

X5 RETAIL GROUP REPORTS Q1 2010 TRADING RESULTS⁽¹⁾:**Q1 2010 NET RETAIL SALES GROW 20% IN RUR AND 36% IN USD TERMS;****LFL SALES GROWTH SOLID AT 7%, WELL AHEAD OF INFLATION;****DISCOUNTERS' OUTPERFORMANCE ON TRAFFIC AND TICKET
DRIVES 17% LFL GROWTH FOR THE FORMAT**

Amsterdam, 9 April 2010 - X5 Retail Group N.V., Russia's largest retailer in terms of revenue (LSE ticker: "FIVE"), announced today its retail sales and operational performance for the quarter ended 31 March 2010.

Q1 2010 Highlights

- Net retail sales increased 20% year-on-year in RUR terms to RUR 75,753 mln and 36% in USD terms to USD 2,534 mln;
- X5's like-for-like (LFL) sales grew 7% in RUR terms year-on-year;
- Discounters continued to outperform, with Q1 LFL sales growth of 17% on the back of a balanced traffic (9%) and ticket (8%) growth;
- 27 stores added on net basis in Q1 2010, including 24 soft discounters, one supermarket and two hypermarkets;
- Net addition of selling space totaled 22 thousand square meters;
- Warehouse capacity increased by 21 thousand square meters due to expansion of an existing DC in the Central region;
- 2010 sales growth, openings and CapEx outlook as announced on 19 January 2010 reiterated. Actual top line performance will be largely dependent on inflationary trends and the timing of a recovery in the consumer spending.

Lev Khasis, X5 Retail Group CEO, commented:

"X5's first quarter 2010 sales growth of 20% in RUR terms was led by powerful like-for-like performance at discounters on continuing strong traffic and improving average purchase size, which was partially offset by persistent pressure on supermarkets and hypermarkets.

"Overall, X5 achieved strong results against a backdrop of weak consumer spending and drastically lower food inflation in Russia of approximately 5% compared to 16% a year ago.

"We believe consumer spending will begin to show improvement towards the end of the year. This, in combination with stepped up new store openings and stronger Paterson sales post-integration should enable X5 to deliver on its full year objectives and benefit from future economic recovery."

⁽¹⁾ Numbers provided in this press-release are preliminary and unaudited.

Net Retail Sales⁽¹⁾ Performance

Net Retail Sales Dynamics by Format⁽²⁾

USD mln	Q1 2010	Q1 2009	% change y-o-y
Hypermarkets	471.1	353.0	33%
Supermarkets	646.1	540.0	20%
Soft Discounters	1,413.1	966.3	46%
Online ⁽³⁾	4.0	-	n/a
Total Net Retail Sales	2,534.4	1,859.3	36%

RUR mln			% change y-o-y
Hypermarkets	14,080.1	11,979.2	18%
Supermarkets	19,313.1	18,323.8	5%
Soft Discounters	42,239.0	32,785.7	29%
Online ⁽³⁾	120.3	-	n/a
Total Net Retail Sales	75,752.5	63,088.7	20%

X5 net retail sales for the first quarter 2010 increased 20% in RUR terms to RUR 75,753 mln or 36% in USD terms to USD 2,534 mln, on the back of a 7% LFL sales growth with the rest coming from organic expansion (+10%) and as contribution from Paterson stores (+3%).

Paterson sales in the first quarter 2010 were significantly pressured as acquired stores were undergoing the integration process that implied store closings for one to four weeks for rebranding, reconstruction and IT upgrades. Altogether, in the first quarter X5 closed and re-launched 35 out of 82 acquired stores, with 30 additional stores temporarily closed as at 31 March 2010. Please see more details in the *Update on Paterson Integration* section.

⁽¹⁾ Net retail sales represent revenue from operations of X5 managed stores excluding VAT. This number differs from total net sales that also include revenue from franchisees (royalty payments) and other revenue. The total net sales number will be reported along with Q1 2010 financial results.

Net retail sales of Paterson stores are included only for Q1 2010 and excluded for Q1 2009 as the acquisition was completed in December 2009.

⁽²⁾ Please note that in this and other tables of this press release immaterial deviations in calculation of % change, subtotals and totals are explained by rounding.

⁽³⁾ Included from October 2009.

