

X5 RETAIL GROUP REPORTS Q3 2010 TRADING RESULTS⁽¹⁾:

**Q3 2010 NET RETAIL SALES GROW 21% IN RUR AND 24% IN USD TERMS;
QUARTERLY RECORD 116 NEW STORES, TOTTALLING 258 YEAR TO DATE;**

**LFL GROWTH DRIVEN BY DISCOUNTERS;
STRONG IMPROVEMENT AT ACQUIRED PATERSON STORES;**

FULL YEAR 2010 SALES OUTLOOK REITERATED

Amsterdam, 11 October 2010 - X5 Retail Group N.V., Russia's largest retailer in terms of revenue (LSE ticker: "FIVE"), announced today its retail sales and operational performance for the third quarter and nine months of 2010.

Q3 2010 Highlights

- Net retail sales increased 21% year-on-year in RUR terms to RUR 79,822 mln or 24% in USD terms to USD 2,607 mln;
- X5's LFL sales grew 6% in RUR terms year-on-year, supported by 4% traffic growth;
- Discounters' customer traffic increased 6%, driving Pyaterochka's LFL sales growth of 10% year-on-year;
- 116 stores added on net basis in Q3 2010, including 97 soft discounters (of which 10 acquired Ostrov stores) and 14 supermarkets (of which 6 Ostrov stores), three hypermarkets and two convenience stores;
- Net addition of 54 thousand sq. m. of selling space for discounters, supermarkets, hypermarkets and convenience stores;

9M 2010 Highlights

- Net retail sales increased 20% year-on-year in RUR terms to RUR 235,332 mln or 29% in USD terms to USD 7,779 mln;
 - X5's LFL sales grew 5% in RUR terms year-on-year on 3% traffic growth;
 - Discounters' customer traffic increased 7%, driving Pyaterochka's LFL sales growth of 12% year-on-year;
 - 258 stores added on net basis in first 9 months of 2010, including 193 soft discounters, 14 supermarkets, and seven hypermarkets; in addition to consolidating 44 convenience stores;
 - Net addition of 114 thousand sq. m. of selling space for discounters, supermarkets, hypermarkets and convenience stores;
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- As at 30 September 2010 X5 operated 1,630 stores (1,177 thousand sq. m.), including 1,232 soft discounters, 289 supermarkets, 65 hypermarkets and 44 convenience stores;
 - X5 reiterates its 2010 sales growth outlook as provided on 27 May 2010. Actual top line performance will be largely dependent on inflationary trends and the timing of a recovery in the consumer spending.

⁽¹⁾ Numbers provided in this press-release are preliminary and not reviewed.



Lev Khasis, X5 Retail Group CEO, commented:

“X5 delivered its best performance of 2010 this quarter with RUR net sales growth of 21% year-on-year. Top-line growth is being driven by strong sales and record new store openings in our soft discounter segment. Our success in winning customers was on display in discounters’ 10% like-for-like sales growth year-on-year, which was achieved against the high growth rate in Q3 2009 following the launch of Pyaterochka’s positioning as the lowest price competitor on the market on 100% of assortment.

“We are also excited about the strong improvement at converted Paterson supermarkets, where LFL sales surged more than 20% compared to pre-acquisition levels in last year’s third quarter. Raising sales densities and efficiency to X5 levels is a key priority for us following Paterson integration in first half 2010, while we continue to improve overall supermarket format performance with price promotions and assortment changes to benefit from future economic recovery. Despite weak consumer spending, X5’s business is building momentum and we are well on track to deliver on the Company’s growth outlook for the year.”

Net Retail Sales⁽¹⁾ Performance

Net Retail Sales Dynamics by Format⁽²⁾

USD mln	Q3 2010	Q3 2009	% change		9M 2010	9M 2009	% change	
			y-o-y				y-o-y	
Hypermarkets	461.6	418.4	10%		1,420.5	1,166.3	22%	
Supermarkets	647.2	530.6	22%		1,923.8	1,644.4	17%	
Soft Discounters	1,473.0	1,145.2	29%		4,382.2	3,242.5	35%	
Convenience stores ⁽³⁾	19.4	-	n/a		38.6	-	n/a	
Online ⁽⁴⁾	5.4	-	n/a		13.4	-	n/a	
Total Net Retail Sales	2,606.6	2,094.2	24%		7,778.6	6,053.2	29%	

