

**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF NOTEHOLDERS. IF NOTEHOLDERS 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, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL, TAX OR LEGAL ADVISER.**



**Nationwide Building Society**

*(incorporated in England under the Building Societies Act 1986, as amended)*  
(the **Society**)

**NOTICE OF MEETING**

to all holders of its outstanding

**€750,000,000 6.75 per cent. Subordinated Notes due 22 July 2020 (ISIN: XS0527239221) (the Notes)**

NOTICE IS HEREBY GIVEN that a meeting (the **Meeting**) of the holders (the **Noteholders**) convened by the Society will be held at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom on 20 February 2018 for the purpose of considering and, if thought fit, passing the resolution set out below, which will be proposed as an Extraordinary Resolution at the Meeting in accordance with the sixteenth supplemental trust deed (further modifying and restating the trust deed dated 17 April 1991, as previously modified and restated) dated 11 November 2008 as supplemented, amended, restated and modified from time to time (the **Trust Deed**), made between the Society and The Law Debenture Trust Corporation p.l.c. (the **Trustee**) and constituting the Notes.

The Meeting will commence at 10.00 a.m. (London time).

Unless the context otherwise requires, capitalised terms used but not defined in this Notice shall have the meaning given in the Trust Deed or the Extraordinary Resolution, as applicable.

**EXTRAORDINARY RESOLUTION**

"THAT this Meeting of the holders (together, the **Noteholders**) of the outstanding €750,000,000 6.75 per cent. Subordinated Notes due 22 July 2020 (ISIN: XS0527239221) of Nationwide Building Society (the **Society**), constituted by a sixteenth supplemental trust deed (further modifying and restating the trust deed dated 17 April 1991, as previously modified and restated) dated 11 November 2008 as supplemented, amended, restated and modified from time to time (the **Trust Deed**) made between the Society and The Law Debenture Trust Corporation p.l.c. (the **Trustee**):

1. assents to the modification of the Trust Deed, including the terms and conditions of the Notes scheduled to the Trust Deed, as follows:

- Condition 3(a) will be deleted and replaced as follows:

“(a) The Subordinated Notes and the relative Receipts and Coupons are direct and unsecured obligations of the Issuer, conditional as described below, and rank without any preference among themselves, and the rights of the holders of the Subordinated Notes (and any rights in respect of the relative Receipts or Coupons) will, in the event of the winding up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to Senior Claims (as defined in the Trust Deed). Accordingly if the Issuer is at any time in winding up, then no principal or interest in respect of the Subordinated Notes (whether or not already due or accrued prior to the commencement of such winding up) shall be payable by, nor shall any claim in respect thereof be provable against, the Issuer in such winding up unless and until and except to the extent that the Issuer could make such payment in whole or in part and still be solvent immediately thereafter. For the purpose of this Condition, the Issuer shall be deemed to be

solvent if it is able to pay its Senior Claims in full, or the liquidator of the Issuer determines that it will be able to do so within a period not exceeding twelve months, and in determining whether the Issuer is deemed to be solvent for the purposes of this Condition there shall be disregarded obligations which are not provable in the winding up.”

- the definition of “Senior Claims” in Clause 1(A) of the Trust Deed will be deleted and replaced with the following definition:

“**Senior Claims** means the aggregate amount of all claims admitted in the winding up of the Issuer which are (i) claims of depositors of the Issuer, (ii) claims of investing members of the Issuer as regards the principal and interest due on share investments other than deferred share investments, (iii) claims of creditors in respect of unsubordinated obligations of the Issuer; and (iv) claims of creditors in respect of subordinated obligations of the Issuer other than claims (x) in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or (y) which otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims in respect of the Subordinated Notes;”

- the following additional definitions will be added in Clause 1(A) of the Trust Deed, each in the appropriate alphabetical place:

“**deferred share investments** has the meaning ascribed thereto in the rules of the Issuer (and includes the Issuer’s permanent interest bearing shares and core capital deferred shares);”

“**investing members** has the meaning ascribed thereto in the rules of the Issuer;”