Gross Retail Sales⁽¹⁾ Analysis

Like-For-Like⁽²⁾ Store Performance (see Appendix I for detailed LFL performance)

Based on RUR-denominated gross retail sales	Total LFL, %	Q1 2010 Traffic, %	Basket, %
Hypermarkets	(1)	(7)	6
Supermarkets	(6)	(10)	4
Soft Discounters	17	9	8
X5 Retail Group Total	7	2	5

Gross Retail Sales Dynamics

Based on RUR-denominated gross retail sales	LFL, %	Organic Expansion, %	Scope Change - Paterson, %	Total change %
Hypermarkets	(1)	19	-	18
Supermarkets	(6)	4	8	6
Soft Discounters	17	11	1	29
Total Gross Retail Sales	7	10	3	20
FX Effect				16
Total change %, incl. FX				36

LFL Sales Performance

The Company's total LFL sales in first quarter 2010 increased 7% in RUR terms, driven by a 2% increase in customer traffic and 5% increase in average basket. LFL growth was achieved against a backdrop of weak consumer spending and drastically lower inflation, with prices on X5's shelves also substantially lagging the national inflation rate.

As expected, we did not see improvements in consumer behaviour in first quarter 2010, as Russian consumers remained uncertain about their income levels and purchasing power. In this environment, X5 continued to pursue its "Close to the Customer" policy with constant investment in prices and store value propositions. As a result, prices on X5's shelves rose on average by 1.6% in March 2010 compared to March 2009. By comparison, Russia's official food inflation rate in March 2010 was 4.8% year-on-year. For comparison, inflation on X5's shelves totaled 14% a year ago (March 2009 to March 2008), while officially reported food inflation for the same comparison period stood at 16%.

- Soft discounters continued to outperform in the current environment, with 17% LFL sales growth supported by continued traffic increases (9%) and strong average ticket growth (8%).
- Supermarkets' and hypermarkets' performance was affected by customer traffic declines, which resulted in LFL sales decreases of 6% and 1% respectively. Q1 2010 LFL performance for these formats is attributable to continued trading down pressures. By contrast, the first quarter of 2009 was the strongest quarter last year, with the smallest impact from the trading down trends.

⁽¹⁾ In this section all sales dynamics analysis is based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

⁽²⁾ Like-for-like (LFL) comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening.

Acquired Paterson stores are not included in X5's LFL calculations for Q1 2010 as X5 did not operate them until the acquisition in December 2009.

Expansion

	As at		Rebranding	Closings	Net Added	% change
	31-Dec-09	31-Mar-10	Q1 2010	Q1 2010	Q1 2010	vs 31-Dec-09
Selling Space, sq. m.						
Hypermarkets	285,581	299,268	-	-	13,686	5%
Supermarkets	284,359	287,848	1,732	(1,691)	3,490	1%
Soft Discounters	493,016	497,670	(1,732)	(893)	4,654	1%
X5 Retail Group Total	1,062,956	1,084,786	-	(2,584)	21,830	2%
# of Stores						
Hypermarkets	58	60	-	-	2	3%
Supermarkets	275	276	1	(3)	1	0%
Soft Discounters	1,039	1,063	(1)	(2)	24	2%
X5 Retail Group Total	1,372	1,399	-	(5)	27	2%

In first quarter 2010, X5 added a net 27 stores, including 24 soft discounters, one supermarket and two hypermarkets, expanding total net selling space by 22 thousand sq.m. This takes into account the following:

- During the quarter, X5 closed one Pyaterochka discounter in the Chelyabinsk region, one Perekrestok supermarket in Moscow and three Paterson stores (in Moscow, Penza and Arkhangelsk), in order to maximize the efficiency of its store portfolio.
- X5 also converted two Perekrestok supermarkets to Pyaterochka discounters and changed its initial classification of three Paterson stores from discounters to supermarkets.

Additional information is provided in Attachment IV to this press release.

As at 31 March 2010, X5 Retail Group was present in 45 cities of European Russia, the Urals and Ukraine, operating 1,399 stores in total (1,085 thousand sq.m. in selling space). This includes 1,063 soft discounters, 276 supermarkets, and 60 hypermarket stores.

Franchisee Relationship Update

As at 31 March 2010 the Company's franchisee store network totaled 640 stores across Russia, including 569 Pyaterochka, 52 Perekrestok-Express and 19 Paterson stores.

Logistics Infrastructure Development

In the first quarter 2010 X5 Retail Group expanded storage capacity of one of its distribution centres (DC) in the Moscow region by 21.4 thousand sq.m.

