consequences of participating in the Offers and regarding the impact on them of the Tender Offer and Consent Solicitation.

None of the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates assumes any responsibility for the accuracy or completeness of the information concerning the Offers, Nationwide or the PIBS contained in this Offer Memorandum or for any failure by Nationwide to disclose events that may have occurred and may affect the significance or accuracy of such information.

Each Dealer Manager may (i) submit Tender Instructions and/or Voting Only Instructions for its own account and (ii) submit Tender Instructions and/or Voting Only Instructions (subject to the offer restrictions set out in “*Offer and Distribution Restrictions*”) on behalf of PIBS Holders.

None of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates is acting for any PIBS Holder, or will be responsible to any PIBS Holder for providing any protections which would be afforded to its clients or for providing advice in relation to the Offers, and accordingly none of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates make any representation or recommendation whatsoever regarding the Offers, or any recommendation as to whether PIBS Holders should tender PIBS or otherwise participate in the Offers.

Equiniti and BondCap are agents of Nationwide and owe no duty to any PIBS Holder.

ANNEX

AGREEMENTS, ACKNOWLEDGEMENTS, REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

In this Annex:

- (A) **Part A** applies to PIBS Holders who tender PIBS held in certificated form; and
- (B) **Part B** applies to PIBS Holders who tender PIBS in CREST.

PART A

Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders, in respect of PIBS held in certificated form

By completing and returning a valid Tender Instruction Form, the relevant Registered Holder and the PIBS Holder on whose behalf such Tender Instruction Form is submitted shall be deemed to make the following agreements, acknowledgements, representations, warranties and undertakings to Nationwide, the Dealer Managers, Equiniti and BondCap at each of the time of submission of the Tender Instruction Form, the Participation Deadline and the time of settlement on the Settlement Date:

- (a) it has received this Offer Memorandum, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors and other considerations of the Offers, all as described in this Offer Memorandum, and it is assuming all the risks inherent in participating in the Offers and has undertaken an appropriate analysis of the implications of the Offers based on any legal, tax, accounting or financial advice it has deemed necessary to seek from its own advisers without reliance on Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates;
- (b) it consents to Equiniti, as the PIBS Registrar, providing details concerning its and its Registered Holder's identity to Nationwide, the Dealer Managers, BondCap and their respective advisers;
- (c) upon the terms and subject to the conditions of the Offers, it tenders for purchase in the Tender Offer the nominal amount of the PIBS the subject of the relevant Tender Instruction Form and, subject to and effective on such purchase by Nationwide, it renounces all right, title and interest in and to all such PIBS on the purchase of such PIBS by or at the direction of Nationwide and waives and releases any rights or claims it may have against Nationwide with respect to any such PIBS and the Offers;
- (d) if the PIBS which are the subject of the relevant Tender Instruction Form are accepted for purchase by Nationwide, it acknowledges that (i) the Offer Price and Accrued Interest Payment will be paid in pounds Sterling, (ii) such cash amount will be deposited by or on behalf of Nationwide with Equiniti as the PIBS Registrar on or before the Settlement Date, (iii) on receipt of such cash amounts, Equiniti will make payments promptly to the relevant PIBS Holder in accordance with the usual procedures of Equiniti as the PIBS Registrar for payments to such PIBS Holder in respect of the PIBS, as described in this Offer Memorandum, and (iv) the payment to Equiniti as PIBS Registrar on or before the Settlement Date of the Offer Price and Accrued Interest Payment pursuant to the Tender Offer and the onward payment by Equiniti as the PIBS Registrar in accordance with its usual procedures as referred to above will discharge the obligation of Nationwide to such PIBS Holder in respect of the payment of such amounts;
- (e) by delivering (or arranging the submission on its behalf of) a valid Tender Instruction, it (i) appoints the Chairperson of the Meeting (or their nominee) as proxy to attend the Meeting and vote in favour of both Resolutions in respect of all its PIBS so tendered for purchase, and (ii) acknowledges and accepts that it will not, itself, also be able to attend the Meeting or make any other arrangements for casting votes at the Meeting in respect of such tendered PIBS;
- (f) it agrees to ratify and confirm each and every act or thing that may be done or effected by Nationwide, any of its directors or any person nominated by Nationwide in the proper exercise of his or her powers and/or authority hereunder;
- (g) it agrees to do all such acts and things (if any) as shall be necessary and execute any additional documents deemed by Nationwide to be desirable, in each case to complete the cancellation of the PIBS which are the subject of the relevant Tender Instruction Form or their transfer to Nationwide or its nominee pursuant to the Tender Offer and/or to perfect any of the authorities expressed to be given hereunder;
- (h) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and it has not taken or omitted to take any action in breach of the terms of the Tender Offer or which will or may result in Nationwide, the Dealer Managers, Equiniti, BondCap, any of their respective Affiliates or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offers;
- (i) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;

- (j) none of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates has given it any information with respect to the Offers save as expressly set out in this Offer Memorandum (including its Annex and the attached Notice of Meeting) nor has any of them made any recommendation to it as to whether it should tender PIBS in the Tender Offer or otherwise participate in the Offers and it has made its own decision with regard to tendering PIBS in the Tender Offer based on any legal, regulatory, tax, business, investment, financial or accounting advice it has deemed necessary to seek from its own advisers;
- (k) no information has been provided to it by Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates with regard to the tax consequences for PIBS Holders arising from the purchase of PIBS by Nationwide pursuant to the Tender Offer and the receipt by the PIBS Holder of the Offer Price and Accrued Interest Payment or its disposal of PIBS and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Offers and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates, or any other person in respect of such taxes and payments;
- (l) it has had access to such financial and other information concerning the PIBS which are the subject of the relevant Tender Instruction Form, and has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers, as it deems necessary or appropriate in order to make an informed decision with respect to its tendering of the PIBS which are the subject of the relevant Tender Instruction Form; it is not relying on any communication (written or oral) made by any party involved in the Tender Offer or any such party's affiliates as constituting a recommendation to tender the PIBS which are the subject of the relevant Tender Instruction Form; and it is able to bear the economic risks of participating in the Tender Offer;
- (m) it is not a person to whom it is unlawful to make an invitation pursuant to the Offers under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf of the Tender Instruction Form in respect of the PIBS it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the Offers;
- (n) it is an Eligible Holder;
- (o) either (a) (i) it is the beneficial owner of the PIBS being tendered in the Tender Offer and (ii) it is located and resident outside the United States and it is participating in the Offers from outside the United States or (b) (i) it is acting on behalf of the beneficial owner of the PIBS which are the subject of the relevant Tender Instruction Form being tendered in the Tender Offer on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is located and resident outside the United States and it is participating in the Offers from outside the United States;
- (p) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within Article 43 of the Financial Promotion Order (which includes an existing member of Nationwide and, therefore, includes the PIBS Holders) or within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order), or to whom this Offer Memorandum and any other documents or materials relating to the Offers may otherwise lawfully be communicated in accordance with the Financial Promotion Order;
- (q) it is not located or resident in Italy;
- (r) it is not located or resident in France or, if it is located or resident in France, it is a qualified investor (*investisseur qualifié*), as defined and in accordance with Article L.411-2 of the French *Code monétaire et financier* as amended from time to time, and Article 2(e) of the Prospectus Regulation;
- (s) it is not located or resident in Belgium or, if it is located or resident in Belgium, it is a qualified investor, in the sense of Article 2(e) of the Prospectus Regulation (as amended or replaced from time to time), acting on its own account, and it does not qualify as a consumer within the meaning of Article 1.1 of the Belgian Code of Economic Law (as amended or replaced from time to time);
- (t) it is not a Sanctions Restricted Person;
- (u) in respect of its PIBS which it tenders and which are purchased pursuant to the Tender Offer, it (i) releases, to the fullest extent permitted by law, Nationwide, the Dealer Managers, Equiniti, BondCap and their respective Affiliates from any liability in relation to or arising in connection with the preparation, negotiation or implementation of the Offers or any part thereof; (ii) waives, to the fullest extent permitted by law, all rights and entitlement it may otherwise have or acquire to bring, participate in or enforce legal proceedings of any nature against Nationwide, the Dealer Managers, Equiniti, BondCap and/or any of their respective Affiliates in connection with the Offers and/or its PIBS purchased pursuant to the Tender Offer; (iii) waives, to the fullest extent permitted by law, all its rights, title and interest to and claims in respect of such PIBS purchased pursuant to the Tender Offer; and (iv) acknowledges that the Contracts (Rights of Third Parties) Act 1999 applies to the foregoing acknowledgements, representations, warranties and undertakings;
- (v) it has full power and authority to tender for purchase and transfer the PIBS which are the subject of the relevant Tender Instruction Form in the Tender Offer and to give the relevant voting instructions in respect of the Resolutions and, if such PIBS are accepted for purchase by Nationwide such PIBS will (at the option of Nationwide) either be cancelled directly and without any transfer, or be transferred to or to the order of Nationwide with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached to such PIBS, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by Nationwide to be necessary or desirable to complete the transfer and/or cancellation of such PIBS or to evidence such power and authority;
- (w) the terms and conditions of the Offers set out in this Offer Memorandum shall be deemed to be incorporated in, and form a part of, the relevant Tender Instruction Form which shall be read and construed accordingly, and that the information given by or on behalf of such PIBS Holder in such Tender Instruction Form is true and will be true in all respects at the time of the purchase of the relevant PIBS on the Settlement Date;