RUR mln	Q3 2010	Q3 2009	% change		9M 2010	9M 2009	% change	
			y-o-y				y-o-y	
Hypermarkets	14,143.3	13,151.9	8%		42,974.6	37,882.8	13%	
Supermarkets	19,818.6	16,582.3	20%		58,203.5	53,411.2	9%	
Soft Discounters	45,105.7	35,966.5	25%		132,579.4	105,321.1	26%	
Convenience stores ⁽³⁾	589.9	-	n/a		1,168.0	-	n/a	
Online ⁽⁴⁾	164.5	-	n/a		406.3	-	n/a	
Total Net Retail Sales	79,821.9	65,700.8	21%		235,331.7	196,615.2	20%	

X5 net retail sales for the third quarter of 2010 reached RUR 79,822 mln, a year-on-year increase of 21% in RUR terms, or USD 2,607 mln, a year-on-year increase of 24% in USD terms. Nine months 2010 net retail sales were RUR 235,332 mln or USD 7,779 mln - an increase of 20% in RUR and 29% in USD terms, respectively.

⁽¹⁾ Net retail sales represent revenue from operations of X5 managed stores excluding VAT. This number differs from total net sales that also include revenue from franchisees (royalty payments) and other revenue. The total net sales number will be reported along with Q3 2010 financial results.

Net retail sales of Paterson stores are included only for Q3 and 9M 2010 and excluded for Q3 and 9M 2009 as the acquisition was completed in December 2009.

⁽²⁾ Please note that in this and other tables of this press release immaterial deviations in calculation of % change, subtotals and totals are explained by rounding.

⁽³⁾ Included from 1 April 2010.

⁽⁴⁾ Included from 1 October 2009.

Gross Retail Sales⁽¹⁾ Analysis

Gross Retail Sales Dynamics

	Q3 2010				9M 2010			
	LFL, %	Organic Expansion, %	Scope change - Paterson, %	Total change %	LFL, %	Organic Expansion, %	Scope change - Paterson, %	Total change %
Based on RUR-denominated gross retail sales								
Hypermarkets	(3)	13	-	10	(1)	15	-	14
Supermarkets	2	5	11	18	(4)	4	9	9
Soft Discounters	10	15	1	26	12	13	1	26
Total Gross Retail Sales	6	13	3	22	5	12	3	20
FX Effect				2				9
Total change %, incl. FX				24				29

Sales growth in the third quarter 2010 consisted of 6% LFL sales growth with the rest coming from organic expansion (+13%) as well as the contribution from acquired Paterson stores (+3%).

LFL Sales Performance

The Company's total LFL sales in third quarter 2010 increased 6% in RUR terms, driven by a 4% increase in customer traffic and 2% increase in average basket. LFL growth was achieved against a backdrop of weak consumer spending and prices on X5's shelves also substantially lagging the official inflation rate.

Like-For-Like⁽²⁾ Store Performance (see Appendix I for detailed LFL performance)

	Q3 2010			9M 2010		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
X5 Retail Group						
Hypermarkets	(3)	0	(3)	(1)	(2)	1
Supermarkets	2	1	1	(4)	(6)	2
Soft Discounters	10	6	4	12	7	5
X5 Retail Group Total	6	4	2	5	3	2

⁽¹⁾ In this section all sales dynamics analysis is based on RUR-denominated gross retail sales (including VAT, excluding FX). Net retail sales RUR growth rates may immaterially differ due to effective VAT rate.

⁽²⁾ Like-for-like (LFL) comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening.

Acquired Paterson stores are not included in X5's LFL calculations for Q3 and 9M 2010 as X5 did not operate them until the acquisition in December 2009.

Soft discounters continued to deliver strong performance in terms of sales, LFL sales and sales per sq. meter. Soft discounters achieved 10% LFL growth in Q3 2010 against last year's high comparable base, when the format delivered record 16% LFL growth despite a tough economic environment thanks to the phenomenal success of Pyaterochka's new price positioning. LFL performance in Q3 2010 benefited from a stronger contribution from the regions as soft discounter stores delivered 16% LFL growth on increased local market share and success at winning customers from competitors.