Region	Warehouse space, '000 sq. m.			# of DCs		
	31-Dec-09	31-Mar-10	Net Added	31-Dec-09	31-Mar-10	Net Added
Central	153.9	175.3	21.4	8	8	-
North-West	65.1	65.1	-	5	5	-
Volgo-Vyatsky	17.5	17.5	-	1	1	-
Urals	21.8	21.8	-	4	4	-
Centralno-Chernozemny	11.8	11.8	-	2	2	-
Sredne-Volzhsy	13.4	13.4	-	1	1	-
South	12.6	12.6	-	1	1	-
Privolzhsky	13.1	13.1	-	1	1	-
X5 Retail Group Total	309.1	330.5	21.4	23	23	-

Update on Paterson Integration

In December 2009 X5 completed the acquisition of Paterson supermarket chain. The integration process began in late January 2010 and is moving ahead in line with the initial plan. The following progress had been made by 31 March 2010:

- Completed stock-taking;
- Closed and re-launched 35 out of 82 acquired stores: 24 stores were re-launched as Perekrestok supermarkets and 11 stores were re-launched as Pyaterochka discounters. Average close-down period ranged from one to four weeks. At the moment, 30 additional stores are temporarily closed for rebranding, reconstruction and IT systems upgrades.
- X5 has made a decision to close three Paterson stores permanently (in Moscow, Penza and Arkhangelsk) as they do not meet X5's efficiency criteria.
- Centralized purchasing, HR, administrative and finance functions;
- Re-trained all Paterson staff;
- For re-branded and re-launched stores, centralized key operational functions, including pricing and assortment.

In accordance with the initial plan, X5 expects to finalize Paterson integration by mid-2010.

Appendices

- I. LFL Store Performance by Format and Region*
- II. Net Retail Sales Performance by Region*
- III. Average Ticket and Number of Customers*
- IV. Net Store Addition by Format and Region*
- V. Paterson Operational Performance*
- VI. Financial Calendar for 2010*

Note to Editors:

X5 Retail Group N.V. is Russia's largest retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006. In June 2008, X5 acquired Karusel hypermarket chain and substantially strengthened its position in hypermarket format.

As at 31 March 2010, X5 had 1,399 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 1,063 soft discount stores, 276 supermarkets and 60 hypermarkets.

As at 31 March 2010, X5's franchisees operated 640 stores across Russia.

For the first nine months 2009 X5's net sales totaled USD 6,081 mln, EBITDA reached USD 509 mln, and net profit amounted to USD 121 mln. For the full year 2009, net retail sales totaled USD 8,675 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.9%, founders of Pyaterochka – 23.1%, X5 Management – 1.9%, treasury shares – 0.1%, free float – 27.0%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as “anticipate”, “target”, “expect”, “estimate”, “intend”, “expected”, “plan”, “goal” believe”, or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as at the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

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Appendix I: LFL Store Performance by Format and Region⁽¹⁾

	Total LFL, %	Q1 2010 Traffic, %	Basket, %
<u>Moscow & the Moscow region</u>			
Hypermarkets	7	(1)	8
Supermarkets	(5)	(10)	5
Soft Discounters	20	12	8
X5 Retail Group Total	9	4	5
<u>St. Petersburg & North-West</u>			
Hypermarkets	(9)	(13)	4
Supermarkets	0	(6)	6
Soft Discounters	10	3	7
X5 Retail Group Total	4	0	4
<u>Regions</u>			
Hypermarkets	4	(4)	8
Supermarkets	(11)	(11)	0
Soft Discounters	23	13	10
X5 Retail Group Total	6	3	3
<u>X5 Retail Group</u>			
Hypermarkets	(1)	(7)	6
Supermarkets	(6)	(10)	4
Soft Discounters	17	9	8
X5 Retail Group Total	7	2	5

⁽¹⁾ Based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

Like-for-like comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in like-for-like comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in like-for-like calculation starting from the first day of the month following the month of the store opening. The like-for-like comparison for each store takes into account retail sales generated by that store during the same months it was in operation in both the reporting period and the period of comparison. The retail sales of all the relevant stores in the relevant months are then aggregated and compared. Like-for-like sales are calculated on the basis of traffic and basket amounts of relevant stores in the period under review.

Please note that acquired Paterson stores are not included in X5's LFL calculations for Q1 2010 as X5 did not operate them until the acquisition in December 2009. Information on Paterson's stand-alone operational performance is provided for reference purposes in Appendix V to this press release.

