



Guide to Voting 2003

Your Guide to Voting

A Voting Form is attached to the Chairman's letter. This may be returned by post or by placing it in the ballot box in a branch. To make your vote count, your Voting Form must reach Electoral Reform Services, Independence House, 33 Clarendon Road, London N1 1UP by 11am on 21 July 2003.

There are two parts to the Voting Form:

1. Election of Directors

- The election of Directors is carried out by postal ballot. See page 3 for details of the postal ballot. You cannot vote for Directors at the Annual General Meeting, either in person or by appointing a representative. If you wish to vote in the election of Directors, you must fill in the relevant part of the Voting Form.
- There are SIX vacancies and eight candidates. You may vote for up to SIX candidates. SIX candidates are existing Directors and two candidates have been nominated by members. A personal statement by each candidate appears on pages 5 to 8 of this booklet.

2. Annual General Meeting Resolutions

- There are THREE resolutions to be considered, as set out in the Notice of Annual General Meeting on page 3. In addition, the result of the election of Directors will be formally declared.
- If you wish to vote on the resolutions, you may do so at the Annual General Meeting, or you may complete the Voting Form to authorise a representative (for example the Chairman) to vote for you at the Annual General Meeting in accordance with your instructions.

Any questions? Please ring **0800 30 20 15** 8am - 8pm Monday - Saturday

Notice of Annual General Meeting and Postal Ballot

The Annual General Meeting will be held at 11am on Thursday 24 July 2003 in the Nine Kings Suite, Royal Lancaster Hotel, Lancaster Terrace, London W2 2TY for the following purposes:

- To approve the Directors' Report, the Annual Accounts, the Annual Business Statement and the Auditors' Report for the year ended 4 April 2003.
- To approve the Directors' Remuneration Report for the year ended 4 April 2003.
- To approve the re-appointment of PricewaterhouseCoopers LLP as Auditors to hold office until the conclusion of the next Annual General Meeting.
- To declare the result of the postal ballot for the election of Directors.

A Summary Financial Statement appears on pages 10 to 12. The full Annual Report and Accounts will be available from 27 June 2003 in branches or from the Secretary, Nationwide Building Society, Nationwide House, Pipers Way, Swindon SN38 1NW.

A summary of the Directors' Remuneration Report appears on pages 13 and 14. The full version appears in the Annual Report and Accounts (available as stated above).

During the past year, tenders were sought from four audit firms and following the evaluation of proposals and presentations from three firms by the Audit Committee, PricewaterhouseCoopers (now PricewaterhouseCoopers LLP) have been re-appointed by the Board.

A member entitled to attend and vote at the Annual General Meeting may appoint a representative (who need not be a member) to attend and vote instead of the member, and may direct the representative how to vote at the Meeting. A Voting Form for this purpose, and for the purpose of the Postal Ballot, accompanies this Notice.

A Postal Ballot will be held for the election of six Directors.
There are eight candidates for six vacancies.

Existing Directors

Jonathan Agnew	Chairman
Stuart Bernau	Commercial & Treasury Director
John Engestrom	Non-executive Director
Brian Walsh	Deputy Chairman
Robert Walther	Non-executive Director
Philip Williamson	Chief Executive

Member-nominated Candidates

Alan Debenham
Tim Tanner

Voting Forms must be received at Electoral Reform Services, Independence House, 33 Clarendon Road, London N1 1UP by 11am on Monday 21 July 2003.

By Order of the Board

C R L Wilson, Secretary,
21 May 2003

Board of Directors at 4 April 2003



Jonathan Agnew was appointed to the Board in 1997 and became Chairman in 2002. He has held a number of senior appointments in banking and insurance. He is also a Director of Beazley Group plc and of Soditic Limited. Age 61.



Stuart Bernau joined the Society in 1990 and was appointed a Director in 1996. His current role as Commercial & Treasury Director includes treasury operations, commercial lending, personnel and development and communications. He is also Chairman of the Society's life insurance and unit trust subsidiaries and a number of other subsidiaries. Age 51.



Philip Williamson was appointed to the Board in April 1996 and was appointed Chief Executive on 1 January 2002. Prior to his appointment as Chief Executive, he held roles as Retail Operations Director and as Marketing & Commercial Director. Before joining Nationwide he held senior appointments within the banking and property industries. Age 55.



Richard Handover was appointed to the Board as a non-executive Director in 2000. He is Chief Executive of WHSmith plc, which he joined in 1964. He is also Vice-Chairman of Business in the Community, Chairman of the Adult Learning Inspectorate and a non-executive Director of the Royal Mail. Age 56.



