



**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN**

8 August 2006

**PYATEROCHKA HOLDING 'BB-' RATING AFFIRMED BY STANDARD & POOR'S**

On 3 August 2006, Standard & Poor's Rating Services affirmed its 'BB-' long-term corporate credit rating for Pyaterochka Holding N.V. At the same time, Standard & Poor's affirmed its 'BB-' long-term corporate credit and 'ruAA-' Russia national scale ratings for Pyaterochka's operating subsidiary, OOO Agrotorg. In addition, the 'ruAA-' ratings on the senior unsecured and senior secured debt issued by Pyaterochka Finance have been affirmed.

All Pyaterochka Holding N.V. ratings were removed from CreditWatch with negative implications, where they had been placed on April, 12, 2006, following Pyaterochka's announced acquisition of Russia's leading supermarket chain Perekrestok (not rated).

The affirmation reflects the view that the increase in financial risk after the merger with Perekrestok, as a result of increased leverage, is offset by the improvement in the group's business profile through economies of scale, multi-format retail concept and strong competitive position. Pyaterochka Holding N.V. is now Russia's largest grocery retail network, operating in a market with high growth prospects and limited concentration. In addition, the company plans to progressively restore a less-aggressive leverage profile.

The merger with Perekrestok has increased the size and scope of the company's operations. There are immediate benefits in terms of purchasing synergies and increased flexibility in real-estate management. In the longer term, Pyaterochka Holding is also likely to benefit from savings arising from the integration of the logistics and IT systems of the two chains. Finally, the intensification of the company's regional expansion should help to improve profitability, given the company's existing infrastructure.

Management agrees with Standard and Poor's decision. Vitaliy Podolskiy, Group Chief Financial Officer commented,

"The financial markets have already recognized the improved financial profile of the merged business – our recent \$800 million syndicated loan was well oversubscribed and our overall cost of funding since the merger is markedly lower.

While Pyaterochka Holding does not have immediate plans for new international capital market issues, Standard & Poor's decision will certainly support the company's future plans to enter the international capital markets as earlier as next year to improve further its capital structure and continue to fund its ambitious expansion programme."

Moody's rating decision is expected to be announced in the near future.

- End -



**Note to Editors:**

Pyaterochka Holding N.V. is Russia's largest food retailer in terms of sales. The group has 391 company-managed "Pyaterochka" soft discount stores located in the Moscow (187), St. Petersburg (185) and Yekaterinburg (19) areas, and 133 company-managed "Perekrestok" supermarkets across 14 regions of Central Russia and Ukraine as of 30 June 2006.

Pyaterochka and Perekrestok have merged their operations as of 18 May 2006 to create the clear leader in the Russian food retail market.

Pyaterochka's 2005 net sales (pre-merger) reached USD 1,359 million, with gross banner sales in 2005 of over USD 2 billion. Perekrestok net sales reached USD 1,015 million in 2005.

Pyaterochka's Q1 2006 net sales (pre-merger) reached USD 439 million, and Perekrestok Q1 2006 sales were USD 323 million.

As of 30 June 2006, franchisees operated 479 Pyaterochka branded stores in 20 regions of Russia, Ukraine and Kazakhstan. Perekrestok has 10 convenience stores operated by franchisees in the Moscow area.

- End -

***Enquiries to:***

**Pyaterochka Holding NV**

Tanja Djurdjevic

Investor Relations

Tel +7 495 724 6414

Email [ir@e5.ru](mailto:ir@e5.ru)