- (x) it accepts that Nationwide is under no obligation to accept tenders of PIBS for purchase pursuant to the Tender Offer, and accordingly such tenders may be accepted or rejected by Nationwide in its sole and absolute discretion and for any reason;
- (y) it shall, to the fullest extent permitted by law, indemnify Nationwide, the Dealer Managers, Equiniti and BondCap against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with the Offers made (including any acceptance thereof) by such PIBS Holder;
- (z) it irrevocably undertakes, represents, warrants and agrees to and with Nationwide, the Dealer Managers, Equiniti and BondCap that the execution of the relevant Tender Instruction Form and its delivery to Equiniti constitutes, subject to the acceptance by Nationwide of the relevant PIBS for purchase and to such PIBS Holder not having validly revoked the Tender Instruction Form (in the limited circumstances in which such revocation is permitted), the irrevocable separate appointment of Nationwide as its agent and it irrevocably instructs Nationwide (or its nominee) as its agent to:
 - (i) complete and execute all or any form(s) of transfer and/or renunciation and/or cancellation and/or other document(s) in the discretion of Nationwide as its agent in relation to the PIBS which are the subject of the relevant Tender Instruction Form in favour of Nationwide or as Nationwide as its agent may direct;
 - (ii) deliver such form(s) of transfer and/or renunciation and/or cancellation and/or other document(s) at the discretion of Nationwide as its agent, together with any certificate(s) and/or other document(s) of title relating to such PIBS for registration; and
 - (iii) do all such other acts and things as may in the opinion of Nationwide as its agent be necessary or expedient for the purpose of, or in connection with, the acceptance by Nationwide of the tender of such PIBS for purchase pursuant to the Tender Offer and to cancel or, as the case may be, vest in Nationwide or its nominee such PIBS as provided above; and
- (aa) it acknowledges that Nationwide, the Dealer Managers, Equiniti, BondCap and their respective Affiliates will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties and undertakings.

The representation set out at (t) above shall not be sought or given at any time after such representation is first made if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing, or imposing penalties for breach of, such Regulation in any member state of the European Union) or (ii) any similar blocking or anti-boycott law in the European Union or the United Kingdom (including Council Regulation (EC) No 2271/1996 of 22 November 1996 as retained in domestic United Kingdom law by virtue of the EUWA).

PART B

Agreements, Acknowledgements, Representations, Warranties and Undertakings of PIBS Holders, in respect of PIBS held in CREST

By submitting a valid TTE Instruction, the relevant CREST Participant and the PIBS Holder on whose behalf such TTE Instruction is submitted shall be deemed to make the following agreements, acknowledgements, representations, warranties and undertakings to Nationwide, the Dealer Managers, Equiniti and BondCap at each of the time of submission of the TTE Instruction, the Participation Deadline and the time of settlement on the Settlement Date:

- (a) it has received this Offer Memorandum, and has reviewed and accepts the offer and distribution restrictions, terms, conditions, risk factors and other considerations of the Offers, all as described in this Offer Memorandum, and it is assuming all the risks inherent in participating in the Offers and has undertaken an appropriate analysis of the implications of the Offers based on any legal, tax, accounting or financial advice it has deemed necessary to seek from its own advisers without reliance on Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates;
- (b) it consents to Equiniti, as the PIBS Registrar, providing details concerning its and its CREST Participant's identity to Nationwide, the Dealer Managers, BondCap and their respective advisers;
- (c) upon the terms and subject to the conditions of the Offers, it tenders for purchase in the Tender Offer the nominal amount of the PIBS the subject of the relevant TTE Instruction and, subject to and effective on such purchase by Nationwide, it renounces all right, title and interest in and to all such PIBS on the purchase of such PIBS by or at the direction of Nationwide and waives and releases any rights or claims it may have against Nationwide with respect to any such PIBS and the Offers;
- (d) if the PIBS which are the subject of the relevant TTE Instruction are accepted for purchase by Nationwide, it acknowledges that (i) the Offer Price and Accrued Interest Payment will be paid in pounds Sterling, (ii) such cash amount will be deposited by or on behalf of Nationwide with Equiniti as PIBS Registrar on or before the Settlement Date, (iii) on receipt of such cash amounts, Equiniti will make payments promptly to the relevant PIBS Holder in accordance with the usual procedures of Equiniti as the PIBS Registrar for payments to such PIBS Holder in respect of the PIBS, as described in this Offer Memorandum, and (iv) the payment to Equiniti as PIBS Registrar on or before the Settlement Date of the Offer Price and Accrued Interest Payment pursuant to the Tender Offer and the onward payment by Equiniti as the PIBS Registrar in accordance with its usual procedures as referred to above will discharge the obligation of Nationwide to such PIBS Holder in respect of the payment of such amounts;

- (e) by submitting (or arranging the submission on its behalf of) a valid Tender Instruction, it (i) appoints the Chairperson of the Meeting (or their nominee) as proxy to attend the Meeting and vote in favour of both Resolutions in respect of all its PIBS so tendered for purchase, (ii) acknowledges and accepts that it will not, itself, also be able to attend the Meeting or make any other arrangements for casting votes at the Meeting in respect of such tendered PIBS, and (iii) represents, warrants and undertakes that it has not also submitted (or arranged the submission on its behalf of) a Voting Only Instruction in respect of any of the PIBS which are the subject of its Tender Instruction and has not otherwise taken, and will not take, any other steps to seek to vote in respect of any of its PIBS tendered for purchase;
- (f) it agrees to ratify and confirm each and every act or thing that may be done or effected by Nationwide, any of its directors or any person nominated by Nationwide in the proper exercise of his or her powers and/or authority hereunder;
- (g) it agrees to do all such acts and things (if any) as shall be necessary and execute any additional documents deemed by Nationwide to be desirable, in each case to complete the cancellation of the PIBS which are the subject of the relevant TTE Instruction or their transfer to Nationwide or its nominee pursuant to the Tender Offer and/or to perfect any of the authorities expressed to be given hereunder;
- (h) it has observed the laws of all relevant jurisdictions; obtained all requisite governmental, exchange control or other required consents; complied with all requisite formalities; and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any offer or acceptance in any jurisdiction and it has not taken or omitted to take any action in breach of the terms of the Tender Offer or which will or may result in Nationwide, the Dealer Managers, Equiniti, BondCap, any of their respective Affiliates or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offers;
- (i) all authority conferred or agreed to be conferred pursuant to its acknowledgements, agreements, representations, warranties and undertakings, and all of its obligations shall be binding upon its successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives, and shall not be affected by, and shall survive, its death or incapacity;
- (j) none of Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates has given it any information with respect to the Offers save as expressly set out in this Offer Memorandum (including its Annex and the attached Notice of Meeting) nor has any of them made any recommendation to it as to whether it should tender PIBS in the Tender Offer or otherwise participate in the Offers and it has made its own decision with regard to tendering PIBS in the Tender Offer based on any legal, regulatory, tax, business, investment, financial or accounting advice it has deemed necessary to seek from its own advisers;
- (k) no information has been provided to it by Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates with regard to the tax consequences for PIBS Holders arising from the purchase of PIBS by Nationwide pursuant to the Tender Offer and the receipt by the PIBS Holder of the Offer Price and Accrued Interest Payment or its disposal of PIBS and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Offers and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against Nationwide, the Dealer Managers, Equiniti, BondCap or any of their respective Affiliates, or any other person in respect of such taxes and payments;
- (l) it has had access to such financial and other information concerning the PIBS which are the subject of the relevant TTE Instruction, and has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers, as it deems necessary or appropriate in order to make an informed decision with respect to its tendering of the PIBS which are the subject of the relevant TTE Instruction; it is not relying on any communication (written or oral) made by any party involved in the Tender Offer or any such party's affiliates as constituting a recommendation to tender the PIBS which are the subject of the relevant TTE Instruction; and it is able to bear the economic risks of participating in the Tender Offer;
- (m) it is not a person to whom it is unlawful to make an invitation pursuant to the Offers under applicable securities laws and it has (before submitting, or arranging for the submission on its behalf of the TTE Instruction in respect of the PIBS it is tendering for purchase) complied with all laws and regulations applicable to it for the purposes of its participation in the Offers;
- (n) it is an Eligible Holder;
- (o) either (a) (i) it is the beneficial owner of the PIBS being tendered in the Tender Offer and (ii) it is located and resident outside the United States and it is participating in the Offers from outside the United States or (b) (i) it is acting on behalf of the beneficial owner of the PIBS which are the subject of the relevant TTE Instruction being tendered in the Tender Offer on a non-discretionary basis and has been duly authorised to so act and (ii) such beneficial owner has confirmed to it that it is located and resident outside the United States and it is participating in the Offers from outside the United States;
- (p) it is not located or resident in the United Kingdom or, if it is located or resident in the United Kingdom, it is a person falling within Article 43 of the Financial Promotion Order (which includes an existing member of Nationwide and, therefore, includes the PIBS Holders) or within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order), or to whom this Offer Memorandum and any other documents or materials relating to the Offers may otherwise lawfully be communicated in accordance with the Financial Promotion Order;
- (q) it is not located or resident in Italy;
- (r) it is not located or resident in France or, if it is located or resident in France, it is a qualified investor (*investisseur qualifié*), as defined and in accordance with Article L.411-2 of the French Code monétaire et financier as amended from time to time, and Article 2(e) of the Prospectus Regulation;