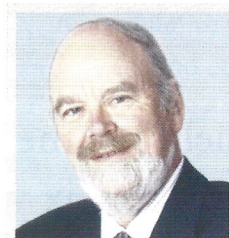
Alison Carnwath was appointed to the Board in 1994 and became Chairman of the Audit Committee in July 1999. She will retire from the Board at the AGM in July 2003. After qualifying as a chartered accountant, she spent 20 years working in investment banking. She is Chairman of Vitec Group plc and her non-executive directorships include Gallaher Group plc, Man Group plc and Friends Provident. Age 50.



Jim Willens joined the Society in 1978 and became Retail Operations Director on 1 January 2002. He has executive responsibility for the branches, call centres and online internet services. He is also a Director of the Society's life insurance and unit trust subsidiaries. Before joining Nationwide, he worked for two major banks. Age 46.



Brian Walsh joined the Board in 1999 and became Deputy Chairman in 2002. He has recently taken over as Chairman of the Audit Committee. His background is in industry and finance. He has held senior positions in a number of major companies, most recently as Group Vice-Chairman and Finance Director of TI Group plc. Age 58.



Robert Walther joined the Board as a non-executive Director on 1 July 2002. He was Chief Executive of Clerical Medical from 1995 to 2001, which he joined in 1965. He is currently Chairman of The Fleming Claverhouse Investment Trust plc and Fidelity European Values Investment Trust. Age 59.



Bernard Simpson joined the Society in 1989. He was appointed a Director in 1994, Deputy Chief Executive in December 1999 and additionally Chief Operating Officer in 2002. His responsibilities include technology, retail and marketing as well as central administration of all savings, lending and insurance. Age 55.



Alistair Dales was appointed as Group Finance Director in 1993, having joined the Society in 1989. He took early retirement at the end of the financial year on 4 April 2003. His responsibilities included the Society's finance and planning operations as well as its control functions. Age 53.



John Engestrom was appointed a non-executive Director in 1997. He is also a Director of the Society's life insurance and unit trust subsidiaries. His expertise is in the insurance industry where he has held a number of senior appointments. He is currently a Director of Wellington Underwriting plc. Age 61.



Ruth Evans joined the Board as a non-executive Director on 1 April 2002. She is a lay member of the General Medical Council. Prior to this she was a Director of the National Consumer Council. She also chairs the Independent Inquiry into Drug Testing at Work. Age 45.

Candidates' Statements

EXISTING DIRECTORS

Jonathan Agnew

I became Chairman of Nationwide after last year's Annual General Meeting. I have been on the Board since 1997 and was Deputy Chairman from 1999 until I became Chairman. I am 61 years old, married with one daughter and one son. I use many Nationwide products, including a FlexAccount, mortgage, credit card, several savings accounts and insurance, so that I know how effective these products are.

My career has been in financial services. I have spent much of the last thirty years in the management of banking, investment and insurance businesses. I believe that the knowledge and experience which I have gained enables

me to contribute constructively to the direction of Nationwide's large and complex business.

I have no doubt that mutuality has been a major factor in Nationwide's recent growth and present financial strength. Mutuality has enabled Nationwide to compete effectively against the listed banks. It has also focused our staff on serving our customers, who are also our members. Changing our mutual status at this point would be very damaging to our business.

Nationwide has a strong management team and a group of non-executive Directors with great business experience and specialist knowledge of many



relevant areas. If you re-elect me, I will continue to play my part with my fellow Directors in making Nationwide the best provider of retail financial services in the United Kingdom.

Stuart Bernau

Since joining Nationwide in 1990 I have been responsible for a number of business areas within the Group. These include our Branches, Call Centre, Mortgages, Insurance, Marketing, Communications, Personnel, Treasury and our Commercial Division, which covers lending to Local Authorities and Housing Associations. As such I have a very good understanding of the varied needs of our many different members and customers.

During the 13 years since I joined Nationwide we have not only established ourselves as the leading mutual financial company in the UK, but also as a top UK service provider winning the Unisys / Management Today Service Excellence Award and as one of the best places to work in the UK, coming top within the financial services sector.

I believe passionately that a happy and committed work force is key to delivering

better service to our members. As part of my communications responsibility, I have been a key figure in driving forward an employee engagement campaign to promote the values that underlie our culture. Under the title PRIDE which stands for Putting Members First, Rising to the Challenge, Inspiring Confidence, Delivering Best Value and Exceeding Expectations the programme reflects and shapes the behaviour of our people which we believe will help us to continue to raise our service standards.