Supermarkets improved to slightly positive LFL sales this quarter, up 2% on a 1% rise in traffic and 1% basket increase as customers responded to Perekrestok's summer price campaign and new assortment changes. In addition, LFL sales of the acquired Paterson stores surged more than 20% on a pro forma basis compared to pre-acquisition levels of Q3 2009. Following the successful completion of the integration process in May 2010, raising sales densities and efficiency of converted stores is a key priority for X5. Hypermarkets LFL sales declined 3% affected by intensified competition in St. Petersburg.

Prices on X5's shelves rose on average by 5.8% in September 2010 compared to September 2009. By comparison, Russia's official food inflation rate in September 2010 was 8.7% due to the effects of the summer heat.

Expansion

	As of		Rebranding	Closings	Net Added		% change vs 31- Dec-09	
	31-Dec-09	30-Jun-10	30-Sep-10	9M 2010	9M 2010	Q3 2010	9M 2010	
Selling Space, sq. m.								
Hypermarkets	285,581	310,859	324,055	-	-	13,196	38,474	13%
Supermarkets	284,359	286,919	300,198	111	(4,614)	13,279	15,839	6%
Soft Discounters	493,016	516,445	543,582	(111)	(1,231)	27,137	50,566	10%
Convenience stores	-	8,610	8,887	-	(86)	277	8,887	n/a
X5 Retail Group Total	1,062,956	1,122,833	1,176,722	-	(5,931)	53,889	113,766	11%
# of Stores								
Hypermarkets	58	62	65	-	-	3	7	12%
Supermarkets	275	275	289	(1)	(6)	14	14	5%
Soft Discounters	1,039	1,135	1,232	1	(3)	97	193	19%
Convenience stores	-	42	44	-	(1)	2	44	n/a
X5 Retail Group Total	1,372	1,514	1,630	-	(10)	116	258	19%

In third quarter 2010, X5 added a net 116 stores, which includes 97 soft discounters, 14 supermarkets, three hypermarkets and two convenience stores, expanding total net selling space by 54 thousand sq.m. This takes into account the following:

- During the third quarter, X5 closed one convenience store in the Moscow region in order to maximize the efficiency of its store portfolio.

- During the third quarter, X5 also converted one Perekrestok supermarket to a Pyaterochka discounter.

Additional information is provided in Attachment IV to this press release.

As at 30 September 2010, X5 Retail Group was present in 45 cities of European Russia, the Urals and Ukraine, operating 1,630 stores in total (1,177 thousand sq.m. in selling space). This includes 1,232 soft discounters, 289 supermarkets, 65 hypermarket stores and 44 convenience stores.

Franchisee Relationship Update

As at 30 September 2010 the Company's franchisee store network totalled 632 stores across Russia, including 593 Pyaterochka, 19 Paterson and 20 convenience stores.

Logistics Infrastructure Development

In the third quarter 2010 X5 Retail Group expanded storage capacity of three of its distribution centres (DC) in the Moscow region, Voronezh and Rostov-on-Don by 25.4 thousand sq.m. The Company closed one small DC in Lipetsk (773 sq.m.).

Region	Warehouse space, '000 sq. m.			# of DCs		
	30-Jun-10	30-Sep-10	Net Added in Q3 10	30-Jun-10	30-Sep-10	Net Added in Q3 10
Central	175.5	186.1	10.6	8	8	-
North-West	65.1	65.1	-	5	5	-
Volgo-Vyatsky	17.5	17.5	-	1	1	-
Urals	21.8	21.8	-	4	4	-
Centralno-Chernozemny	11.8	23.5	11.7	2	1	(1)
Sredne-Volzhsy	13.4	13.4	-	1	1	-
South	12.6	15.6	3.1	1	1	-
Privolzhsky	13.1	13.1	-	1	1	-
X5 Retail Group Total	330.7	356.1	25.4	23	22	(1)

Appendices

- I. LFL Store Performance by Format and Region*
- II. Net Retail Sales Performance by Region*
- III. Average Ticket and Number of Customers*
- IV. Net Store Addition by Format and Region*
- V. Paterson Operational Performance*
- VI. Financial Calendar for 2010*

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 30 September 2010, X5 had 1,630 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 1,232 soft discount stores, 289 supermarkets, 65 hypermarkets and 44 convenience stores.

As at 30 September 2010, X5's franchisees operated 632 stores across Russia.