- (s) it is not located or resident in Belgium or, if it is located or resident in Belgium, it is a qualified investor, in the sense of Article 2(e) of the Prospectus Regulation (as amended or replaced from time to time), acting on its own account, and it does not qualify as a consumer within the meaning of Article 1.1 of the Belgian Code of Economic Law (as amended or replaced from time to time);
- (t) it is not a Sanctions Restricted Person;
- (u) in respect of its PIBS which it tenders and which are purchased pursuant to the Tender Offer, it (i) releases, to the fullest extent permitted by law, Nationwide, the Dealer Managers, Equiniti, BondCap and their respective Affiliates from any liability in relation to or arising in connection with the preparation, negotiation or implementation of the Offers or any part thereof; (ii) waives, to the fullest extent permitted by law, all rights and entitlement it may otherwise have or acquire to bring, participate in or enforce legal proceedings of any nature against Nationwide, the Dealer Managers, Equiniti, BondCap and/or any of their respective Affiliates in connection with the Offers and/or its PIBS purchased pursuant to the Tender Offer; (iii) waives, to the fullest extent permitted by law, all its rights, title and interest to and claims in respect of such PIBS purchased pursuant to the Tender Offer; and (iv) acknowledges that the Contracts (Rights of Third Parties) Act 1999 applies to the foregoing acknowledgements, representations, warranties and undertakings;
- (v) it has full power and authority to tender for purchase and transfer the PIBS which are the subject of the relevant TTE Instruction in the Tender Offer and to give the relevant voting instructions in respect of the Resolutions and, if such PIBS are accepted for purchase by Nationwide such PIBS will (at the option of Nationwide) either be cancelled directly and without any transfer, or be transferred to or to the order of Nationwide with full title free from all liens, charges and encumbrances, not subject to any adverse claim and together with all rights attached to such PIBS, and it will, upon request, execute and deliver any additional documents and/or do such other things deemed by Nationwide to be necessary or desirable to complete the transfer and/or cancellation of such PIBS or to evidence such power and authority;
- (w) the terms and conditions of the Offers set out in this Offer Memorandum shall be deemed to be incorporated in, and form a part of, the relevant TTE Instruction which shall be read and construed accordingly, and that the information given by or on behalf of such PIBS Holder in such TTE Instruction is true and will be true in all respects at the time of the purchase of the relevant PIBS on the Settlement Date;
- (x) it accepts that Nationwide is under no obligation to accept tenders of PIBS for purchase pursuant to the Tender Offer, and accordingly such tenders may be accepted or rejected by Nationwide in its sole and absolute discretion and for any reason;
- (y) it represents, warrants and undertakes that the PIBS which are the subject of the relevant TTE Instruction are, at the time of submission of such TTE Instruction, and will continue to be, until the Settlement Date, held on its behalf by CREST;
- (z) it shall, to the fullest extent permitted by law, indemnify Nationwide, the Dealer Managers, Equiniti and BondCap against all and any losses, costs, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the agreements, representations, warranties and/or undertakings given in connection with the Offers made (including any acceptance thereof) by such PIBS Holder;
- (aa) it irrevocably undertakes, represents, warrants and agrees to and with Nationwide, the Dealer Managers, Equiniti and BondCap that the delivery of the relevant TTE Instruction constitutes, subject to the acceptance by Nationwide of the relevant PIBS for purchase and to such PIBS Holder not having validly revoked the relevant TTE Instruction (in the limited circumstances in which such revocation is permitted), the irrevocable separate appointment of Equiniti as such PIBS Holder's agent with an irrevocable instruction to Equiniti as such agent:
 - (i) to cancel the PIBS directly or to transfer to itself (or to such other person or persons as Nationwide may direct) by means of CREST those of the PIBS which are the subject of the relevant TTE Instruction and are accepted for purchase pursuant to the Tender Offer; and
 - (ii) if the Tender Offer is terminated, the PIBS which are the subject of the relevant TTE Instruction are not accepted for purchase by Nationwide or the relevant TTE Instruction is validly revoked (in the limited circumstances in which such revocation is permitted), to give instructions to EUI as soon as reasonably practicable after the date on which such event takes place to transfer all the PIBS which are the subject of the relevant TTE Instruction to such PIBS Holder's CREST account; and
- (bb) it acknowledges that Nationwide, the Dealer Managers, Equiniti, BondCap and their respective Affiliates will rely on the truth and accuracy of the foregoing acknowledgements, agreements, representations, warranties and undertakings.

The representation set out at (t) above shall not be sought or given at any time after such representation is first made if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing, or imposing penalties for breach of, such Regulation in any member state of the European Union) or (ii) any similar blocking or anti-boycott law in the European Union or the United Kingdom (including Council Regulation (EC) No 2271/1996 of 22 November 1996 as retained in domestic United Kingdom law by virtue of the EUWA).

NATIONWIDE

Nationwide Building Society

Nationwide House
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United Kingdom

DEALER MANAGERS AND SOLICITATION AGENTS

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Attn: Liability Management

TENDER AGENT, TABULATION AGENT AND PIBS REGISTRAR

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United Kingdom
Tel: 0371 384 2050 (if calling from within the UK)*

**Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls from within the UK are charged at the standard geographic rate and will vary by provider. If calling from outside the UK, please call +44 371 384 2050. Calls to the helpline from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offers nor give any financial, legal or tax advice.*

RETAIL INFORMATION AGENT

Bondinvest Capital Limited

97 London Lane
Bromley BR1 4HF
United Kingdom
Tel: 020 7058 0080 / 0090 (if calling from within the UK)**
Email: m.dyson@bondcap.co.uk

***Lines are open from 9.00 a.m. to 5.00 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales). Calls from within the UK are charged at the standard geographic rate and will vary by provider. If calling from outside the UK, please call +44 20 7058 0080 / 0090. Calls from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helpline cannot provide advice on the merits of the Offers nor give any financial, legal or tax advice.*

LEGAL ADVISERS

To Nationwide

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Dealer Managers

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

Section 2: NOTICE OF MEETING

**THIS NOTICE IS IMPORTANT AND
REQUIRES THE IMMEDIATE
ATTENTION OF PIBS HOLDERS.**

If PIBS Holders are in any doubt as to the action they should take, they should seek their own financial and legal advice, including in respect of any tax consequences, immediately from their broker, solicitor, accountant or other independent financial, tax or legal adviser.

FURTHER INFORMATION REGARDING THE MATTERS REFERRED TO IN THIS NOTICE IS AVAILABLE IN THE OFFER MEMORANDUM REFERRED TO HEREIN. ELIGIBLE HOLDERS (AS DEFINED BELOW) ARE ENCOURAGED TO REQUEST A COPY OF THAT DOCUMENT AS PROVIDED HEREIN (IF THEY HAVE NOT ALREADY RECEIVED ONE) AND TO READ THIS NOTICE TOGETHER WITH THE SAME.

PIBS HOLDERS MAY ALSO CONTACT BONDINVEST CAPITAL LIMITED AT THE CONTACT DETAILS PROVIDED HEREIN FOR FURTHER INFORMATION REGARDING THE RESOLUTIONS PROPOSED IN THIS NOTICE

Nationwide Building Society

(incorporated in England and Wales under the UK Building Societies Act 1986, as amended)

(“Nationwide”)

NOTICE OF MEETING

to all holders of its outstanding

£10,000,000 Floating Rate Permanent Interest Bearing Shares

(originally issued by Cheshire Building Society)

(ISIN: GB0001918076)

(the “PIBS”)



NOTICE IS HEREBY GIVEN that a meeting (the “**Meeting**”) of the holders of the PIBS (the “**PIBS Holders**”) is being convened by Nationwide at One Bishops Square, London E1 6AD, United Kingdom at 1.00 p.m. (UK time) on 7 July 2021 for the purpose of considering and, if thought fit, passing the two resolutions set out below (the “**Resolutions**” and each a “**Resolution**”). The implementation of each Resolution (if passed) will be at the discretion of Nationwide and subject to satisfaction of the Eligibility Condition set out in each Resolution. The Resolutions are being proposed in accordance with the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” should be read accordingly).

In light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the above physical location, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions. Nationwide is therefore also arranging for PIBS Holders to be able to attend the Meeting by way of a video conference. Further information is provided below under “*Voting and Quorum*”.

In connection with the proposals being put to the PIBS Holders at the Meeting, Nationwide is also conducting a cash tender offer (the “**Tender Offer**”) in respect of the PIBS, which is open to all PIBS Holders (subject to offer restrictions under applicable laws). Further details of the Tender Offer and these proposals are set out in an Offer Memorandum dated 3 June 2021 (the “**Offer Memorandum**”) which is available to Eligible Holders as further provided below.

Unless the context otherwise requires, capitalised terms used but not defined in this Notice shall have the meaning given in the Conditions, the Resolutions and (if applicable) the Offer Memorandum.

None of Nationwide, Equiniti Limited (“**Equiniti**”), Bondinvest Capital Limited (“**BondCap**”) or Lloyds Bank Corporate Markets plc and Nomura International plc (the “**Dealer Managers**”) or any of their respective affiliates expresses any opinion on, nor do they make any recommendation or representations as to the merits of, the Tender Offer or the Resolutions and the variations to the Conditions proposed herein (the “**Proposed Variations**”).

BACKGROUND

Pursuant to Condition 7, the Conditions may be varied by Nationwide with the sanction of a resolution passed at a meeting of PIBS Holders held in accordance with Condition 8. Nationwide is proposing two Resolutions which seek the consent of PIBS Holders to make certain variations to the Conditions.