I am a firm believer that listening and consulting with our members is crucial to ensuring that we continue to meet their needs. As well as using traditional methods such as market research or focus groups, I make a point of visiting our branches around the country and also regularly host our Member TalkBack events which provides an opportunity to discuss areas of interest directly with members.



As a Director of the Society since 1996, I have been fortunate enough to help Nationwide achieve its position as one of the most successful organisations in the UK. I am proud of what we have achieved and remain committed to seeking areas for continued improvement.

I am 51, married with two sons and live in Wiltshire. I am a keen follower of sport and still run half-marathons for charity.

Candidates' Statements

EXISTING DIRECTORS

John Engstrom

Delivering consistent market leading products in personal financial services has been and will be the main aim of the Nationwide Building Society. As a member of the Board I strongly support our mutual status producing member benefits in excess of £500 million annually.

The Society has championed fair dealing in reducing fees as demonstrated in leading the way in eliminating cash withdrawal fees from automatic teller machines. Our members are given easy access to our wide range of personal financial services through Nationwide's multi-channel distribution. We are constantly upgrading our branch network and our members can also access our services electronically or through telephone banking. As a member owned organisation Nationwide will always be fair to all its customers, making sure that our best terms are available to all.

With my extensive experience in the insurance industry I have actively promoted our ability to offer an expanded range of financial products and services. Nationwide is today a leading UK provider of personal lines insurance, life assurance, pensions and unit trust investments. We have regular contacts with the Financial Services Authority aimed at good regulatory oversight and clear and fair customer advice across the financial services industry.

Nationwide is committed to being an open and friendly organisation where competent staff provide excellent service to our members. Satisfied customers lead to satisfied staff as evidenced by two recent market surveys (by the Sunday Times and the Financial Times) where the Society was ranked among the top 25 UK organisations to work for. The management and the Board emphasise the



principles of fairness, ethical behaviour and pride amongst our staff and in our dealings with our members.

It is my aim to ensure that Nationwide will continue to champion the cause of our members by offering a wide range of competitively priced financial products.

Brian Walsh

I have been a non-executive Director of Nationwide since 1999 and became Deputy Chairman last year, but my relationship with the Society dates back to the early 1970's with my first mortgage from one of its predecessors, the Co-operative Permanent Building Society.

As a qualified accountant, and with a Masters degree from London Business School, my career has spanned over thirty years in industry and financial services. My experience includes Board level executive roles as Finance Director of two major UK multinationals, GKN plc and TI Group plc, and a number of years as an executive Director in Corporate Finance with the investment bank Credit Suisse First Boston. This background in strategy development, financial control and funding allows me to contribute to the Board on increasingly complex business and financial decisions.

My appointment this year as Chairman of the Audit Committee comes at a time when there is

a great public focus on standards of corporate governance. As a major participant in the Financial Services sector, it is essential that Nationwide's reputation for the integrity and transparency of its financial reporting be protected. In addition, we are entering a phase of significant reform, including capital requirements for financial institutions and the planned introduction of International Accounting Standards. The Audit Committee will closely monitor all these developments within Nationwide.

The success of Nationwide reflects the skills and efforts of all employees in support of clear and well understood values. Since joining the Board I regularly visit operations and departments within the organisation and never fail to be impressed by the motivation of our staff.

The pace of change in Financial Services is increasing, driven by competition and technology. The ability of Nationwide to respond efficiently and effectively makes



important demands on management in maintaining the Society's financial strength while delivering Member Value. If you vote for me I will continue to help the Nationwide management team address these challenges, so that, through our financial products and services, we ensure the continued provision of superior benefits to members.

I am 58 years old and married with two children.

Candidates' Statements

EXISTING DIRECTORS

Robert Walther

My professional background has always been in financial services. I started as an investment analyst before becoming investment manager and investment director and was a chief executive until I retired at the end of 2001.

In my career at Clerical Medical I worked for many years for a mutual, but for the last six years for a proprietary company, and am therefore well placed to judge the benefits of mutuality.

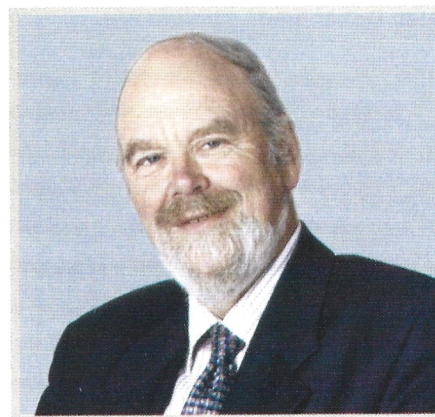
I believe strongly that Nationwide should remain mutual provided it can demonstrate that its mutual status enables it to provide better value to its members than can companies who have to pay dividends to shareholders, and that it has no need for external capital. In my view, Nationwide

very clearly satisfies these criteria and has provided enormous added value to its members over the last five years.

