

PRESS RELEASE

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Xansa's IT expertise helps Tesco focus on improving customer experience

Minimum revenue commitment of £18 million over three years

Tesco, one of the world's leading international retailers, has extended its IT contract with Xansa, the outsourcing and technology company, for a further three years. Xansa will continue to manage Tesco's business critical applications, leveraging a combination of Xansa's onshore and offshore capability.

Building on a relationship of 18 years, this extension, worth at least £18 million over three years to Xansa, covers the support and development of Tesco's applications together with consultancy services. As such, Xansa will continue to support Tesco's IT strategy and to deliver cost-effective IT operations through delivery excellence, productivity improvements and the use of Xansa's integrated delivery channels in the UK and India. In turn, this will allow Tesco to re-invest in, and focus on, enhancing and extending its retail offering, improving the overall shopping experience for its customers.

Commenting on the agreement, Mike McNamara, UK IT Director, Tesco said:

"Xansa, as a valued partner, provides us with expertise in Applications Management, an in depth understanding of our business and commitment to working together to deliver our key outcomes. We are therefore pleased to be extending our relationship with Xansa for a further three years."

Commenting on the agreement, Alistair Cox, Chief Executive, Xansa said:

"This extension is a great endorsement of the work that we have been doing for Tesco over the past 18 years. Tesco is one of our Retail business' cornerstone clients and this contract represents another example of how Xansa's 45 years' worth of expertise in Applications Management is valued by our clients."

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About Xansa

Xansa is a UK-based outsourcing and technology company with over 8000 people in the UK and India.

With a 45-year history of sustaining long-term relationships and pioneering better ways of working, Xansa drives real and long-term cost reductions and performance improvements. Committed to delivering guaranteed business outcomes through a combination of technology and process expertise, Xansa gives clients across the private and public sectors the freedom to do more.

Xansa is listed on the London Stock Exchange (XAN.L) with revenues for 2006 of £357.3 million.

Further information on Xansa can be found at: www.xansa.com

About Tesco

Tesco is one of the world's leading international retailers, with 2,710 stores and over 450,000 employees. The Group has a long term strategy for growth based on four key parts: growth in the Core UK business, to expand by growing internationally, to be as strong in non-food as in food and to follow customers into new retailing services. Tesco operates stores in the UK, Czech Republic, Hungary, Poland, Republic of Ireland, Slovakia, Turkey, China, Japan, Malaysia, South Korea and Thailand. Within Retailing Services, Tesco.com is of the most successful on-line grocery shopping service in the world, fulfilling 250,000 grocery orders each week and Tesco Personal Finance now has over five million customer accounts.