

PRESS RELEASE

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Tesco.Com Refrigerated Vehicle Contract Accelerates Northgate Move Into The Home Delivery Sector

Britain's largest vehicle rental company, Northgate, has been successful in winning the supply of 130 refrigerated vehicles to Tesco.com, the online shopping subsidiary of Britain's number one retailer.

The contract with one of Britain's best-known brands further demonstrates the capabilities and bespoke solutions that Northgate can deliver to blue-chip clients like Tesco with the supply of specialist refrigerated vans.

The supply of the long-bodies Mercedes-Benz Sprinter 311CDI vans on six-year contracts will be completed in January, 2008 with the vehicles operating from 19 Tesco stores along the M1/M40 corridor in the South and the Midlands.

The chassis fridge tri-compartment vehicles are being supplied to a specification drawn-up by Tesco.com. The vehicles have GAH refrigeration units and Solomon insulated bodies, which enables products to be stored at ambient, chilled or frozen temperatures while they are transported from stores to the customer.

While the refrigerated bodies are being supplied on six-year contracts, the chassis on all vehicles will be replaced every two years. This will enable Tesco.com to keep pace with the latest available commercial vehicle technology to ensure vans are operating at optimum efficiency.

Tesco.com fleet manager Dino Papas said: "As a high-profile business it is essential that our fleet operates at the leading edge of efficiency. This means that vehicles are equipped with the lowest emission and most fuel-efficient engines possible.

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“By changing the chassis every two years we can ensure that our vehicles are among the ‘cleanest’ on the roads in terms of engine technology and that rising maintenance and wholelife cost issues surrounding older vehicles are confined to history. Previously vehicles were replaced on a five-year cycle.

“The Sprinter is a premium vehicle with excellent reliability and highly competitive wholelife costs, as well as a strong brand image. We are clearly benefiting from the fact that Northgate is the single biggest customer for Mercedes-Benz commercial vehicles in the UK.”

Until now Northgate’s relationship with the home delivery sector has focussed on supplying vehicles to ‘dry’ parcel delivery companies.

Managing director Phil Moorhouse explained: “Our success in winning the vehicle supply contract with Tesco.com further extends our presence into a fast-growing sector of the commercial vehicle market.

“Until now contract hire companies have typically been suppliers to the refrigerated foods home delivery market. Our ability to provide vehicles to Tesco.com is based around our commitment to deliver bespoke service levels agreements supported by our nationwide network of depots.

“We hope the number of vehicles being supplied to Tesco.com will increase in the future as the supermarket chain continues to expand its home delivery business.

“While our new Tesco.com contract marks our first significant move into a growing market segment, we hope that our ability to deliver a bespoke refrigerated vehicle service to such a household name will mean that other companies requiring such vans will consider Northgate as a potential supplier”.

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 **Northgate Vehicle Hire Limited**
Norflex House, Allington Way Darlington DL1 4DY
Telephone 0870 240 2434
Facsimile 01325 381 009
E-mail pressofficer@northgateplc.com
Website www.northgateplc.com

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Mr Papas added: "Our new partnership with Northgate has got off to a very good start. We're starting on a relatively small scale, but I'm confident that Northgate is going to make a very valuable contribution to our future success in delivering our products direct to the homes of customers."

Tesco.com operates a fast-growing fleet of around 2,000 vans from more than 300 stores. However, both figures are set to rise considerably as the supermarket group expands its online shopping operation, which reported sales up 29.2% to £1,226 million in the 12 months to the end of February 2007.

ABOUT NORTHGATE PLC

Northgate plc, quoted on the London Stock Exchange and a FTSE 250 company, is Europe's leading light commercial vehicle rental business with extensive operations in the UK, Republic of Ireland and Spain. There are plans to extend this coverage into new markets.

In the UK and Ireland, Northgate has a network of 21 local hire companies operating from some 90 depots with a rental fleet in excess of 65,000 vehicles, most of which are light commercial vehicles.

The company's core business has been to provide business and corporate customers with NORFLEX – a completely flexible vehicle rental package which gives customers the ultimate freedom in managing their vehicle fleet without any contractual commitment or early termination penalties backed up by the largest support infrastructure offered by any UK rental company

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Since developing NORFLEX as a market-leading vehicle rental brand, Northgate has also extended its service offering to include:

- Fleet Technique, which manages on behalf of fleet owners the maintenance and administration for more than 15,000 vehicles. More information can be found at www.fleet-technique.co.uk
- Van Monster, which operates from six main sites offering retail and trade customers a wide range of quality used vans with some 1,500 vehicles in stock most of which are less than three-years-old. For further information go to www.vanmonster.com
- easyVan is a low cost van rental partnership between Northgate and easyCar providing more than 120 convenient locations through the UK. Visit easyVan.com for more details.

For more information on the Northgate Group please go to www.northgateplc.com.

For further information contact:

Ashley Martin (telephone 01733 390691 or 07801 434338) or Arthur Dalziel (0121 445 6633 or 07775 751596) at AWD Communications Ltd.

**Ross Clarkson, marketing director, Northgate, on 01325 467558 or 07850 588721
ross.clarkson@northgateplc.com**