I am Chairman of Fidelity European Values and Fleming Claverhouse, two investments trusts which have provided their shareholders with above average rates of return over the last five and ten years.

I believe that my background in investment and financial services allows me to make a strong contribution to the Nationwide Audit Committee and Assets and Liabilities Committee, both of which I am a member. These committees play an important part in ensuring that Nationwide is efficiently and prudently run on your behalf.

I have in the last six months visited most of Nationwide's key operations and will



continue to do so. Any director requires firsthand knowledge of the products and people of the organisation (and the problems that they face) in order to make a full contribution to Board discussions.

I am 59, married with two children, and live in Buckinghamshire.

Philip Williamson

I was delighted to be given the opportunity to lead your Society as Chief Executive in January 2002. My prime objective is to make Nationwide the natural first choice for all your personal financial needs. I believe this will be best achieved by concentrating on:-

- products and services that offer you very good long-term value, whether they be mortgages, savings or current accounts
- efficiency of delivery, so that our products are trouble-free, easily accessible and tailored to meet your individual requirements
- knowledgeable employees, people who look after you properly and courteously because they are happy, well-trained and well-motivated

Over the last eighteen months we have won many awards for our products and service, and have received very positive comments in

the media for our stance on a variety of consumer issues. Personally I have devoted much of my time to meeting hundreds of our employees and members, and have corresponded with many more. I will ensure Nationwide remains open and attentive to your suggestions, which are vital if we are to continue improving.

Like the vast majority of you, I believe it is in everybody's interests to ensure that Nationwide remains a Building Society. We have a defining and distinctive purpose. We can and do put our members first; and a very strong mutual Building Society also keeps the banks on their toes.

Before joining Nationwide in 1991, I held roles at senior executive and Director level in banking and property. I was elected to your Board in 1996, since when I have in turn led Marketing, Communications and Retail Operations. Nationwide is an integral part of



my life and I am intensely proud to have played a part in the Society's success and growth over the past 12 years.

I am 55, married with two daughters and keenly interested in all sports.

I would greatly appreciate the support of employees and members for my re-election as a Director.

Candidates' Statements

MEMBER - NOMINATED CANDIDATES

Alan Debenham

B.Sc., Dip. Management Studies, Teacher of Mathematics and Business Accountancy, Citizens Advice Bureau Director. Tel: 01823-321304. E-mail: alandebenham2003@hotmail.com.

Backed by the Building Societies Members' Association (www.building-societies-members.org.uk). Please name me as your proxy voter for all AGM resolutions; also, if you wish, allow me to decide your votes.

As a long-standing member of Nationwide I strongly support our society's member-ownership mutual status. I understand well issues affecting building societies in today's financial services sector and the technology to help future development.

Current market conditions have attracted more people's savings into building societies' safety, even with low returns. In such times, Nationwide's massive size should ensure large profits and should consistently out-perform other building societies and banks. However, despite boardroom claims, factual tables often show this is not so, particularly for savers. Under the previous chairman our mortgages' market-share fell and there were losses from bad investments.

Repeatedly the Board claims to be "open, honest and fair" and "putting members first". I want to make these claims real, not just spurious propaganda. Nationwide told a Treasury Select Committee it supported member-nominated directors, when in truth it vigorously opposes them. It even sinks to what most members – especially those attending AGMs – agree

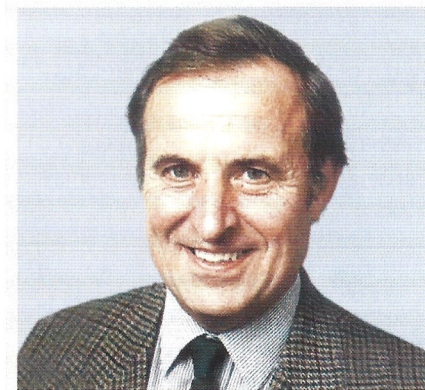
is ballot-paper rigging, whereby member-nominated candidates are put at the bottom as "others".

Voting fairness and government advice require alphabetical listing, without any voting recommendations being shown. Our Board continues to ignore this and also prints adverse comments alongside member-nominated candidates' election statements without right of reply. Why not follow general election democratic practice?