For the full year 2009 X5's net sales totaled USD 8,717 mln, EBITDA reached USD 736 mln, and net profit amounted to USD 165 mln.

For the first half 2010, net sales totaled USD 5,184 mln, EBITDA reached USD 399 mln, and net profit amounted to USD 104 mln. For the nine months 2010, net retail sales totaled USD 7,779 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.

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Appendix I: LFL Store Performance by Format and Region⁽¹⁾

	Q3 2010			9M 2010		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
<u>Moscow & the Moscow region</u>						
Hypermarkets	6	6	0	9	5	4
Supermarkets	2	0	2	(3)	(6)	3
Soft Discounters	13	8	5	15	9	6
X5 Retail Group Total	8	6	2	8	4	4
<u>St. Petersburg & North-West</u>						
Hypermarkets	(20)	(14)	(6)	(13)	(12)	(1)
Supermarkets	0	(2)	2	(2)	(5)	3
Soft Discounters	4	1	3	5	2	3
X5 Retail Group Total	(3)	(1)	(2)	0	(1)	1
<u>Regions</u>						
Hypermarkets	9	6	3	7	2	5
Supermarkets	3	3	0	(7)	(6)	(1)
Soft Discounters	16	8	8	19	10	9
X5 Retail Group Total	10	6	4	7	4	3
<u>X5 Retail Group</u>						
Hypermarkets	(3)	0	(3)	(1)	(2)	1
Supermarkets	2	1	1	(4)	(6)	2
Soft Discounters	10	6	4	12	7	5
X5 Retail Group Total	6	4	2	5	3	2

⁽¹⁾ Based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

Like-for-like comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in like-for-like comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in like-for-like calculation starting from the first day of the month following the month of the store opening. The like-for-like comparison for each store takes into account retail sales generated by that store during the same months it was in operation in both the reporting period and the period of comparison. The retail sales of all the relevant stores in the relevant months are then aggregated and compared. Like-for-like sales are calculated on the basis of traffic and basket amounts of relevant stores in the period under review.

Please note that acquired Paterson stores are not included in X5's LFL calculations for Q3 and 9M 2010 as X5 did not operate them until the acquisition in December 2009. Information on Paterson's stand-alone operational performance is provided for reference purposes in Appendix V to this press release.

Appendix II: Net Retail Sales Performance by Region

USD mln	Q3 2010	Q3 2009 ⁽¹⁾	% change		9M 2010	9M 2009 ⁽¹⁾	% change	
			y-o-y				y-o-y	
Moscow & the Region	1,346.4	1,067.1	26%		4,011.5	3,120.1	29%	
St. Petersburg & North-West	638.5	588.8	8%		2,007.0	1,720.7	17%	
Other Regions	616.3	438.4	41%		1,746.7	1,212.4	44%	
Online ⁽²⁾	5.4	-	n/a		13.4	-	n/a	
Total Net Retail Sales	2,606.6	2,094.2	24%		7,778.6	6,053.2	29%	

RUR mln	Q3 2010	Q3 2009 ⁽¹⁾	% change		9M 2010	9M 2009 ⁽¹⁾	% change	
			y-o-y				y-o-y	
Moscow & the Region	41,230.5	33,456.5	23%		121,362.0	101,346.2	20%	
St. Petersburg & North-West	19,570.4	18,459.9	6%		60,718.8	55,889.3	9%	
Other Regions	18,856.6	13,784.4	37%		52,844.6	39,379.6	34%	
Online ⁽²⁾	164.5	-	n/a		406.3	-	n/a	
Total Net Retail Sales	79,821.9	65,700.8	21%		235,331.7	196,615.2	20%	

⁽¹⁾ Excluding Paterson results, as the acquisition was completed only in December 2009.

⁽²⁾ Included from 1 October 2009.