Two Resolutions are being put to the vote of the PIBS Holders at the Meeting, as follows:

- (1) “**Resolution 1**”: a proposal to change the way in which interest on the PIBS is calculated after the interest payment date falling in September 2021, from a LIBOR-based rate to a SONIA-based rate (together with fallback provisions should SONIA be discontinued in the future); and
- (2) “**Resolution 2**”: a proposal to give Nationwide the right to redeem and repay all outstanding PIBS on the interest payment date falling in September 2030 or any interest payment date afterwards, at a price equal to £1,000 for each £1,000 in nominal amount of the PIBS. In conjunction with granting Nationwide the option to redeem the PIBS in the future, Resolution 2, if passed, will also result in the interest rate on the PIBS being increased by an additional margin of 1.50 per cent. per annum for all interest accrued after the September 2021 interest payment date.

As more fully described in the Offer Memorandum, the reason for seeking the redemption right under Resolution 2 is that the PIBS will, after 2021, no longer qualify as regulatory capital instruments due to changes in the prudential rules since they were issued in 1994. The redemption price under Resolution 2 above compares with the Tender Offer price of £1,040 for each £1,000 in nominal amount of the PIBS.

For reference, the quoted mid-market prices for the PIBS on the London Stock Exchange plc as at close of business on 27 May 2021 (the latest practicable date before finalisation of this Notice) and on the first dealing day on each of the prior six months were as follows:

1 December 2020	85.000% (£850.00 for each £1,000 in nominal amount of the PIBS)
4 January 2021	85.250% (£852.50 for each £1,000 in nominal amount of the PIBS)
1 February 2021	86.875% (£868.75 for each £1,000 in nominal amount of the PIBS)
1 March 2021	88.625% (£886.25 for each £1,000 in nominal amount of the PIBS)
1 April 2021	89.000% (£890.00 for each £1,000 in nominal amount of the PIBS)
4 May 2021	89.500% (£895.00 for each £1,000 in nominal amount of the PIBS)
27 May 2021	89.500% (£895.00 for each £1,000 in nominal amount of the PIBS)

The above are the quoted mid-prices of the bid and offered prices on the London Stock Exchange plc on the relevant dates. It should be noted that, given limited trading volumes in the PIBS, these prices may not be reliable indicators of prices at which a PIBS Holder would have been able to sell their PIBS in the market on the relevant dates, and should not be taken as an indication of the price at which a PIBS Holder may be able to sell their PIBS in the market on any future date.

The Annex to this Notice sets out the Proposed Variations.

Further information (including risk factors and other considerations) on each of these Resolutions, including additional information on why Nationwide is proposing them and information on certain differences between LIBOR and SONIA, can be found in the Offer Memorandum. PIBS Holders who are Retail Investors (as defined below) may also contact BondCap at the contact details provided below if they have questions about the Resolutions and the Proposed Variations. PIBS Holders who are Institutional Investors (as defined below) may also contact the Dealer Managers at the contact details provided below if they have questions about the Resolutions and the Proposed Variations.

OFFER MEMORANDUM

Nationwide is also conducting a Tender Offer concurrently with the proposals described in this Notice. Eligible Holders (as defined below) may elect to participate in the Tender Offer on the terms set out in the Offer Memorandum.

PIBS Holders may have received a copy of the Offer Memorandum by mail. In addition, Eligible Holders may obtain an electronic copy of the Offer Memorandum as provided in the section headed “Further Information” below.

PIBS Holders who elect to tender their PIBS in the Tender Offer will also automatically appoint the Chairperson of the Meeting (or their nominee) to cast the votes attached to those tendered PIBS in favour of both Resolutions. **Such PIBS Holders should take no other action in connection with the Meeting or the Resolutions.**

ELIGIBLE HOLDERS AND ELIGIBILITY CONDITIONS

An “**Eligible Holder**” is a person who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)), and (b) otherwise a person to whom the offers set out in the Offer Memorandum can be lawfully made and that may lawfully participate in those offers. Any PIBS Holder that is not an Eligible Holder will be an “**Ineligible Holder**”.

The passing of the Resolutions is also subject to the Eligibility Condition set out in each Resolution.

The reasons for making a distinction between Eligible Holders and Ineligible Holders, and for the Eligibility Condition in each Resolution, are discussed in the Offer Memorandum and relate to compliance with securities laws. PIBS Holders who are Retail Investors may also contact BondCap if they have any questions in this regard. PIBS Holders who are Institutional Investors may contact the Dealer Managers.

However, PIBS Holders should note that they will be entitled to vote on the Resolutions irrespective of whether they are an Eligible Holder or an Ineligible Holder.

PIBS Holders who hold their PIBS in certificated form and who submit (or arrange to have submitted on their behalf) Voting Only Instructions (as defined below) will be required to specify on their Paper Instruction Form (as defined below), in the box provided, if they are an Ineligible Holder. If they do not mark the box provided for that purpose, they will be deemed to represent and agree that they are an Eligible Holder.

If a Registered Holder (as defined below) completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such Registered Holder should indicate this on the relevant Paper Instruction Form. If selecting Option 2 on the Paper Instruction Form, the Registered Holder must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3 on the Paper Instruction Form, the Registered Holder must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

Where a CREST Participant (being a person who is a system-participant in CREST) completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such CREST Participant should indicate this on the relevant Paper Instruction Form. If selecting Option 2 on the Paper Instruction Form, the CREST Participant must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3 on the Paper Instruction Form, the CREST Participant must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

PROPOSALS

Pursuant to this Notice, Nationwide is convening the Meeting to request that the PIBS Holders consider and agree to the matters contained in Resolution 1 and Resolution 2 below. Each of Resolution 1 and Resolution 2 is proposed separately, and accordingly PIBS Holders should vote on each of Resolution 1 and Resolution 2 separately.

If a Resolution is passed by the PIBS Holders and implemented by Nationwide, the relevant Resolution and the related variations to the Conditions will be binding on all PIBS Holders, whether or not attending or represented at the Meeting and whether or not voting in favour.

If Resolution 1 is passed in accordance with its terms, Nationwide currently expects to implement the variations to the Conditions approved under Resolution 1, whether or not Resolution 2 also passes. However, if Resolution 1 does not pass in accordance with its terms, Nationwide will not implement Resolution 2 even if it passes.

The terms of each Resolution are set out below.

RESOLUTION 1

“THAT this Meeting of the holders (the “**PIBS Holders**”) of the outstanding £10,000,000 Floating Rate Permanent Interest Bearing Shares (the “**PIBS**”) of Nationwide Building Society (“**Nationwide**”), governed by the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” shall be construed accordingly):

1. assents to and authorises Nationwide to vary Condition 3 in accordance with the proposed variations thereto shown in the Annex to the Notice of Meeting, other than inclusion of the references therein to the Additional Margin (which will only be included if Resolution 2 is also passed and implemented);
2. assents to and authorises Nationwide to make any further variations of the Conditions which are incidental to, or reasonably necessary to implement and/or give effect to, the variations assented to under paragraph 1 above;

3. declares that the implementation of this Resolution 1 shall be conditional on:
 - (a) the passing of this Resolution 1; and
 - (b) the quorum required for, and the requisite majority of votes cast on this Resolution 1 at, this Meeting being satisfied by Eligible Holders only, irrespective of any participation at this Meeting by Ineligible Holders (the “**Eligibility Condition**”), and further resolves that, if this Resolution 1 is passed at this Meeting but the Eligibility Condition is not satisfied, the Chairperson of this Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting until such date, not less than 14 days nor more than 42 days later, and time and place as may be appointed by the Chairperson of this Meeting, for the purpose of reconsidering the matters proposed in this Resolution 1 with the exception of this paragraph 3(b), and in place of the foregoing provisions of this paragraph 3(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Holders only, irrespective of any participation at the adjourned Meeting by Ineligible Holders;
4. acknowledges that the following terms, as used in this Resolution 1, shall have the meanings given below:

“**Eligible Holder**” means each PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended), and (b) otherwise a person to whom the offers set out in Nationwide’s Offer Memorandum dated 3 June 2021 can be lawfully made and that may lawfully participate in those offers;

“**Ineligible Holder**” means each PIBS Holder who is not an Eligible Holder;

“**Notice of Meeting**” means the notice given by Nationwide to PIBS Holders on 3 June 2021; and

“**Resolution 2**” has the meaning given in the Notice of Meeting;
5. (subject to paragraph 3 of this Resolution 1) discharges and exonerates Nationwide from all liability for which it may have become or may become responsible under the Conditions or any document related thereto in respect of any act or omission in connection with the passing of this Resolution 1 or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Notice of Meeting or this Resolution 1;
6. sanctions and consents to every variation in respect of the rights of the PIBS Holders appertaining to the PIBS against Nationwide involved in or resulting from or to be effected by the variations referred to in paragraphs 1 and 2 above and the implementation thereof; and
7. resolves that this Resolution 1 shall take effect as a sanction by resolution pursuant to Condition 8, and Nationwide shall at its discretion be entitled (but not obliged) to make the variations hereby assented to.”