“**Tier 1 Capital** and **Tier 2 Capital** have the respective meanings given thereto (or to a successor or equivalent term) in the prudential and capital adequacy rules applicable to the Issuer;”

- sub-Clause 7(B) of the Trust Deed will be deleted and replaced as follows:

“(B) For the purposes of this sub-Clause, the Society shall be deemed to be solvent if it is able to pay its Senior Claims in full, or the liquidator of the Society determines that it will be able to do so within a period not exceeding twelve months, and in determining whether the Society is deemed to be solvent for the purposes of this sub-clause there shall be disregarded obligations which are not provable in the winding up;”

in each case, as more fully set out in the draft supplemental trust deed in respect of the Trust Deed produced to this meeting and signed by the chairman of the meeting for the purpose of identification;

2. approves the proposal (the **Proposal**) to which this Extraordinary Resolution relates, as described in the Consent Solicitation Memorandum dated 25 January 2018 prepared by the Society (the **Consent Solicitation Memorandum**), and its implementation on and subject to the condition set out in paragraph 6 of this Extraordinary Resolution;
3. sanctions and consents to every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders appertaining to the Notes against the Society, whether or not such rights arise under the Trust Deed, involved in or resulting from or to be effected by, the amendments referred to in paragraph 1 of this Extraordinary Resolution and their implementation;
4. authorises, directs, requests and empowers the Trustee to:
  - (a) concur in the modifications referred to in paragraph 1 of this Extraordinary Resolution and, in order to give effect to and implement such modifications, on or shortly after the passing of this Extraordinary Resolution and subject to the satisfaction of the condition set out in paragraph 6 below, to execute a supplemental trust deed (the **Supplemental Trust Deed**) in the form of the draft referred to in paragraph 1 of this Extraordinary Resolution, with such amendments (if any) as may be requested by the Society and approved by the Trustee and as available for inspection by the Noteholders, in its sole

and absolute discretion, or required by the Trustee in accordance with the provisions of the Trust Deed;

- (b) concur in, and execute and do all such other deeds, instruments, acts and things as may be necessary, desirable or expedient, in the sole and absolute discretion of the Trustee, to carry out and give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution;
- 5. discharges and exonerates the Trustee from all liability for which it may have become or may become responsible or liable under the Trust Deed or the Notes in respect of any act or omission in connection with the Proposal, its implementation or this Extraordinary Resolution;
- 6. declares that the implementation of this Extraordinary Resolution shall be in all respects conditional on the Society not having previously terminated the Consent Solicitation in respect of the Notes in accordance with the provisions for such termination set out in the Consent Solicitation Memorandum; and
- 7. acknowledges that the term **Consent Solicitation in respect of the Notes**, as used in this Extraordinary Resolution, shall mean the invitation by the Society to all Noteholders to consent to the Proposal as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms."

#### BACKGROUND

The Society has convened the Meeting for the purpose of enabling holders of Notes to consider and resolve, if they think fit, to pass the Extraordinary Resolution proposed by the Society in relation to the Notes (the **Proposal**). Noteholders are further given notice that the Society has invited all Noteholders (such invitation, the **Consent Solicitation**) to consent to the Proposal, all as further described in the Consent Solicitation Memorandum dated 25 January 2018 prepared by the Society (the **Consent Solicitation Memorandum**).

The purpose of the Consent Solicitation and the Proposal is to modify and supplement the Trust Deed constituting the Notes issued by the Society, as further set out in "*Consent Solicitation and Proposal – Rationale for the Proposal*" in the Consent Solicitation Memorandum.

