

For immediate release:

**NEWCASTLE BUILDING SOCIETY MAKES EUROPEAN SHOPPING
LOCAL WITH NEW GIFT CARD**

Prepaid gift card launched for the Fidenza Village, Italy

Newcastle Building Society, together with Payzone Plc formerly Alphyra, has launched a new prepaid MasterCard® gift card for use in the chic outlet stores of Fidenza Village in Northern Italy. The Fidenza card is the fourth gift card in a series of ten* planned for sale in individual designer shopping villages across Europe.

The Fidenza Shopping Village is situated an hour outside Milan and Bologna. However, the open loop gift card allows customers to pay with the card in any of the shopping villages across Europe and anywhere MasterCard cards are accepted.

This series of gift cards represents Newcastle's first European prepaid venture since acquiring its SEPA licence in June 2007. Newcastle is the only building society to hold this licence enabling it to passport its regulatory permissions and issue prepaid cards throughout Europe.

The gift cards represent a flagship programme that is the first of its kind in Europe. Newcastle Building Society employed local legal experts on both regulatory and tax issues as part of the implementation.

Dan Clappison, Head of Card Solutions, Newcastle Building Society added:

"Newcastle's partnership with Alphyra and now Payzone Plc has proven to be a great success and the Fidenza Village gift card is the fourth to be launched in a series of shopping outlet cards for Europe.

"These open loop cards are a unique proposition for the European market and are proving extremely popular across shopping villages in Italy and in outlets within Ireland and England."

Seamus Minogue, Director of Financial Services at Payzone (formally Alphyra) commented:

"Payzone, formerly Alphyra decided to enter the prepaid open loop gift market using the Mastercard® platform in 2007 and looked for a partner. The partnership with Newcastle Building Society has been very successful and one year later shopping village cards are now live in Ireland, UK, Belgium and Italy. Additional shopping card schemes, already contracted, are planned for Spain, Germany, France and Poland during 2008 as our geographic reach spreads and indeed further centres will open within the initial countries."

"Together we have broken new ground with this challenging innovation and have crossed many hurdles, be they language, currency, legal and regulatory requirements, technology and schemes rules. A true partnership approach."

-ENDS-

* Newcastle Building Society and Alphyra shopping village cards include:

Bicester Village – London
Kildare Village – Dublin
Maasmechelen Village – Brussels/ Dusseldorf
Fidenza Village – Milan/ Bologna
La Roca Village – Barcelona/ Spain (not yet launched)
Bispingen Village – Bispingen/ Germany (not yet launched)
Wertheim Village – Frankfurt/ Germany (not yet launched)
Las Rozas Village – Madrid (not yet launched)
Ingolstadt Village – Munich/ Germany (not yet launched)
La Vallee Village – Paris/ France (not yet launched)

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About Newcastle Building Society

Newcastle Building Society is the biggest building society based in the North East and one of the strongest mutual building societies in the country. With assets under management of over £4.4bn we are certainly large enough to cope but small enough to care deeply about the needs of our members. We are committed to providing a range of innovative and attractive investment products and that is why we are offering this Fixed Rate Bond.

The Newcastle Building Society is committed to remaining mutual and by doing so we feel we are better placed to continue to provide our investors with the quality of service expected from one of the country's strongest building societies.

Newcastle Building Society has over 60 live prepaid and debit card programmes including:

- Debit cards
- Retail gift cards – replacement of paper gift token.
- Mobile phone cards – combined top-ups and payments cards.
- Teen cards – 13-plus age introduced to card holding.
- Sub-prime cards – Un-banked adults cards.
- Travel cards – Safe convenient alternative to travellers cheques.

- Corporate incentive cards – cards issued direct to employees as reward payments.
- Payroll and Payroll Plus cards – salary payment onto card of sub-prime employee.

The Society is a MasterCard® Principal Member, with the most MasterCard® approved prepaid programmes in the UK. We hold a SEPA licence and have live programmes in the UK, Ireland, Germany, Belgium and Italy.