RESOLUTION 2

“THAT this Meeting of the holders (the “**PIBS Holders**”) of the outstanding £10,000,000 Floating Rate Permanent Interest Bearing Shares (the “**PIBS**”) of Nationwide Building Society (“**Nationwide**”), governed by the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” shall be construed accordingly):

1. assents to and authorises Nationwide to:
 - (a) vary Condition 3 by the inclusion of references to the ‘Additional Margin’ in accordance with the proposed changes shown in the Annex to the Notice of Meeting; and
 - (b) vary Condition 4 in accordance with the proposed variations thereto shown in the Annex to the Notice of Meeting;
2. assents to and authorises Nationwide to make any further variations of the Conditions which are incidental to, or reasonably necessary to implement and/or give effect to, the variations assented to under paragraph 1 above;
3. declares that the implementation of this Resolution 2 shall be conditional on:
 - (a) the passing of this Resolution 2; and
 - (b) the quorum required for, and the requisite majority of votes cast on this Resolution 2 at, this Meeting being satisfied by Eligible Holders only, irrespective of any participation at this Meeting by Ineligible Holders (the “**Eligibility Condition**”), and further resolves that, if this Resolution 2 is passed at this Meeting but the Eligibility Condition is not satisfied, the Chairperson of this Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting until such date, not less than 14 days nor more than 42 days later, and time and place as may be appointed by the Chairperson of this Meeting, for the purpose of reconsidering the matters proposed in this Resolution 2 with the exception of this paragraph 3(b), and in place of the foregoing provisions of this paragraph 3(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Holders only, irrespective of any participation at the adjourned Meeting by Ineligible Holders;
4. acknowledges that the following terms, as used in this Resolution 2, shall have the meanings given below:

“**Eligible Holder**” means each PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended), and (b) otherwise a person to whom the offers set out in Nationwide’s Offer Memorandum dated 3 June 2021 can be lawfully made and that may lawfully participate in those offers;

“**Ineligible Holder**” means each PIBS Holder who is not an Eligible Holder; and

“**Notice of Meeting**” means the notice given by Nationwide to PIBS Holders on 3 June 2021;

5. (subject to paragraph 3 of this Resolution 2) discharges and exonerates Nationwide from all liability for which it may have become or may become responsible under Conditions or any document related thereto in respect of any act or omission in connection with the passing of this Resolution 2 or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Notice of Meeting or this Resolution 2;
6. sanctions and consents to every variation in respect of the rights of the PIBS Holders appertaining to the PIBS against Nationwide involved in or resulting from or to be effected by the variations referred to in paragraphs 1 and 2 above and the implementation thereof; and
7. resolves that this Resolution 2 shall take effect as a sanction by resolution pursuant to Condition 8, and Nationwide shall at its discretion be entitled (but not obliged) to make the variations hereby assented to.”

REQUIREMENTS OF UNITED STATES SECURITIES LAWS

In the event that the Resolutions or either of them are passed and implemented, sales of the PIBS may not be made in the United States or to U.S. persons (unless made outside the United States pursuant to Rules 903 and 904 of Regulation S under the Securities Act) until the expiry of the period of 40 days after the date on which the Conditions are amended.

GENERAL

A copy of the current Conditions of the PIBS are available on Nationwide’s website (<https://www.nationwide.co.uk/-/media/MainSite/documents/about/investor-relations/pibs/10mfrnpibs.pdf>).

The attention of PIBS Holders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Resolutions at the Meeting (including at any adjourned Meeting), which are set out under “Voting and Quorum” below.

VOTING AND QUORUM

A PIBS Holder who, by no later than 1.00 p.m. (UK time) on 5 July 2021 (the “**Participation Deadline**”), submits (or arranges to have submitted on its behalf) a valid Tender Instruction in the Tender Offer (and does not revoke that Tender Instruction in the limited circumstances in which revocation is permitted) will, as part of such Tender Instruction, have given instructions for the appointment of the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to vote the PIBS which are the subject of such PIBS Holder’s Tender Instruction in favour of each of the Resolutions. **Such PIBS Holder will not be entitled to attend or vote those PIBS at the Meeting itself, and accordingly should not take any further action in relation to such PIBS with respect to the Meeting or the Resolutions.**

1. A PIBS Holder who would like to attend the Meeting or appoint a proxy to do so on their behalf must be the legal owner of the relevant PIBS, with full authority to exercise the votes attaching to its PIBS, at 1.00 p.m. (UK time) on 5 July 2021 (the “**Voting Deadline**” and “**PIBS Record Time**”) and at the time of the Meeting.

As used in this Notice, an “**Instruction**” shall mean either:

- (i) a valid Tender Instruction which is validly submitted (and not revoked) in the Tender Offer (as further described in the Offer Memorandum); or
- (ii) a Voting Only Instruction which is validly submitted (and not revoked).

A “**Voting Only Instruction**” is an instruction delivered by or on behalf of a PIBS Holder:

- (a) appointing the Chairperson of the Meeting (or their nominee) as a proxy to attend the Meeting (including any adjourned such Meeting) on such PIBS Holder’s behalf and to cast the votes attaching to the PIBS which are the subject of such Voting Only Instruction in the manner directed by the PIBS Holder in such Voting Only Instruction; or
- (b) confirming their intention to attend the Meeting in person, or to appoint a person other than the Chairperson of the Meeting as a proxy to attend the Meeting on their behalf, and to cast the votes attaching to the PIBS at the Meeting.

A PIBS Holder who wishes to tender their PIBS in the Tender Offer should follow the procedures for tendering PIBS set out in the Offer Memorandum.

A PIBS Holder who does not wish to tender their PIBS but who wishes to vote on the Resolutions should submit a Voting Only Instruction. PIBS Holders wishing to submit a Voting Only Instruction should contact Equiniti to obtain (if they have not already received one) a copy of the relevant form (the “**Paper Instruction Form**”) for completion. The PIBS Holder should (a) complete **Option 2** on the Paper Instruction Form if they would like to appoint the Chairperson of the Meeting (or their nominee) as their proxy to vote in accordance with such PIBS Holder’s instructions on the Paper Instruction Form, or (b) complete **Option 3** on the Paper Instruction Form if they would like to attend and vote at the Meeting themselves or appoint a different person as their proxy to do so on their behalf. A PIBS Holder specifying Option 3 (or their proxy) will attend the Meeting virtually and will not attend the physical location unless they specify otherwise in their Paper Instruction Form.

In each case, the PIBS Holder should send their completed Paper Instruction Form to Equiniti, which must be received by no later than the Voting Deadline.

Only Registered Holders of PIBS or CREST Participants are able to submit Instructions. If a PIBS Holder is a beneficial owner holding its PIBS through a broker, dealer, bank, custodian, trust company or other nominee or intermediary (each an “**Intermediary**”), the PIBS Holder should contact such Intermediary as a matter of priority to determine what instructions such Intermediary will require from such PIBS Holder, and by when, in order for an Instruction to be validly submitted on behalf of such PIBS Holder not later than the deadlines specified above. **Such Intermediary may need instructions from such PIBS Holder significantly in advance of those deadlines.**

PIBS held in certificated form

With respect to PIBS held in certificated form (outside CREST), only a Registered Holder of the relevant PIBS is able to submit Instructions. A “**Registered Holder**” means a holder recorded on the register maintained by Equiniti as the PIBS registrar as being a holder of legal title to PIBS. A PIBS Holder who is a beneficial owner (i.e. holding beneficial interests in PIBS) but who is not itself a Registered Holder should contact the Registered Holder or other Intermediary through which it holds its PIBS so that the Registered Holder can arrange for an Instruction to be submitted on behalf of such beneficial owner.

PIBS held in CREST

With respect to PIBS held in CREST, only a CREST Participant is able to submit Instructions. A PIBS Holder who is a beneficial owner but not a CREST Participant should contact the relevant CREST Participant or other Intermediary through which it holds its PIBS so that the CREST Participant can arrange for an Instruction to be submitted on behalf of such beneficial owner.

General

A PIBS Holder who makes arrangements to attend, or to appoint a proxy to attend, the Meeting will be required to undertake not to transfer or dispose of its PIBS prior to conclusion of the Meeting (including any adjourned such Meeting), unless the Instruction is validly revoked.

PIBS Holders should note that all Instructions shall (unless validly revoked) remain valid for any adjourned Meeting.

Covid-19 restrictions and attendance at the Meeting

In light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the physical location mentioned at the start of this Notice, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions.

Nationwide is therefore arranging for PIBS Holders to be able to attend the Meeting by way of a video conference. **Given the ongoing risks associated with Covid-19, PIBS Holders who wish to vote without tendering their PIBS are urged to consider selecting Option 2 for their PIBS on the Paper Instruction Form, appointing the Chairperson of the Meeting (or their nominee) as proxy to cast their votes. If, however, they select Option 3 on the Paper Instruction Form and wish to attend the Meeting, they are urged to do so via the video conference facility, as there is a risk that the Meeting venue may be unable to admit entry to all PIBS Holders who arrive at the venue due to ongoing Covid-19 restrictions.**

PIBS Holders who wish to attend the Meeting, or appoint a proxy other than the Chairperson of the Meeting to attend the Meeting on their behalf, will attend the Meeting virtually and will not attend the physical location unless they specify otherwise in their Paper Instruction Form.

PIBS Holders who select Option 3 for their PIBS, and thus elect to attend the Meeting (or to appoint a proxy other than the Chairperson of the Meeting (or their nominee) to attend the Meeting on their behalf) will be required to specify, on their Paper Instruction Form, an email address to which log-in details for the video conference can be sent.

Log-in details will be emailed to the relevant participants on the day before the Meeting (or, if applicable, the adjourned Meeting). Participants who are expecting to receive log-in details and have not received them by 2.00 p.m. (UK time) on the day before the Meeting should contact Equiniti, whose contact details are set out under ‘*Further Information*’ below.

The video conference facility will be hosted by Lumi. The log-in details will include a weblink to the electronic platform, the Meeting ID, a Shareholder Reference Number (SRN) and PIN.

