

## **X5 SIGNS COOPERATION AGREEMENT WITH SVERDLOVSK REGIONAL GOVERNMENT**

**Yekaterinburg, 2 April 2014** - X5 Retail Group N.V., (“X5” or the “Company”), a leading Russian food retailer in terms of sales announced today the signing of a Cooperation Agreement (the “Agreement”) between the Company, represented by X5’s Chief Executive Officer Stephan DuCharme, and the Government of the Sverdlovsk Region (the “Region”), represented by Governor Yevgeny Kuivashev. The Agreement provides a framework for X5’s participation in the Region’s development.

Other attendees of the signing ceremony included: Mikhail Kopytov, the Region's Food and Agriculture Minister, Olga Naumova, General Director of the Pyaterochka retail chain, Igor Solovyov, Head of Pyaterochka’s Urals division, and Sergei Degtyar, Government Relations Director for X5.

According to the Agreement, from 2014 to 2016 X5 will open 100 new Pyaterochka stores in the region (including franchise stores) and will refurbish another 100 stores all in accordance with the “New Pyaterochka” concept. The total expected investment for the refurbishment program is approximately RUR1.5 billion and the new store openings are expected to generate at least 2,000 new jobs. The Government of the Sverdlovsk Region will work to support corporate development in the Region within the framework of the government’s authority and in accordance with federal and regional laws.

At present, X5 operates 125 Pyaterochka stores, three Karusel hypermarkets and 3 Perekrestok supermarkets in the Sverdlovsk Region. The share of local producers’ products in X5's stores in the Urals region is 30% on average, and reaches 70 to 90% in certain categories, such as bread and meat. The Company has plans to expand cooperation with local manufacturers with a focus on fresh (perishable) products. This category is very popular with customers and is a priority in Pyaterochka’s product portfolio. In addition to this and in line with the new Pyaterochka slogan, “Surprising customers every day!”, up to 50 new products, in various categories, are rotated in to the chain’s assortment every week.

As a part of X5 Retail Group’s delegation to Yekaterinburg, representatives from the Company’s Commercial Division, lead by Steven Krieger, visited the Sverdlovsk Poultry Farm and took part in a working meeting with the unions and associations representing the Region’s major food producers and manufacturers. The representatives from these enterprises expressed an interest in expanding their products’ presence in local X5 stores and in increasing sales in many other regions in which the Company operates.

X5 has previously concluded Cooperation Agreements with the administrations of the Moscow, Tyumen, Volgograd, Kursk, and Ryazan Regions, as well as the Stavropol and Krasnodar Territories.

**Note to Editors:**

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian food retailer that operates the following retail formats: a chain of economy class stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, a chain of express convenience stores under the Perekrestok Express and Kopeyka brands and an online retail channel under the E5.ru brand.

At 31 December 2013, X5 had 4,544 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 3,882 Pyaterochka economy class stores, 390 Perekrestok supermarkets, 83 Karusel hypermarkets and 189 Express convenience stores. The Company operates 32 DCs and 1,848 Company-owned trucks across the Russian Federation.

For the full year 2012, revenue totaled USD 15,795 mln, EBITDA reached USD 1,124 mln, and loss for the period amounted to USD 126 mln. For the full year 2013, revenue totaled USD 16,785 mln, EBITDA reached USD 1,204 mln and profit for the period amounted to USD 345 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 16.35%, X5 Directors – 0.02%, treasury shares – 0.07%, free float – 35.70%.

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*For further details please contact*

**Gregory Madick**  
**Executive IR Director**  
**Tel.: +7 (495) 502-9783**  
**e-mail: [gregory.madick@X5.ru](mailto:gregory.madick@X5.ru)**

**Vladimir Rusanov**  
**Head of PR Department**  
**Tel.: +7 (495) 662-8888, ext. 11-357**  
**e-mail: [vladimir.rusanov@X5.ru](mailto:vladimir.rusanov@X5.ru)**