Any open democratic election of non-executive directors is further thwarted by the back-door practice of co-opting its "own chosen ones" to fill vacancies, then placing their names amongst its "recommended existing directors" at the top of the ballot paper at the following election.

This "self-perpetuating old pals act" and excessive increases in directors' pay are against the ethos of mutual societies and nearer to boardroom practices which saw Enron's collapse and the downfall of Equitable Life.

Things worsened when, despite specific rule provisions, the Board used dubious secretive "legal advice" to reject all member resolutions submitted by Tim Tanner in 2001/2, each proposed by over 700 nominating members. This major constitutional decision was not reported to members, nor were the resolutions. One was for a members' annual vote on directors' pay which now at last has been adopted by the Board and probably will be claimed as "best practice", although only an "advisory" vote.



Now more than ever member-nominated directors are needed to ensure genuine member representation and independent scrutiny of Nationwide's vast assets and annual transactions. My commitment to you and Nationwide is proven and, annually since 1999, my share of the vote has been strong and improving. Please elect me to the Board as YOUR representative who YOU KNOW will put members' benefits and democracy first every time. You have UP TO SIX votes, but to improve our chances please USE TWO ONLY.

PLEASE VOTE FOR GENUINE MUTUALITY AND VOTE ONLY FOR DEBENHAM AND TANNER

Tim Tanner

Qualifications: BSc. Combined Engineering, Design Department Manager and founder of the Mutual Members Campaign, the campaign that aims to restore democracy and accountability to our building societies. email: timtanner@mutualmembers.com

Are you a Nationwide saver? If so you could be earning as little as 0.5% on your savings. The base rate has dropped 0.25% but some accounts have been slashed by 0.45% to help pay for cheap mortgage deals.

The AGM is your chance to participate in how the Society is run. Legislation says that you can have your say by tabling resolutions; however the directors try to gag members by preventing any members' resolutions from being put to a vote.

For example this resolution, submitted in 2001, merely asks for fair voting forms:

Resolution 1

This AGM recommends that the following democratic principles are applied to proxy forms:

- Neither the wording nor the design of the form should influence members to vote either for or against a resolution.
- All candidates for Director should be listed together in alphabetical order.

You were not allowed to vote on this, in fact you were not even permitted to know that the resolution had been submitted. Why? Are they afraid of fair voting forms?

Nationwide directors claim that this and every other members' resolution since (fifteen in all) were all 'illegal' yet they accepted a members' resolution to demutualise the Society in 1998.

They could have accepted them all but preferred to hide behind contrived legal arguments which they have refused to disclose.

It is your right to vote on proposals put forward by other members. I believe that these rights are worth defending, I hope you do too; therefore I am setting up a fighting fund so that Members will be able to challenge the legality of these unfair decisions.

If everyone who voted for me last year sent a donation we would be able to negotiate new resolutions from a position of strength.

I would prefer to look after members' interests from a seat on the Board but if I am unsuccessful in being elected this year then next year I plan to submit more resolutions.

Here's how YOU can support democratic member participation:



- You have up to six votes but only vote for me and Alan Debenham if we are your preferred candidates. Every vote for the existing directors reduces our chances.
- Make a donation to "Mutual Members' Campaign".
- Register your interest in supporting new resolutions at www.mutualmembers.com
- Or write to me at PO Box 650, Camberley, Surrey GU17 0BP.
- Join the Building Societies Members Association, 6 Bramley Court, Marden, Kent TN12 9QN.

**VOTE FOR GENUINE MUTUALITY
VOTE ONLY FOR TANNER AND DEBENHAM**

Board Comment

Whilst fully respecting the right of all candidates to express their views as they see fit, the Board accepts no responsibility for the contents of the election statements submitted by the member-nominated candidates, and on this occasion believes that some of the views expressed in their statements are misconceived, in particular about the Society's handling of constitutional issues.

The Society's position on these issues is clear and straightforward. The Board has received independent legal advice in recent years that members are not entitled to submit resolutions which seek to direct the Board in matters which are its responsibility under the Rules, or which have no legal effect. Members have the right to propose special resolutions to change the Rules and to propose

candidates for election to the Board. The Board has a duty to make its position clear to members on voting matters and to recommend how members should vote. It considers that the customary design of voting forms used by the Society is both clear and fair, enabling members to cast their votes with ease.

2002 results

Members may be interested to know the results of the 2002 election of Directors:

	Votes	
Alistair Dales	971,818	Elected
Jim Willens	951,852	Elected
Ruth Evans	917,532	Elected
Alan Debenham	346,034	Not elected
Andrew Muir	317,657	Not elected
Tim Tanner	304,086	Not elected