PIBS Holders or proxies attending the Meeting via the video conference facility will be able to vote electronically during the Meeting, once instructed by the Chairman. Participants will vote on Resolution 1 and Resolution 2 separately.

All references in this Notice to persons being “present” at the Meeting or to attendance or voting “in person” shall include the presence, attendance and voting at the Meeting by way of the video conference facility.

2. The quorum required for the Meeting is one or more persons present in person or by proxy and holding or representing in aggregate not less than one-third of the principal amount of the PIBS for the time being outstanding. If a quorum is not present within 15 minutes after the time appointed for the Meeting, the Meeting will be adjourned for a period being not less than 14 days nor more than 42 days and to a place determined by the Chairperson of the Meeting. The quorum at such an adjourned Meeting will be the same as for the initial Meeting, except that if such quorum is not present within half an hour from the time appointed for the adjourned Meeting, the quorum shall be the PIBS Holders present in person or by proxy, whatever the principal amount of PIBS they hold or represent. The holding of any adjourned Meeting will be subject to Nationwide giving at least 10 clear days’ notice to the PIBS Holders of such adjourned Meeting.
3. Every question submitted to the Meeting shall be decided by poll of one or more persons present and holding PIBS or being proxies and representing in aggregate not less than three-quarters of the principal amount of the PIBS represented at such Meeting voting in favour of such question. On such a poll, every person who is present shall have one vote in respect of each £1,000 in principal amount of the PIBS which they are representing at the Meeting. Equiniti and the Chairperson shall be entitled to request reasonable evidence of a holding of PIBS and/or the validity of any appointment of a proxy, and shall be entitled to disregard any instructions or votes purported to be cast by persons who are unable to provide evidence to their reasonable satisfaction.
4. If passed, a Resolution shall be binding on all PIBS Holders, whether or not present or represented at the Meeting and whether or not voting in favour of that Resolution.
5. Nationwide will nominate the Chairperson for the Meeting.

FURTHER INFORMATION

Retail Investors

PIBS Holders who are Retail Investors* who have questions or require technical assistance in connection with the delivery of Instructions should contact Equiniti. Retail Investors who have any other questions regarding the proposals referred to in this Notice, or who wish to request an electronic copy of the Offer Memorandum, should contact BondCap. Their contact details are set out below.

* You will be a “**Retail Investor**” if you are not an Institutional Investor as defined below. Any PIBS Holder who is an individual (rather than a company or other organisation) will be a Retail Investor. Any PIBS Holder that is a company or other organisation and is not sure whether they are a Retail Investor or an Institutional Investor may contact BondCap for further information.

Equiniti Limited

Address: Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom

Telephone:** 0371 384 2050 (if calling from within the UK).

Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales).
If calling from outside the UK, please call +44 371 384 2050.

Bondinvest Capital Limited

Telephone:** 020 7058 0080 / 0090 (if calling from within the UK).

Lines are open from 9.00 a.m. to 5.00 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales).
If calling from outside the UK, please call +44 20 7058 0080 / 0090.

Email: m.dyson@bondcap.co.uk

** Calls to the helplines from within the UK are charged at the standard geographic rate and will vary by provider. Calls to the helplines from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helplines cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

Institutional Investors

Institutional Investors** who have questions or require technical assistance in connection with the delivery of Instructions should contact Equiniti. Institutional Investors who have any other questions regarding the proposals referred to in this Notice, or who wish to request an electronic copy of the Offer Memorandum, should contact Lloyds Bank Corporate Markets plc or Nomura International plc, who have been appointed as Nationwide’s dealer managers and solicitation agents for these proposals. Their contact details are set out below.

** An “**Institutional Investor**” means a PIBS Holder that is (i) an “eligible counterparty” or a “professional client”, each as defined in Directive 2014/65/EU (as amended); or (ii) an “eligible counterparty” as defined in the FCA Handbook Conduct of Business Sourcebook or a “professional client” as defined in Regulation (EU) No 600/2014 as it forms part of English domestic law by virtue of the European Union (Withdrawal) Act 2018.

Lloyds Bank Corporate Markets plc

Tel: 44 (0) 20 7158 1719 / 1726

Attn: Liability Management Group

Nomura International plc

Tel: + 44 20 7103 2 454 / 3634

Attn: Liability Management

Please note: None of Nationwide, Equiniti, BondCap, Lloyds Bank Corporate Markets plc or Nomura International plc is able to provide any financial, legal, tax, accounting or any other advice in connection with the proposals referred to in this Notice, or to express any opinion on the merits of such proposals or otherwise to make any recommendations as to whether or not PIBS Holders should participate in such proposals. If any PIBS Holder requires any such advice or recommendation, it will need to contact its own broker, solicitor, accountant or other independent financial, tax, legal or accounting adviser.

This Notice is given on 3 June 2021 by Nationwide Building Society.

Disclaimers

The Directors of Nationwide have confirmed that they have no interests in the PIBS.

In accordance with normal practice, neither Equiniti nor BondCap nor any of their respective affiliates have been involved in the formulation of the Resolutions. None of Nationwide, Equiniti, BondCap or the Dealer Managers expresses any opinion on, nor do they make any representations as to the merits of, the Resolutions or the Proposed Variations.

None of Equiniti, BondCap or the Dealer Managers or any of their respective affiliates are responsible for the accuracy, completeness, validity or correctness of the statements made in this Notice or any omissions.

This Notice does not constitute, and it should not be construed as, an offer for sale, exchange or subscription of, or a solicitation of any offer to buy, exchange or subscribe for, any securities of Nationwide or any other entity.

ANNEX TO THE NOTICE OF MEETING

Proposed Variations to the Conditions of the PIBS

1. Proposed Variations to Condition 3

The following are the proposed variations to Condition 3. The proposed variations are shown by way of strike-through (*example*) of proposed deletions and underlining (*example*) of proposed insertions. These variations are proposed under Resolution 1, except for the references to the 'Additional Margin' which will only be included if Resolution 2 is also passed and implemented.

“3. Interest

(1) This Condition 3(1) shall apply to interest payable on the PIBS on each Interest Payment Date up to (and including) the Interest Payment Date falling in September 2021. Thereafter, interest payable on the PIBS will be determined in accordance with Condition 3(2).

(a) Interest Payment Dates

The PIBS bear interest from and including 28th March, 1994 (the “Issue Date”), and such interest will be payable in arrear on each date (“Interest Payment Date”) which (save as mentioned below) falls six months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date. If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event (a) the Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) after the foregoing (a) shall have been applied, each subsequent Interest Payment Date shall be the last Business Day of the sixth month after the month in which the preceding Interest Payment Date shall have fallen. The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an “Interest Period”.

For the purposes of this Condition, the expression “Business Day” shall mean a day on which commercial banks and foreign exchange markets settle payments in London.

(b) Rate of Interest

The rate of interest payable from time to time in respect of the PIBS (the “Rate of Interest”) will be determined on the basis of the following provisions:

- (i) on each “Interest Determination Date”, namely on the first Business Day of the Interest Period for which the rate will apply, Bankers Trust Company or its duly appointed successor (the “Agent Bank”) will determine the Screen Rate (as defined below) as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. If the Screen Rate is unavailable, the Agent Bank will, after consultation with the Society, request the principal London office of at least four of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for six month sterling deposits in the London interbank market as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin (as defined below) or, if the Screen Rate is unavailable, the arithmetic average (rounded upwards if necessary to the nearest $\frac{1}{16}$ per cent.) of the offered quotations as established by the Agent Bank (excluding the highest and lowest (or, in either case, of more than one, then one only of them) of the offered quotations provided by all the Reference Banks) plus the Margin;
- (ii) if on any Interest Determination Date the Screen Rate is unavailable and two or three only of the Reference Banks provide offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with the provisions of sub-paragraph (i) on the basis of the offered quotations of those Reference Banks providing the offered quotations (but without excluding as provided above);
- (iii) if on any Interest Determination Date the Screen Rate is unavailable and one only or none of the Reference Banks provides an offered quotation, then the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for that Interest Period to which sub-paragraph (i) or (ii) shall have applied which last preceded the relevant Interest Period;
- (iv) the Margin (the “Margin”) in relation to the PIBS is 2.40 per cent. per annum;
- (v) in this Condition, the expression “Screen Rate” means the rate for six month sterling deposits displayed on the Dow Jones/Telerate Monitor as Telerate Page No. 3750 (or such replacement page on that service which displays the information) or, if that service ceases to display the information, such other screen service as may be determined by the Society (“Telerate Page 3750”);
- (vi) for the purpose of this Condition, the “Reference Banks” shall be the banks used for the purpose of displaying offered rates for six month sterling deposits in the London interbank market on Telerate Page 3750 when it was last available; and
- (vii) interest on the PIBS is non-cumulative as described below.

(c) Determination of Rate of Interest and Interest Amount

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, but in no event later than the second Business Day thereafter, determine the sterling amount payable in respect of interest on each PIBS (the “Interest Amount”) for the relevant Interest Period. The Interest Amount shall be determined by applying the Rate of Interest to £1,000, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 or (in the case of an Interest Period ending in a leap year) 366 and rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

(d) *Notification of Rate of Interest and Interest Amount*

The Agent Bank shall cause notice of the Rate of Interest and the Interest Amount for each Interest Period and the relative Interest Payment Date to be given to the PIBS holders by advertisement in at least one leading daily newspaper with general circulation in London as soon as possible after their determination but in no event later than the third Business Day thereafter. It is expected that such notice will normally be published in *The Financial Times*. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(e) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank will (in the absence of wilful default, bad faith or manifest error) be binding on the Society, the Reference Banks, the Agent Bank and the PIBS holders and (in the absence as referred to above) no liability to the Society or the PIBS holders shall attach to the Reference Banks or the Agent Bank in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(f) *Agent Bank*

The Society will procure that so long as any of the PIBS remains outstanding there shall at all times be an Agent Bank for the purposes of the PIBS. Subject as set out above, the Society may terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or the Agent Bank failing duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Society shall appoint the London office of such other leading bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

(2) This Condition 3(2) shall apply to the determination of interest on the PIBS for all Interest Periods commencing on or after the Interest Payment Date falling in September 2021.

