

X5 SIGNS COOPERATION AGREEMENT WITH CHELYABINSK REGION GOVERNMENT

Chelyabinsk, 2 October 2014 – X5 Retail Group, one of the leading Russian food retailers, announces the signing of a cooperation agreement with the Chelyabinsk Region government. The document was signed by the acting chairman of the regional government Sergey Komyakov, and X5 Retail Group's CEO Stephan DuCharme.

The cooperation agreement extends through 2017 and contemplates joint efforts to drive development of retail in the Chelyabinsk region to better serve the customer needs for high-quality products at affordable prices, ensure efficient information sharing and promote locally made goods. In 2014–2017, X5 Retail Group plans to open at least 100 stores across the region (including those operating under a franchise model in different municipalities) and a distribution centre, for a total investment of up to RUB 3.5 bn. The cooperation project will create at least 2,000 new jobs and strengthen the partnership with local vendors.

The Chelyabinsk Region government will provide X5 Retail Group with the required organisational and informational support to the extent permitted by the law to ensure efficient interaction with the regional and local executive authorities and regional power and gas suppliers.

Today, prior to the signing of the agreement, the parties celebrated the opening of the 200th Pyaterochka store in the Chelyabinsk Region, with the opening ceremony attended by the Minister for Agriculture of the Chelyabinsk Region Sergey Sushkov, CEO of X5 Retail Group Stephen DuCharme, CEO of Pyaterochka Olga Naumova and COO of Pyaterochka Artem Smolensky. In addition to the Pyaterochka chain stores, the Chelyabinsk Region is a home to three Perekrestok supermarkets and two Karusel hypermarkets.

The share of local products in X5's total sales in the Chelyabinsk Region averages approximately 30%, reaching as much as 90% for some products categories (dairy, meat and bakery products).

X5 Retail Group also partners with the governments of the Moscow, Leningrad, Tyumen, Sverdlovsk, Volgograd, Kursk, Orel, Ryazan, Stavropol and Krasnodar Regions and the Republic of Tatarstan.

For further details please contact

Gregory Madick
Executive IR Director
Tel.: +7 (495) 502-9783
e-mail: Gregory.Madick@x5.ru

Andrey Napolnov, CFA
Deputy IR Director
Tel.: +7 (495) 662-8888, ext. 22-455
e-mail: Andrey.Napolnov@x5.ru

Vladimir Rusanov
Head of PR
Tel.: +7 (495) 662-8888, ext. 11-357
e-mail: Vladimir.Rusanov@X5.ru

**Note to Editors:**

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

At 30 June 2014, X5 had 4,779 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 4,128 Pyaterochka economy-class stores, 387 Perekrestok supermarkets, 81 Karusel hypermarkets and 183 Express stores. The Company operates 30 DCs and 1,622 Company-owned trucks across the Russian Federation.

For the full year 2013, revenue totaled RUB 534,560 mln, EBITDA reached RUB 38,350 mln, and net income amounted to RUB 10,984 mln. In H1 2014, revenue totaled RUB 299,746 mln, EBITDA reached RUB 21,194 mln, and net income amounted to RUB 6,449 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 14.43%, X5 Directors – 0.03%, treasury shares – 0.03%, free float – 37.65%.