

## **Extraordinary General Meeting of Shareholders of X5 Retail Group N.V.**

The Management Board of X5 Retail Group N.V. ("X5" or the "Company") invites the Company's shareholders and holders of global depository receipts ("GDRs") to the Company's Extraordinary General Meeting of Shareholders (the "EGM") to be held at Parkstraat 20, 2514 JK The Hague, The Netherlands at 15.00 pm CET on **19 July 2013**.

### **Agenda**

1. Opening
2. Appointment of members of the Supervisory Board:
  - A. Appointment of Mr. Alexander Malis (**voting item**)
  - B. Appointment of Mr. Igor Shekhterman (**voting item**)
3. Supervisory Board Remuneration (**voting item**)
4. Appointment of Mrs. Vladlena Yavorskaya as member of the Management Board (**voting item**)
5. Any other business and conclusion

### **Record date**

Persons with the right to vote and/or the right to attend the EGM are considered to be those persons who on **21 June 2013** after processing of all debit and credit entries up to and including that day (the "Record Date") are registered in one of the registers mentioned hereafter.

The shareholders' register of the Company in Amsterdam, The Netherlands, has been designated as register to certify the shareholders entitled to vote on the shares. The shareholders identified as entitled to vote on the basis of the shareholders register of the Company on the Record Date may exercise their rights to vote and attend the EGM. These shareholders may also exercise their rights to vote and/or attend the EGM by a written proxy, in the English language, duly executed and legalised in accordance with the laws of the country where the proxy is issued. Proxy holders shall present their written proxy at the EGM.

The register of GDR holders maintained by The Bank of New York Mellon (the "Depository") indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depository pursuant to Article 12 of the GDR Terms and Conditions. GDR holders may instruct the Depository with regard to the exercise of voting rights with respect to Deposited Shares (as defined in the GDR Terms and Conditions) by completing, signing and returning to the Depository the relevant voting documentation forwarded by the Depository to the GDR holders following receipt by the Depository from the Company. The deadline for providing instructions to the Depository will be specified by the Depository in the information provided to GDR holders. The Depository will procure the exercise of voting instructions received from GDR holders by the relevant deadline in accordance with the GDR Terms and Conditions and the normal processes of the Depository.



Alternatively, GDR holders who wish to vote in person at the EGM will, on request, be granted an exclusive proxy to do so by the Depository. A GDR holder to whom such exclusive proxy has been granted must notify the Management Board of the Company of their intention to attend and vote at the EGM and must provide the Management Board with a copy of such proxy at least five (5) days prior to the EGM. GDR holders who intend to vote in this manner must provide sufficient proof of identification on admission to the EGM. In addition, if the exclusive proxy has been granted by the Depository to a GDR holder which is a legal entity, the person who represents such legal entity at the EGM must provide sufficient proof that he is duly authorised to do so by means of a statement from a local lawyer or notary admitted to practice in the jurisdiction of the GDR holder, duly executed and legalised in accordance with the laws of such jurisdiction.

Amsterdam, 7 June 2013

The Management Board

## **Explanatory Notes to Extraordinary General Meeting of Shareholders of X5 Retail Group N.V.**

### **Item 2**

#### **Appointment of members of the Supervisory Board**

In line with the Supervisory Board's profile, and in order to restore the balance between independent and non-independent Board members, the Supervisory Board proposes to appoint Alexander Malis and Igor Shekhterman as independent members of the Supervisory Board. Subject to the appointment of both nominated candidates by the General Meeting of Shareholders, the Supervisory Board will be composed of seven members, with a majority of four independent members. The list of binding nominations, in accordance with article 20.1 of the Company's Articles of Association, is set out below:

#### **Item 2A (voting item)**

##### **Appointment of Alexander Malis as member of the Supervisory Board**

The Supervisory Board proposes to appoint Alexander Malis as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2017, which is the fourth year after the year of the appointment.

*Alexander Malis* (4 September 1972), a Russian citizen, is CEO of Euroset Group since April 2009. From 2008 to 2009 he was heading the broadband access development at VimpelCom Group. From 1995 Alexander served in various capacities at Corbina Telecom, of which the last two years as CEO. Since 2006 he also served as CEO of CJSC Investelectrosvyaz and acting CEO of CJSC Cortec (a Corbina Telecom trademark). From 1990 to 1995 he was financial consultant at RusConsult. Alexander graduated from Moscow State University of Commerce with a specialization in Financial Accounting and Audit. He received his PhD from the Research Institute of Finance in 1998.