(a) *Interest Payment Dates, etc.*

The PIBS bear interest from and including the Interest Payment Date falling in September 2021 as provided in this Condition 3(2). Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 3(1)) commencing on the Interest Payment Date falling in March 2022.

As used in this Condition 3(2):

(i) an "Interest Period" means each of:

- (1) each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date; and
- (2) any other period (if any) in respect of which interest is required to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due; and

(ii) "Business Day" has the meaning given in Condition 3(1).

(b) *Rate of Interest*

(i) The rate of interest payable from time to time in respect of the PIBS (the "Rate of Interest") will, subject to Condition 3(5) and as provided below, be determined by the Calculation Agent as the sum of:

- (1) the Compounded Daily SONIA Rate for the relevant Interest Period; plus
- (2) the Margin; plus
- (3) the SONIA Adjustment Margin; plus
- (4) the Additional Margin¹.

(ii) As used in this Condition 3(2):

["Additional Margin" means 1.50 per cent. per annum;]¹

"Compounded Daily SONIA Rate" has the meaning given in Condition 3(2)(c);

"Margin" means 2.40 per cent. per annum; and

"SONIA Adjustment Margin" means 0.2766 per cent. per annum.

(iii) Interest on the PIBS is non-cumulative as described below.

¹References to the 'Additional Margin' will only be included if Resolution 2 passes and is implemented.

(c) Compounded Daily SONIA Rate

- (i) The “Compounded Daily SONIA Rate” means, with respect to an Interest Period (and subject as provided in Condition 3(2)(c)(ii) below), the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily Sterling Overnight Index Average (“SONIA”) rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant SONIA Determination Date (the “SONIA Compounded Index”) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

“d”	is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index _{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index _{End} is determined;
“SONIA Compounded Index _{Start} ”	means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling five Business Days prior to the first day of such Interest Period;
“SONIA Compounded Index _{End} ”	means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling five Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and
“SONIA Determination Date”	means the day falling five Business Days prior to (A) the relevant Interest Payment Date, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period).

- (ii) Subject to Condition 3(5), if, for any Interest Period, a calculation is required to be made pursuant to Condition 3(2)(c)(i) above but the SONIA Compounded Index is not published or made available in respect of any required Business Day, the Compounded Daily SONIA Rate for such Interest Period shall be calculated by the Calculation Agent as being equal to “Compounded Daily SONIA” for such Interest Period, determined as follows.

“Compounded Daily SONIA” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant SONIA Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SONIA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d”	is the number of calendar days in the relevant Observation Period;
“d _o ”	means the number of Business Days in the relevant Observation Period;
“i”	is a series of whole numbers from one to “d _o ”, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Observation Period;
“n _i ”	for any Business Day “i”, means the number of calendar days from (and including) such Business Day “i” up to (but excluding) the following Business Day;
“Observation Period”	means the period from (and including) the date falling five Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling five Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);
“Screen Page”	means Bloomberg page SONIO/N Index;
“SONIA Determination Date”	means the day falling five Business Days prior to (A) the relevant Interest Payment Date, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

the “SONIA reference rate” in respect of any Business Day (“BD_x”), is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such BD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Screen Page (or, if the Screen Page is unavailable, as otherwise published by such authorised distributors) on the Business Day immediately following BD_x; and

“SONIA” means the SONIA reference rate for the relevant Business Day “i”.

If, subject to Condition 3(5), in respect of any Business Day on which an applicable SONIA reference rate is required to be determined pursuant to this Condition 3(2)(c)(ii), such SONIA reference rate is not made available on the Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such Business Day shall be the rate determined by the Calculation Agent as:

- I. the sum of (i) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such Business Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five Business Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- II if the Bank Rate under (I)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day in respect of which the SONIA reference rate was published on the Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent than (A) above, the latest rate determined under (I) above,

and, in each case, references to “SONIA reference rate” in this Condition 3(2)(c)(ii) shall be construed accordingly.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 3(2)(c)(ii), and without prejudice to Condition 3(5), the Rate of Interest shall be:

- (A) that determined as at the last preceding SONIA Determination Date on which the Rate of Interest was so determined; or
- (B) if there is no such preceding SONIA Determination Date, the Rate of Interest determined as at the last Interest Determination Date under Condition 3(1) [plus the Additional Margin]¹,

in each case as determined by the Calculation Agent.

- (iii) If the PIBS become due and payable in accordance with Condition 4(2), the final Rate of Interest shall be calculated for the Interest Period to (but excluding) the date on which the relevant order is made or the effective resolution is passed for the winding up or dissolution (as applicable) of the Society and shall continue to apply to the PIBS for so long as interest continues to accrue thereon.
- (iv) The “Calculation Agent” means a bank or other institution of recognised standing and appropriate expertise appointed by the Society to perform the functions of the Calculation Agent under these Conditions (including any successor or replacement calculation agent appointed by the Society from time to time).

(d) Determination of Rate of Interest and Interest Amount

The Calculation Agent shall, as soon as practicable on each SONIA Determination Date, determine the Rate of Interest and the Interest Amount for the relevant Interest Period. For these purposes, “Interest Amount” has the meaning given in Condition 3(1)(c), and shall be determined in the same manner as provided therein (but applying the applicable Rate of Interest determined in accordance with this Condition 3(2)).

(e) Notification of Rate of Interest and Interest Amount

- (i) The Calculation Agent or the Society shall cause notice of the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be made available to the PIBS holders by (at the Society’s option) publication on the Society’s website or via the regulatory news service of the London Stock Exchange (or any successor or replacement service) or by advertisement in at least one leading daily newspaper with general circulation in London (expected to be *The Financial Times*), in any case as soon as possible after their determination but in no event later than the third Business Day thereafter.
- (ii) The Rate of Interest, Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Society, the Calculation Agent and the PIBS holders and (in the absence as referred to above) no liability to the Society or the PIBS holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(g) Calculation Agent

The Society will procure that, for so long as any of the PIBS remains outstanding there shall at all times be a Calculation Agent for the purposes of the PIBS. Subject as set out above, the Society may terminate the appointment of the Calculation Agent. In the event of the appointed Calculation Agent being unable or unwilling to continue to act as the Calculation Agent or the Calculation Agent failing duly to

determine the Rate of Interest and the Interest Amount for any Interest Period, the Society shall appoint another bank or other institution of recognised standing and appropriate expertise to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

(23) Interest in respect of the PIBS shall not be paid or credited in respect of any Interest Period if the Society has at any time before the date for payment of the interest cancelled the payment of any interest or dividend upon:

- (a) any other shares of any class (other than deferred shares (as defined in the Act)) of the Society; or
- (b) any deposit (as defined in the Act) with the Society,

which falls, in accordance with the terms of the share or deposit, to be paid or credited at any time before the end of the relevant Interest Period.

For the purposes of this paragraph (3):

- (i) where the Society has deferred or suspended any payment upon the shares or deposits referred to in (a) or (b) respectively above it shall be taken to have cancelled the payment for so long as the payment upon the shares or deposits referred to in (a) or (b) respectively above remains outstanding; and
- (ii) a payment upon the shares or deposits referred to in (a) or (b) respectively above is to be taken to fall to be paid or credited in circumstances where it would have so fallen but for any provisions relating thereto entitling the Society to cancel, defer or suspend payment.

If, and to the extent that, the payment or crediting of interest is prohibited under this paragraph (23), interest in respect of the PIBS will be cancelled and PIBS holders will have no rights in respect of the cancelled interest.

(34) Interest in respect of the PIBS shall not be paid or credited for any Interest Period specified by the Board, if the Board is of the opinion that:

- (a) there has been a failure by the Society to satisfy the first criterion of prudent management set out in section 45(3) of the Act and such failure is then continuing; or
- (b) the payment or crediting of the interest or, as the case may be, the payment or crediting in full of the interest would cause or contribute to such a failure by the Society,

and in such case the Board passes a resolution cancelling or, as the case may require, reducing the interest to such extent as may be necessary to secure that there will be no failure to satisfy the first criterion of prudent management and on the passing of the resolution the PIBS holder shall cease to have any right to the interest for that period so cancelled or, as the case may be, any interest other than the reduced amount payable in accordance with that resolution.

(5) If the Society determines that a Benchmark Event occurs in relation to the SONIA Compounded Index or any subsequent Relevant Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Relevant Reference Rate, then the following provisions of this Condition 3(5) shall apply.

(a) Independent Adviser

The Society shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Society determining a Successor Rate, failing which an Alternative Rate, and (in either case) the applicable Adjustment Spread and any Benchmark Amendments, all as set out below.

If, notwithstanding the Society's reasonable endeavours, the Society is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Society shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Society pursuant to this Condition 3(5), notwithstanding that such determinations are not made following consultation with an Independent Adviser.

