

## X5 AND KURSK REGIONAL GOVERNMENT ADMINISTRATION SIGN COOPERATION AGREEMENT

**Moscow, 21 June 2012** - X5 Retail Group N.V., (“X5” or the “Company”), Russia's largest retailer in terms of revenue (LSE ticker symbol: FIVE), announced yesterday that the Company and the Kursk Regional Administration have signed a Cooperation Agreement (the “Agreement”) providing for regional investment and job creation. The Agreement was signed by Alexander Mikhailov, Governor of the Kursk Region, and Mikhail Susov, Corporate Relations Director, X5 Retail Group.

Within the framework of the agreement, X5 plans to invest up to RUR two billion for new store openings in the Kursk Region in 2012 and 2013 creating more than 1,000 new jobs. The Company’s store expansion will strengthen X5’s presence in the region and provide more affordable products for consumers, as a result of increased competition among the existing stores of other chains in the region.

Currently, the Company operates 16 Pyaterochka soft discounter stores and two Perekrestok supermarkets in the Kursk Region, which are supplied by major local producers, including CJSC Kurskhléb. X5 plans to further adapt its assortment matrix in the region to increase the share of locally produced goods.

X5 has previously concluded cooperation agreements with the Yaroslavl, Ryazan, Tver and Orel Regional Administrations.

**Mikhail Susov**, X5’s Corporate Relations Director, commented:

*“We consider the Kursk Region as a priority region in Russia’s Centralno-Chernozemny district. The region’s average wage is growing, the unemployment rate has fallen to minimal levels and there are many high quality food product manufacturers located here. The Kursk Region has all the attributes necessary to develop a successful retail business.”*

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**Notes to editors:**

Headquartered in Moscow, X5 Retail Group (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest retailer in terms of revenue. The Company operates several retail formats: the soft discounter chain under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, the online retail channel under E5.ru brand and convenience stores under various brands.

As at 31 March 2012, X5 had 3,139 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 2,643 soft discounter stores, 337 supermarkets, 77 hypermarkets and 82 convenience stores. The Company operates 29 DCs and 1,392 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 31 March 2012, X5's franchisees operated 434 stores across Russia.

For the full year 2011, net sales totaled USD 15,455 mln, EBITDA reached USD 1,130 mln, and net profit amounted to USD 302 mln.

X5 Shareholder structure as of 31 March 2012: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 directors – 0.12%, treasury shares – 0.11%, free float – 32.06%.