#### EARLY CONSENT FEE AND CONSENT FEE

The Society will pay to each Noteholder from whom a valid Solicitation Instruction (as defined below) in favour of the Extraordinary Resolution is received by the Tabulation Agent (A) by the Early Consent Deadline of 4.00 p.m. (London time) on 5 February 2018 (the **Early Consent Deadline**), an amount equal to 0.20 per cent. of the nominal amount of the Notes (the **Early Consent Fee**) or (B) after the Early Consent Deadline but by the Consent Deadline of 4.00 p.m. (London time) on 15 February 2018 (the **Consent Deadline**), an amount equal to 0.10 per cent. of the nominal amount of the Notes (the **Consent Fee**), subject to (i) such Solicitation Instruction not being revoked (in the limited circumstances in which such revocation is permitted), (ii) the Extraordinary Resolution being duly passed and the Supplemental Trust Deed being executed and delivered by the Society and the Trustee and (iii) the Society not having previously terminated the Consent Solicitation in accordance with the provisions for such termination set out in the Consent Solicitation Memorandum, all as more fully described in the Consent Solicitation Memorandum. Only Noteholders who deliver, or arrange to have delivered on their behalf, valid Solicitation Instructions in favour of the Extraordinary Resolution by the Early Consent Deadline or Consent Deadline, (which are not subsequently revoked, in the limited circumstances in which such revocation is permitted) will be eligible to receive the Early Consent Fee or Consent Fee, respectively. For the avoidance of doubt, the Early Consent Fee and the Consent Fee are separate and not cumulative.

It is a term of the Consent Solicitation that Solicitation Instructions in favour of the Extraordinary Resolution shall be irrevocable (save in certain limited circumstances described in the Consent Solicitation Memorandum).

Noteholders who have not delivered or arranged for the delivery of a Solicitation Instruction in favour of the Extraordinary Resolution as provided above but who wish to attend and vote at the Meeting in person or to make other arrangements to be represented or to vote at such Meeting may do so in accordance with the voting and quorum procedures set out in this Notice and the provisions for meetings of Noteholders set out in Schedule 3 to the relevant Trust Deed. However, such Noteholders will not be eligible to receive any Early Consent Fee or Consent Fee. Only Noteholders who deliver, or arrange to have delivered on their behalf, valid Solicitation Instructions in favour of the Extraordinary Resolution which are received by the Tabulation Agent by the Early Consent Deadline or Consent Deadline will be eligible to receive the Early Consent Fee or Consent Fee, respectively.

## **GENERAL**

Copies of (i) the Consent Solicitation Memorandum and (ii) the current draft of the Supplemental Trust Deed are available in electronic and hard copy formats on request from the Tabulation Agent, the details for which are set out below. A Noteholder will be required to produce evidence satisfactory to the Tabulation Agent as to his or her status as a Noteholder before being sent a copy of the Consent Solicitation Memorandum or the draft Supplemental Trust Deed.

Copies of (i) the Trust Deed and the Consent Solicitation Memorandum; and (ii) the current draft of the Supplemental Trust Deed are also available for collection or inspection by Noteholders (a) on and from the date of this Notice up to and including the date of the Meeting, at the specified offices of the Principal Paying Agent during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) up to and including the date of the Meeting and (b) at the Meeting and at the offices of Allen & Overy LLP at One Bishops Square, London E1 6AD, United Kingdom for 15 minutes before the Meeting.

**The attention of Noteholders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Extraordinary Resolution at the Meeting or any meeting held following any adjournment of such Meeting, which are set out in paragraph 3 of "Voting and Quorum" below. Having regard to such requirements, Noteholders are strongly urged either to attend the Meeting or to take steps to be represented at such Meeting (including by way of submitting Solicitation Instructions in favour of the Proposal) as soon as possible.**