If, upon applying the provisions of this Condition 3(5), neither an Independent Adviser nor the Society is able to determine a Successor Rate or an Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 3(5), the Society will notify the Calculation Agent and the PIBS holders of that fact, and thereafter will periodically (at least once every 12 months) attempt to determine the same by further application of this Condition 3(5) until a successful determination has been made and notified to the Calculation Agent and the PIBS holders.

(b) Successor Rate or Alternative Rate

If the Society, following consultation with the Independent Adviser (if appointed), determines in good faith that:

- (A) there is a Successor Rate, then such Successor Rate shall (as adjusted by the applicable Adjustment Spread) subsequently be used in place of the Relevant Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the PIBS (subject to the further operation of this Condition 3(5)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (as adjusted by the applicable Adjustment Spread) subsequently be used in place of the Relevant Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the PIBS (subject to the further operation of this Condition 3(5)).

(c) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions, the Society, following consultation with the Independent Adviser (if appointed), will determine in good faith the Adjustment Spread to be applied to such Successor Rate or Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) Benchmark Amendments

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 3(5) and the Society, following consultation with the Independent Adviser (if appointed), determines in good faith:

(A) that amendments to the Conditions are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments"); and

(B) the terms of the Benchmark Amendments,

then the Society shall be entitled, without any requirement for the consent or approval of PIBS holders, to vary the Conditions to give effect to such Benchmark Amendments.

(e) Notices

The Society shall notify the Calculation Agent and, in accordance with Condition 3(2)(e), the PIBS holders, promptly of any Successor Rate or Alternative Rate (as applicable) and the relevant Adjustment Spread, and the specific terms of any Benchmark Amendments, determined under this Condition 3(5). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(f) Survival of Relevant Reference Rate

The Relevant Reference Rate will continue to apply until notice has been given to the Calculation Agent and the PIBS holders in accordance with Condition 3(5)(e).

(g) Restriction on Independent Adviser and Society liability

An Independent Adviser appointed pursuant to this Condition 3(5) shall act in good faith.

In the absence of bad faith or fraud, neither the Society nor any Independent Adviser shall have any liability whatsoever to the Calculation Agent or the PIBS holders for any determination made by the Society or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Society in connection with any determination made by the Society pursuant to this Condition 3(5).

(h) Regulatory capital

Notwithstanding any other provision of this Condition 3(5), the Society shall not be required to adopt any Successor Rate, Alternative Rate or Adjustment Spread, nor to effect any Benchmark Amendments, if and to the extent that, in the determination of the Society, the same could reasonably be expected to prejudice the qualification of the PIBS as own funds and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of any prudential, capital adequacy, loss absorption capacity or resolution laws, regulations, guidelines or requirements or policies of any relevant supervisory authority (having authority with respect to prudential or resolution matters concerning the Society) then in effect and applicable to the Society.

In such event, the Society shall be entitled to apply the provisions of this Condition 3(5) with such further adjustments as it considers necessary to avoid the consequences described above, provided that the Society, acting in good faith and in a commercial reasonable manner, has determined that so doing shall not be materially less favourable to PIBS holders than failing to apply the provisions of this Condition 3(5) at all.

(i) Definitions

As used in this Condition 3(5):

"Adjustment Spread" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;

(B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Society, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Relevant Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(C) if no such recommendation or option has been made (or made available) under (A) above and if the Society, following consultation with the Independent Adviser (if appointed), determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Society, in its discretion, following consultation with the Independent

Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the PIBS holders;

“Alternative Rate” means an alternative benchmark or screen rate which the Society, following consultation with the Independent Adviser (if appointed), determines in accordance with this Condition 3(5) has replaced the Relevant Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for an interest period of approximately six months and in sterling;

“Benchmark Event” means, with respect to the Relevant Reference Rate, any one or more of the following:

- (A) the Relevant Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (B) the making of a public statement by the administrator of the Relevant Reference Rate that it has ceased or will cease to publish the Relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Relevant Reference Rate);
- (C) the making of a public statement by the supervisor of the administrator of the Relevant Reference Rate that the Relevant Reference Rate has been or will be permanently or indefinitely discontinued;
- (D) the making of a public statement by the supervisor of the administrator of the Relevant Reference Rate that the Relevant Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the PIBS; or
- (E) it has or will prior to the next relevant date for determining a Rate of Interest become unlawful for the Society or the Calculation Agent to calculate any payments due to be made to any PIBS holder using the Relevant Reference Rate (including, if applicable but without limitation, under the Benchmarks Regulation (EU) 2016/1011 as it applies in the European Union or as retained or superseded in English domestic law),

provided that in the case of paragraphs (B) to (D) above, the Benchmark Event shall occur on:

- (i) in the case of (B) above, the date of the cessation of the publication of the Relevant Reference Rate;
- (ii) in the case of (C) above, the discontinuation of the Relevant Reference Rate; or
- (iii) in the case of (D) above, the date on which the Relevant Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable);

“Independent Adviser” means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Society at its own expense;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Relevant Reference Rate” means the SONIA Compounded Index or, if that reference rate has already been replaced as a result of any prior operation of this Condition 3(5) (on any one or more occasions), the Successor Rate or Alternative Rate then applicable to determining Rates of Interest; and

“Successor Rate” means a successor to or replacement of the Relevant Reference Rate which is formally recommended by any Relevant Nominating Body.”

2. Proposed Variations to Condition 4

The following are the proposed variations to Condition 4. The proposed variations are shown by way of strike-through (**example**) of proposed deletions and underlining (**example**) of proposed insertions. These variations are proposed under Resolution 2.

“4. Repayment

- (1) The PIBS constitute permanent non-withdrawable deferred shares in the Society and have no specified final maturity.
- (2) The PIBS will become repayable on the date that an order is made or an effective resolution is passed for the winding up or, otherwise than by virtue of section 93(5), section 94(10), section 97(9) or section 97(10) of the Act, dissolution of the Society but only if and subject to the condition that all sums due from the Society to Creditors claiming in the winding up or dissolution have been paid in full.

For the purposes of these Conditions, “Creditors” means all creditors (including all subordinated creditors) of the Society and members holding shares (other than deferred shares) as regards the principal and interest due in respect of those shares.
- (3) The claims of PIBS holders in a winding up or dissolution of the Society will be for the principal amount of their PIBS together, subject to Condition 3, with interest accrued to but excluding the date of repayment after all sums due from the Society to Creditors have been paid in full. PIBS holders will not be entitled to any share in any final surplus upon a winding up or dissolution of the Society.
- (4) The Society may, having obtained prior Relevant Supervisory Consent and, for so long as the PIBS are listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the “London Stock Exchange”), subject to and in accordance with the requirements from time to time of the London Stock Exchange, purchase any PIBS. In the case of purchase by tender, tenders shall be made available to all PIBS holders alike. Any PIBS purchased by the Society may be held or resold or cancelled.

For the purposes of these Conditions, “Relevant Supervisory Consent” means ~~consent to the relevant purchase given by the Building Societies Commission~~, in relation to any action, such permission or waiver of the relevant Supervisory Authority as is then required for such action under prevailing Prudential Rules.

- (5) All PIBS repaid by the Society as aforesaid shall be cancelled forthwith and such PIBS may not be reissued or resold.
- (6) (i) The Society may, in its sole discretion and subject to compliance with Condition 4(7), upon giving the PIBS holders not less than 15 nor more than 60 days’ notice, redeem all (but not some only) of the PIBS then outstanding on the Interest Payment Date falling in September 2030 or any Interest Payment Date thereafter, at a redemption price equal to the nominal amount of such PIBS together, subject to Condition 3, with accrued and unpaid interest on the PIBS up to (but excluding) the due date for redemption.

(ii) The notice under Condition 4(6)(i) above shall specify the date for redemption, and shall be given to the PIBS holders by (at the Society’s option) post to the registered address of the PIBS holders (or their representative joint holders) appearing on the PIBS Register at close of business on the London business day immediately preceding the date of the notice, or by publication via the regulatory news service of the London Stock Exchange (or any successor or replacement service) or by advertisement in at least one leading daily newspaper with general circulation in London (expected to be *The Financial Times*).

(iii) Any notice given under Condition 4(6)(i) shall be irrevocable, and the Society shall be bound to redeem the PIBS on the due date for redemption specified in such notice. Once redeemed, the PIBS will be cancelled and may not be reissued or resold.
- (7) The redemption of the PIBS in accordance with Condition 4(6) is subject to:
 - (a) the Society having obtained Relevant Supervisory Consent therefor; and
 - (b) the Society having demonstrated to the satisfaction of the relevant Supervisory Authority that either:
 - (1) the Society has (or before or at the same time as the redemption will have) replaced the PIBS with own funds instruments of equal or higher quality on terms that are sustainable for the income capacity of the Society; or
 - (2) the own funds and eligible liabilities of the Society would, following such redemption or purchase, exceed its minimum requirements (including any buffer requirements) by a margin that the relevant Supervisory Authority considers necessary at such time,

provided that, notwithstanding the foregoing, if, at the time of the redemption, the prevailing Prudential Rules permit redemption of the PIBS only after compliance with one or more additional or alternative preconditions to those set out above in this Condition 4(7), the Society shall comply (in addition or in the alternative, as the case may be) with such additional and/or alternative precondition(s). As used in these Conditions:

“Prudential Rules” means, at any time, the law, regulations, requirements, guidelines and policies then in effect relating to capital adequacy, prudential supervision, loss absorbing capacity and resolution and applicable to the Society; and

“Supervisory Authority” means, from time to time, the Prudential Regulation Authority or such other authority then having primary supervisory authority and/or responsibility with respect to prudential or resolution matters concerning the Society and/or its group, as may be relevant in the context.””

