

X5 RETAIL GROUP COMPLETES BUY-OUT OF PYATEROCHKA FRANCHISEE IN URALS

Amsterdam, 2 July 2009 - X5 Retail Group N.V. ("X5" or the "Company"), Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), announces that it has completed its buy-out of the company that operates Pyaterochka stores in Yekaterinburg and Chelyabinsk.

X5 has been consolidating its control over Pyaterochka's operations in Yekaterinburg and Chelyabinsk since April 2007 when it set up a joint venture with its franchisee to manage Pyaterochka stores in both cities. In accordance with the agreement, X5 has now purchased the remaining 25 percent interest, which gives X5 full ownership of the business. The price of the 25% stake was determined on the basis of the Urals-based company's 2008 sales performance and totaled RUR 576 million (approx. USD 18 million).

This transaction gives X5 full control of the leading discounter chain in the major Urals region cities of Yekaterinburg and Chelyabinsk, with 2008 net retail revenue of RUR 6.8 billion (USD 272 million). It currently operates 103 Pyaterochka stores (appr. 37 thousand sq.m. of net selling space).

X5 Retail Group CEO **Lev Khasis** commented:

"In the two years since X5 has been managing Pyaterochka business in Yekatarinburg and Chelyabinsk, we have almost tripled selling space, secured leading positions in both regional cities, substantially increased sales per square meter in LFL stores and enhanced profitability. This is a prime example of our successful development of franchisee relationships to the benefit of both X5's shareholders and partners".

For reference: In April 2007 X5 entered into an agreement with its Chelyabinsk franchisee to set up a joint business that consolidated all Pyaterochka stores in Yekaterinburg and Chelyabinsk* - 40 stores (approx. 14 thousand meters of selling space) at that time. X5's initial stake in the joint company totaled 51%, while the agreement provided for a two-stage buy-out of the remaining 49% by X5 over the following two years. In June 2008 X5 acquired an additional 24% interest*. The purchase of the remaining 25% announced today completes the buy-out process and brings X5's ownership to 100%.

* Please see our press releases dated 10 April 2007 and 18 June 2008

For further details please contact

Anna Kareva
IR Director
Tel.: +7 (495) 980-2729, ext. 22 216
e-mail: anna.kareva@X5.ru

Svetlana Vitkovskaya
Head of PR Department
Tel.: +7 (495) 662-8888, ext. 31 140
e-mail: svetlana.vitkovskaya@X5.ru

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 2009, X5 had 1,144 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 886 soft discount stores, 209 supermarkets and 49 hypermarkets.

As at 31 March 2009, X5's franchisees operated 586 stores across Russia.

For the full year 2008, X5's net sales including acquired Karusel business on a pro-forma basis totalled USD 8,892 mln, EBITDA reached USD 803 mln, and net profit adjusted for non-cash goodwill impairment charge amounted to USD 112 mln.

For the first quarter 2009, net sales totalled USD 1,867 mln, EBITDA reached USD 163 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.