## TRUSTEE

Neither the Trustee nor any of its directors, officers, employees or affiliates has been involved in the formulation of the Extraordinary Resolution and the Trustee expresses no opinion and makes no representation as to the merits of the Extraordinary Resolution, the Consent Solicitation or on whether Noteholders would be acting in their best interests in participating in the Consent Solicitation or otherwise participating in the Proposal, and nothing in this Notice should be construed as a recommendation to Noteholders from the Trustee to vote in favour of, or against, the Extraordinary Resolution or to participate in the Consent Solicitation or otherwise participate in the Proposal. Noteholders should take their own independent financial and legal advice on the merits and on the consequences of voting in favour of, or against, an Extraordinary Resolution, including as to any tax consequences. The Trustee has not reviewed, nor will it be reviewing, any documents relating to the Consent Solicitation and/or the Proposal, except this Notice and the Supplemental Trust Deed. Neither the Trustee nor any of its directors, officers, employees or affiliates has verified, or assumes any responsibility for the accuracy or completeness of, any of the information concerning the Consent Solicitation, the Proposal, the Society or the factual statements contained in, or the effect or effectiveness of, the Consent Solicitation Memorandum, this Notice or any other documents referred to in the Consent Solicitation Memorandum or this Notice or assumes any responsibility for any failure by the Society to disclose events that may have occurred and may affect the significance or accuracy of such information or the terms of any amendment (if any) to the Consent Solicitation or the Proposal. On the basis of the information set out in the Consent Solicitation Memorandum and this Notice, the Trustee has, however, authorised it to be stated that the Trustee has no objection to the Extraordinary Resolution being put to Noteholders for their consideration.

## VOTING AND QUORUM

*Noteholders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Solicitation Instruction in respect of the Extraordinary Resolution, by which they will have given instructions for the appointment of one or more representatives of the Tabulation Agent by the Principal Paying Agent as their proxy to vote in respect of the Extraordinary Resolution at the Meeting (or any adjourned such Meeting), need take no further action to be represented at the Meeting (or any adjourned such Meeting).*

*Noteholders who have not submitted or have submitted and subsequently revoked (in the limited circumstances in which such revocation is permitted) a Solicitation Instruction in respect of the Extraordinary Resolution should take note of the provisions set out below detailing how such Noteholders can attend or take steps to be represented at the Meeting (references to which, for the purpose of such provisions, include, unless the context otherwise requires, any adjourned such Meeting).*

1. Subject as set out below, the provisions governing the convening and holding of the Meeting are set out in Schedule 3 to the Trust Deed, copies of which are available from the date of this Notice to the conclusion of the Meeting (or any adjourned such Meeting) as referred to above. For the purposes of the Meetings, a **Noteholder** means a Direct Participant (as defined below).
2. All of the Notes are represented by a global note held by a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). For the purposes of this paragraph 2, a **Direct Participant** means each person who is for the time being shown in the records of Clearstream, Luxembourg and/or Euroclear as the holder of a particular nominal amount of the relevant Notes.

A Direct Participant or beneficial owner of Notes wishing to attend the Meeting in person must produce at such Meeting a valid voting certificate or certificates issued by a Paying Agent relating to the Bond(s) in respect of which it wishes to vote.

A Direct Participant or beneficial owner of Notes not wishing to attend and vote at the Meeting in person may either deliver its valid voting certificate(s) to the person whom it wishes to attend on its behalf or the Direct Participant may (or the beneficial owner of such Notes may arrange for the relevant Direct Participant on its behalf to) give a voting instruction (by giving voting and blocking instructions to Euroclear or Clearstream,

Luxembourg (a **Solicitation Instruction**, as defined and more fully described in the Consent Solicitation Memorandum)) instructing a Paying Agent to appoint a proxy to attend and vote at the Meeting in accordance with that Direct Participant's instructions.

A Direct Participant must request the relevant clearing system to block the relevant Notes in its account and to hold the same to the order or under the control of the relevant Paying Agent not later than 48 hours before the time appointed for holding the Meeting in order to obtain voting certificates or give voting instructions in respect of such Meeting. In the case of Solicitation Instructions such blocking instructions are part of the electronic instructions that must be given. Notes so blocked will not be released until the earlier of:

- (i) the conclusion of the relevant Meeting (or, if applicable, any adjourned such Meeting); and
- (ii) (A) in respect of voting certificate(s), the surrender to a Paying Agent of such voting certificate(s) and notification by the relevant Paying Agent to the relevant clearing system of such surrender or the compliance in such any other manner with the rules of the relevant clearing system relating to such surrender; or  
  
(B) in respect of Solicitation Instructions, not less than 48 hours before the time for which the Meeting (or, if applicable, any adjourned such Meeting) is convened, the notification in writing of any revocation of a Direct Participant's previous instructions to the relevant Paying Agent and the same then being notified in writing by the relevant Paying Agent to the Society at least 24 hours before the time appointed for holding the Meeting and such Notes ceasing in accordance with the procedures of the relevant clearing system and with the agreement of the relevant Paying Agent to be held to its order or under its control.