The Supervisory Board recommends appointing Alexander Malis in view of his particular knowledge and experience of the retail industry in Russia. Alexander Malis has no shareholding in the Company.

#### **Item 2B (voting item)**

##### **Appointment of Igor Shekhterman as member of the Supervisory Board**

The Supervisory Board proposes to appoint Igor Shekhterman as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2017, which is the fourth year after the year of the appointment.

*Igor Shekhterman* (9 November 1970), a Russian citizen, is the managing partner in RosExpert, the Russian alliance partner of Korn/Ferry International. He is one of the founders of RosExpert Company in 1996. Igor started his carrier as finance manager at the Russian branch of Beoluna, the Japanese jewelry producer. He holds a Bachelor's Degree in Finance and a BA Degree at Business Schools in France and Denmark.

The Supervisory Board acknowledges that RosExpert has provided executive search and consulting services to the Company during the last year. Whilst the Dutch Corporate Governance Code provides that if a supervisory board member has had an important business relationship with the Company in the year prior to the appointment (which includes the case where the supervisory board member, or the firm of which he is a partner, has acted as advisor to X5) such person may be considered non-independent for the purpose of these

principles, X5 takes the view that -in view of the nature of his services and involvement- Igor Shekhterman is independent for the purposes of his appointment.

The Supervisory Board recommends appointing Igor Shekhterman in view of his general knowledge and experience of Russian business and his professional background in the area of human resources and management selection, assessment and development. Igor Shekhterman has no shareholding in the Company.

### **Item 3 (voting item)** **Supervisory Board Remuneration**

In 2010 the General Meeting of Shareholders approved the following remuneration principles for members of the Supervisory Board:

- Supervisory Board membership: € 100,000
- Chairman of Audit Committee, Strategy Committee or Nomination and Remuneration Committee: € 200,000 (including remuneration for membership)
- Chairman of the Supervisory Board: € 250,000 (including remuneration for membership)

It is currently proposed that any non-independent member of the Supervisory Board who is affiliated with, engaged or employed by, either directly or indirectly, a legal entity or person, including through an affiliated entity (other than the Company and its downstream affiliates), that holds at least thirty per cent of the voting rights in the Company, shall waive his/her remuneration entitlement for acting as a member of the Supervisory Board.

Based on these principles the following remuneration schedule is proposed for the current and nominated members of the Supervisory Board, effective as per 1 July 2013 (gross per annum, in Euro):

<b>Name</b>	<b>Position</b>	<b>Remuneration</b>
Dmitry Dorofeev	Chairman	-
Mikhail Fridman	Member	-
David Gould	Chairman of the Audit Committee	-
Alexander Tynkovan*	Chairman of the Related Party Committee	120,000
Christian Couvreur	Chairman of the Strategy Committee	200,000
Alexander Malis	Member	100,000
Igor Shekhterman	Chairman of the Nomination and Remuneration Committee	200,000

\* To the extent the new remuneration principles would lead to a reduction of the current remuneration of individual members, the current remuneration will prevail.

In addition to their fixed remuneration, independent members of the Supervisory Board shall continue to be able to participate in the Company's Restricted Stock Unit Plan, as X5 believes it is necessary to allow members of the Supervisory Board to align their interests with those of shareholders and strengthen their commitment and confidence in the future of the Company.



**Item 4 (voting item)**

**Appointment of Vladlena Yavorskaya as member of the Management Board**

The Supervisory Board proposes to appoint Vladlena Yavorskaya as member of the Management Board and General Counsel for a term ending on the day of the annual general meeting of shareholders to be held in 2017, which is the fourth year after the year of the appointment.

*Vladlena Yavorskaya* (23 March 1957), a Russian citizen, has over 30 years of legal experience in both Russian and multinational enterprises. Prior to joining X5, she was the director of the legal department for Rolf, a leading automotive retail business in Russia. From 2001 to 2006, Vladlena was the director of the legal department of Wrigley, where she was responsible for Eastern Europe and Middle East countries. Vladlena graduated from the legal faculty of Moscow State University in 1982.

In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Vladlena Yavorskaya's contract with the Company are available on the Company's website.