

## X5 AND THE “SEAFOOD UNION” WILL COOPERATE IN LINE WITH THE FAIR PRACTICES CODE

**Moscow, 13 March 2013** - X5 Retail Group N.V. (“X5” or the “Company”), Russia's largest retailer in terms of sales (LSE ticker symbol: FIVE), and representatives of the “Seafood Union”, the largest non-profit seafood industry association, agreed to establish a working group to develop efficient practices related to the promotion of seafood, including enhancement of quality control systems and formation of a balanced product mix in retail chains.

The meeting took place within the framework of implementing the Fair Practices Code. Participants attending the negotiations included executive managers of the “Seafood Union” and representatives of major players on the seafood market. X5 was represented by Paul Martins, the Marketing Director, Denis Vasiliev, the Director for Regional Purchasing, Andrei Kravets, Head of the Department for the Purchase of Branded and First Price Goods, and Svetlana Tchebarova, Quality Assurance Director.

The participants discussed the joint efforts of producers and the retail sector to ensure sustainable development of the “Seafood” category in Russian consumer baskets. Taking into consideration the seasonal nature of fishing and that the fish species that are most popular with consumers (for example, pink salmon and herring, etc.) should be present on shelves year-round, participants in the negotiations agreed on the necessity of developing a long-term strategy to promote goods made from these types of fish.

Paul Martins, X5 Marketing Director, noted that the availability of a balanced and high quality seafood product mix will contribute to forming a particularly positive customer attitude towards the retail chain.

According to Mr. Martins, fresh and semi-finished seafood products require timely logistics, as the availability of a wide assortment of fresh, smoked and otherwise prepared fish on shelves indicates the chain’s management quality.

The parties shared the opinion that establishing systematic control over the quality of seafood products is of paramount importance, and that a customer should be presented with maximum product data printed on suitable and attractive packaging. Customers should be informed about the value of seafood via advertisements and the mass media. The parties also agreed that retail chains will not accept poor quality or potentially hazardous seafood products.

**Sergey Gudkov**, Executive Director of “Seafood Union”:

*“The top priority of the “Seafood Union” is to double the amount of seafood products available in retail chains, which is impossible without a streamlining the operations of fishermen, seafood processors and the retail sector. At the same time, we should educate consumers, since this is the only way to form a civilized consumer market”.*

**Mikhail Susov**, Corporate Relations Director stated:

*“The meetings of X5’s management team with representatives of industry associations in line with the Fair Practices Code are becoming something of a tradition. Starting from the end of February, we have conducted numerous negotiations on joint efforts with different associations, including: the National Milk Producers Union, the National Association of Producers, the*

*Suppliers and Consumers of Meat Products, and now the Seafood Union. X5 is ready to continue this useful dialogue with any industry association and to regularly meet.”*

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## **Note to Editors:**

X5 Retail Group (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest retailer in terms of sales. 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 the E5.ru brand and convenience stores under various brands.

At 31 December 2012, X5 had 3,802 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 3,220 soft discounter stores, 370 supermarkets, 78 hypermarkets and 134 convenience stores. The Company operates 29 DCs and 1,956 Company-owned trucks across the Russian Federation. At 31 December 2012, the number of X5 employees totaled 109 thousand.

For the full year 2012, net sales totaled USD 15,795 mln, EBITDA reached USD 1,124 mln, and net loss amounted to USD 126 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 Directors – 0.13%, treasury shares – 0.11%, free float – 32.05%.

**The “Seafood Union”, a non-profit organization** was registered by the Russian Ministry of Justice in 2008, as an association of the fishing industry and aquatic culture processing, production and trade facilities. In 2011, the Seafood Union merged with the Union of Seafood Processors.

Today, the Seafood Union is an association of leading seafood processors, importers and investors, providing jobs for more than 14 thousand employees. The aggregate receipts of Seafood Union members exceed RUR 80 billion. Union members include major companies, such as: “Baltic Shore”, “ROK-1”, “Meridian”, “Santa-Bremor”, “Agama”, “Defa”, “Vichunai”, “Russian Sea”, “Technolat”, and “Albatros Seafood”, etc.

**The Fair Practices Code (FPC)** was signed December 14<sup>th</sup>, 2012. Signatories include: AKORT Retailers Association, the “RusBrand” Association, “Soyuzmoloko”, the “Rusprodsoyuz” Association, the National Meat Association, the Seafood Union, the Association of Producers and Consumers of Oil Products, the Russian Chamber of Industry and Commerce and the Russian Union of Consumers. The document envisages upgrading cooperation between suppliers and retailers, balancing the commercial interests of parties and contributing to the development of competition.