

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF COVERED BONDHOLDERS. IF COVERED BONDHOLDERS ARE IN ANY DOUBT AS TO THE CONSEQUENCES OF THIS NOTICE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING AS TO ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL OR LEGAL ADVISER.

NOTICE TO COVERED BONDHOLDERS

Dated 8 July 2011

NEWCASTLE BUILDING SOCIETY
Portland House, New Bridge Street,
Newcastle upon Tyne, NE1 8AL
(the Issuer)

Delisting of covered bonds issued by Newcastle Building Society

£500,000,000 2009-1 Covered Bonds due 23 January 2014
ISIN: XS0408959061
Common Code: 040895906
(the **Series 1 Covered Bonds**)

NOTICE IS HEREBY GIVEN that the Issuer will purchase and surrender to the Principal Paying Agent for cancellation all outstanding Series 1 Covered Bonds at their Principal Amount Outstanding together with accrued interest on 8 July 2011, pursuant to Conditions 6(i) and 6(j) of the Series 1 Covered Bonds (which allow for purchase of the Series 1 Covered Bonds by the Issuer and the surrender by the Issuer of the Series 1 Covered Bonds to the Principal Paying Agent for cancellation).

The Issuer has requested the London Stock Exchange to delist the Series 1 Covered Bonds upon their surrender to the Principal Paying Agent and cancellation. Such delisting will be effective on 8 August 2011.

Terms used but not defined in this notice bear the same meaning as set out in the trust deed made between (among others) the Issuer and the Bond Trustee dated 14 January 2009 (as supplemented and amended from time to time).

NEWCASTLE BUILDING SOCIETY