For the purposes of this Notice:

**24 hours** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant Meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid; and

**48 hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant Meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which such Meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

It is a term of the Consent Solicitation that Solicitation Instructions in favour of the Extraordinary Resolution shall be irrevocable (including for any adjourned Meeting) save in certain limited circumstances as provided in the Consent Solicitation Memorandum.

Noteholders should note that Solicitation Instructions or voting instructions otherwise given (unless validly revoked) shall remain valid for any adjourned Meeting. Noteholders should note further that the Early Consent Fee or Consent Fee, as applicable, is payable only to those Noteholders who have delivered valid Solicitation Instructions in favour of the Extraordinary Resolution in accordance with the terms of the Consent Solicitation which have been received by the Tabulation Agent by the Early Consent Deadline or Consent Deadline, respectively (which are not subsequently revoked, in the limited circumstances in which such revocation is permitted) and only if the Extraordinary Resolution is duly passed and the Supplemental Trust Deed is executed and delivered by the Society and the Trustee.

3. The quorum required for the Meeting is one or more persons present holding definitive notes or voting certificates or being proxies and holding or representing in the aggregate a clear majority in the nominal amount of the Notes for the time being outstanding. If a quorum is not present within half an hour from the time appointed for the Meeting, such 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 Chairman (with the approval of the Trustee) and the Extraordinary Resolution will be considered at such adjourned Meeting (notice of which will be given to the Noteholders). The quorum at such an adjourned Meeting will be one or more persons present in person holding definitive notes or holding voting certificates or being proxies (whatever the nominal amount of the Notes for the time being outstanding so held or represented by such persons). The holding of any adjourned Meeting will be subject to the Society giving at least 10 days' notice (exclusive of the day on which the notice is given and of the day on which the Meeting is to be resumed) in accordance with the Conditions and the Trust Deed that such adjourned Meeting is to be held.
4. Every question submitted to a Meeting shall be decided in the first instance by a show of hands. Unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by one or more persons present holding one or more definitive notes and/or voting certificates and/or being proxies and being or representing in the aggregate not less than one fiftieth of the nominal amount of the Notes for the time being outstanding, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, the Extraordinary Resolution.

At the Meeting (a) on a show of hands, every person who is present in person and produces a definitive note or a voting certificate or is a proxy shall have one vote and (b) on a poll, every person who is so present shall have one vote in respect of each €1.00 in nominal amount of the Notes so represented by the voting certificate or in respect of which that person is a proxy.
5. To be passed, the Extraordinary Resolution requires a majority in favour consisting of not less than three-fourths of the votes cast. If passed, an Extraordinary Resolution shall be binding on all Noteholders, whether or not at the Meeting and whether or not voting.

This Notice is given by Nationwide Building Society.

Noteholders should contact the following for further information:

*The Solicitation Agents*

BNP Paribas, 10 Harewood Avenue, London NW1 6AA, United Kingdom (Attention: Liability Management Group, Telephone: +44 20 7595 8668, Email: [liability.management@bnpparibas.com](mailto:liability.management@bnpparibas.com))

UBS Limited, 5 Broadgate, London EC2M 2QS, United Kingdom (Attention: Liability Management Group, Telephone: +44 (0)20 7568 2133, Email: [ol-liabilitymanagement-eu@ubs.com](mailto:ol-liabilitymanagement-eu@ubs.com))

*The Tabulation Agent*

Lucid Issuer Services Limited, Tankerton Works, 12 Argyle Walk, London WC1H 8HA, United Kingdom (Attention: David Shilson / Arlind Bytyqi, Telephone: +44 20 7704 0880, Email: [nationwide@lucid-is.com](mailto:nationwide@lucid-is.com))

*The Principal Paying Agent*

Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Dated: 25 January 2018