Appendix III: Average Ticket and Number of Customers

	Q3 2010	Q3 2009	% change, y-o-y	9M 2010	9M 2009	% change, y-o-y
<u>Average Ticket, RUR</u>						
Hypermarkets	576.9	594.8	(3%)	600.1	599.3	0%
Supermarkets	332.3	337.8	(2%)	351.3	355.4	(1%)
Soft Discounters	247.8	242.7	2%	257.8	249.7	3%
Convenience stores ⁽¹⁾	185.8	-	n/a	188.5	-	n/a
Online ⁽²⁾	4,196.3	-	n/a	4,109.0	-	n/a
X5 Retail Group Total	296.9	299.7	(1%)	310.8	309.7	0%
<u>Average Ticket, USD</u>						
Hypermarkets	18.84	18.9	0%	19.84	18.5	8%
Supermarkets	10.85	10.8	0%	11.61	10.9	6%
Soft Discounters	8.09	7.7	5%	8.52	7.7	11%
Convenience stores ⁽¹⁾	6.07	-	n/a	6.23	-	n/a
Online ⁽²⁾	137.0	-	n/a	135.8	-	n/a
X5 Retail Group Total	9.7	9.6	2%	10.3	9.5	8%
<u># of Customers, mln.</u>						
Hypermarkets	28.6	25.3	13%	82.0	72.3	14%
Supermarkets	67.2	56.1	20%	189.7	171.6	11%
Soft Discounters	207.2	168.5	23%	584.8	479.4	22%
Convenience stores ⁽¹⁾	3.6	-	n/a	7.1	-	n/a
Online ⁽²⁾	0.05	-	n/a	0.12	-	n/a
X5 Retail Group Total	306.6	249.8	23%	863.7	723.2	19%

⁽¹⁾ Included from 1 April 2010.

⁽²⁾ Included from 1 October 2009.

Appendix IV: Net Store Addition by Format and Region

# of Stores	As at			Rebranding 9M 2010	Closings 9M 2010	Net Added		% change vs 31- Dec-09
	31-Dec-09	30-Jun-10	30-Sep-10			Q3 2010	9M 2010	
<u>Moscow & the Moscow Region</u>								
Hypermarkets	13	14	14	-	-	-	1	8%
Supermarkets	152	152	165	(3)	(1)	13	13	9%
Soft Discounters	433	470	510	3	(2)	40	77	18%
Convenience stores ⁽¹⁾		42	44	-	(1)	2	44	n/a
Total	598	678	733	-	(4)	55	135	23%
<u>St. Petersburg & North-West</u>								
Hypermarkets	17	17	17	-	-	-	-	0%
Supermarkets	33	32	32	-	(3)	-	(1)	(3%)
Soft Discounters	306	329	343	-	-	14	37	12%
Total	356	378	392	-	(3)	14	36	10%
<u>Regions</u>								
Hypermarkets	28	31	34	-	-	3	6	21%
Supermarkets	90	91	92	2	(2)	1	2	2%
Soft Discounters	300	336	379	(2)	(1)	43	79	26%
Total	418	458	505	-	(3)	47	87	21%
<u>X5 Retail Group</u>								
Hypermarkets	58	62	65	-	-	3	7	12%
Supermarkets	275	275	289	(1)	(6)	14	14	5%
Soft Discounters	1,039	1,135	1,232	1	(3)	97	193	19%
Convenience stores ⁽¹⁾		42	44	-	(1)	2	44	n/a
X5 Retail Group Total	1,372	1,514	1,630	-	(10)	116	258	19%

⁽¹⁾ Included from 1 April 2010.

Appendix V: Paterson Operational Performance

Net Retail Sales Performance

USD mln	Q3 2010	Q3 2009	% change		9M 2010	9M 2009	% change	
			y-o-y				y-o-y	
Total Paterson Net Retail Sales	87.3	80.1	9%		220.1	237.3	(7%)	

RUR mln	Q3 2010	Q3 2009		9M 2010	9M 2009	
Total Paterson Net Retail Sales	2,673.4	2,511.5	6%	6,659.6	7,708.8	(14%)

LFL Sales Performance

	Q3 2010			9M 2010		
	LFL,%	Traffic,%	Basket,%	LFL,%	Traffic,%	Basket,%
Total Paterson	22	4	18	(2)	(9)	7

Average ticket and number of Customers⁽¹⁾

	Q3 2010	Q3 2009	% change	9M 2010	9M 2009	% change
			y-o-y			y-o-y
Average ticket, RUR	247.5	208.9	18%	238.0	218.4	9%
# of customers, mln	12.4	13.7	(10%)	31.9	40.3	(21%)

⁽¹⁾ Based on all Paterson stores' gross sales

Appendix VI: Financial Calendar for 2010

Date	Event
29 November 2010, TBC	Q3 & 9M 2010 Financial Results Reviewed by Auditors