Appendix II: Net Retail Sales Performance by Region

USD mln	Q1 2010	Q1 2009⁽¹⁾	% change y-o-y
Moscow & the Region	1,296.3	961.4	35%
St. Petersburg & North-West	677.8	535.7	27%
Other Regions	556.1	362.3	54%
Online ⁽²⁾	4.0	-	n/a
Total Net Retail Sales	2,534.4	1,859.3	36%

RUR mln			% change y-o-y
Moscow & the Region	38,747.7	32,620.2	19%
St. Petersburg & North-West	20,261.0	18,177.0	11%
Other Regions	16,623.4	12,291.5	35%
Online ⁽²⁾	120.3	-	n/a
Total Net Retail Sales	75,752.5	63,088.7	20%

⁽¹⁾ Excluding Paterson results, as the acquisition was completed only in December 2009.

⁽²⁾ Included from October 2009.

Appendix III: Average Ticket and Number of Customers

	Q1 2010	Q1 2009	% change, y-o-y
<u>Average Ticket, RUR</u>			
Hypermarkets	627.5	601.1	4%
Supermarkets	370.3	369.8	0%
Soft Discounters	270.2	256.8	5%
Online ⁽¹⁾	3,773.2	-	n/a
X5 Retail Group Total	328.3	320.2	3%
<u>Average Ticket, USD</u>			
Hypermarkets	20.99	17.71	19%
Supermarkets	12.39	10.90	14%
Soft Discounters	9.04	7.57	19%
Online ⁽¹⁾	126.2	-	n/a
X5 Retail Group Total	11.0	9.4	16%
<u># of Customers, mln.</u>			
Hypermarkets	25.7	22.8	13%
Supermarkets	59.7	56.5	6%
Soft Discounters	177.8	145.1	23%
Online ⁽¹⁾	0.04	-	n/a
X5 Retail Group Total	263.3	224.4	17%

⁽¹⁾ Included from October 2009.

Appendix IV: Net Store Addition by Format and Region

# of Stores	As at		Rebranding	Closings	Net Added Q1 2010	% change vs 31-12-09
	31-Dec-09	31-Mar-10				
<u>Moscow & the Moscow Region</u>						
Hypermarkets	13	13			-	0%
Supermarkets	152	151	(2) ⁽¹⁾	(1)	(1)	0%
Soft Discounters	433	441	2 ⁽¹⁾	(1)	8	2%
Total	598	605	-	(2)	(7)	1%
<u>St. Petersburg & North-West</u>						
Hypermarkets	17	17			-	0%
Supermarkets	33	32		(1)	(1)	(3%)
Soft Discounters	306	313			7	2%
Total	356	362	-	(1)	6	2%
<u>Regions</u>						
Hypermarkets	28	30			2	7%
Supermarkets	90	93	3 ⁽²⁾	(1)	3	3%
Soft Discounters	300	309	(3) ⁽²⁾	(1)	9	3%
Total	418	432	-	(2)	14	3%
<u>X5 Retail Group</u>						
Hypermarkets	58	60	-	-	2	3%
Supermarkets	275	276	1	(3)	1	0%
Soft Discounters	1,039	1,063	(1)	(2)	24	2%
X5 Retail Group Total	1,372	1,399	-	(5)	27	2%

⁽¹⁾ Stores that have been converted from one X5's format to another.

⁽²⁾ Paterson stores, where X5 changed its initial format classification.

Appendix V: Paterson Operational Performance

Net Retail Sales Performance

USD mln	Q1 2009	Q1 2010	% change y-o-y
Paterson Net Retail Sales	76.6	61.1	(20%)

RUR mln	% change y-o-y		
Paterson Net Retail Sales	2,597.8	1,825.7	(30%)

LFL Sales Performance

	Q1 2010		
	Total LFL, %	Traffic, %	Basket, %
Total Paterson	(20)	(14)	(6)

Average Ticket and Number of Customers⁽¹⁾

	Q1 2009	Q1 2010	% change, y-o-y
Average Ticket, RUR	232.4	218.5	(6%)
# of Customers, mln	12.8	9.5	(25%)

⁽¹⁾ Based on all Paterson stores' gross sales

Appendix VI: Financial Calendar for 2010

Date	Event
15 April 2010	Audited FY 2009 IFRS Results
27 May 2010, TBC	Q1 2010 Financial Results Reviewed by Auditors
9 July 2010, TBC	Q2 & H1 2010 Trading Update
26 August 2010, TBC	Q2 & H1 2010 Financial Results Reviewed by Auditors
11 October 2010, TBC	Q3 & 9M 2010 Trading Update
29 November 2010, TBC	Q3 & 9M 2010 Financial Results Reviewed by Auditors