

2011 Annual General Meeting of Shareholders of X5 Retail Group N.V.

The Management Board of X5 Retail Group N.V. (the "Company" or "X5") invites the Company's shareholders (the "General Meeting") and holders of global depository receipts ("GDRs") to the Company's annual general meeting of shareholders to be held at Parkstraat 20, 2514 JK The Hague, The Netherlands at 11.00 am CET on **20 June 2011** (the "AGM").

Agenda

1. Opening
2. Annual report of the Management Board for the financial year 2010
3. Corporate Governance update
4. Explanation of policy on additions to reserves and payment of dividends
5. Adoption of the Annual Accounts for the financial year 2010 (**voting item**)
6. Determination of the allocation of the profits earned in the financial year 2010 (**voting item**)
7. Discharge from liability of the (former) members of the Management Board (**voting item**)
8. Discharge from liability of the members of the Supervisory Board (**voting item**)
9. Appointment of Mr. A Gusev as member of the Management Board and CEO (**voting item**)
10. Re-appointment of Mr. F. Lhoëst for a new term as member of the Management Board and Company Secretary (**voting item**)
11. Adjustment of the Company's Remuneration Policy for members of the Management Board and Executive Board (**voting item**)
12. Remuneration of the Supervisory Board (**voting item**)
13. Designation of the Supervisory Board as the corporate body authorised to issue new shares or grant rights to subscribe for shares (**voting item**)
14. Designation of the Supervisory Board as the corporate body authorised to restrict or exclude the pre-emptive rights upon issue of new shares or granting of rights to subscribe for shares (**voting item**)
15. Authorisation of the Management Board to have the Company acquiring shares or GDRs in its own capital (**voting item**)
16. Proposal to amend the Articles of Association of the Company (the "Articles of Association") (**voting item**)

17. Appointment of the external auditor for the financial year 2011 (**voting item**)

18. Any other business and conclusion

Record date

Persons with the right to vote and/or the right to attend the AGM are considered to be those persons who on **23 May 2011** after processing of all debit and credit entries up to and including that day (the "Record Date") are registered in one of the registers mentioned hereafter.

The Company's annual report for the financial year 2010 (the "2010 Annual Report"), which includes the Company's balance sheet and profit and loss account with the explanatory notes (the "2010 Annual Accounts"), as well as a copy of the proposed amendment of the Articles of Association, are available on the Company's website www.x5.ru and will also be deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, The Netherlands and are available free of charge. Copies will also be available for inspection at the AGM.

The shareholders' register of the Company in Amsterdam, The Netherlands, has been designated as register to certify the shareholders entitled to vote on the shares. The shareholders identified as entitled to vote on the basis of the shareholders register of the Company on the Record Date may exercise their rights to vote and attend the AGM. These shareholders may also exercise their rights to vote and/or attend the AGM by a written proxy, in the English language, duly executed and legalised in accordance with the laws of the country where the proxy is issued. Proxy holders shall present their written proxy at the AGM.

The register of GDR holders maintained by The Bank of New York Mellon (the "Depository") indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depository pursuant to Article 12 of the GDR Terms and Conditions. GDR holders may instruct the Depository with regard to the exercise of voting rights with respect to Deposited Shares (as defined in the GDR Terms and Conditions) by completing, signing and returning to the Depository the relevant voting documentation forwarded by the Depository to the GDR holders following receipt by the Depository from the Company. The deadline for providing instructions to the Depository will be specified by the Depository in the information provided to GDR holders. The Depository will procure the exercise of voting instructions received from GDR holders by the relevant deadline in accordance with the GDR Terms and Conditions and the normal processes of the Depository.

Alternatively, GDR holders who wish to vote in person at the AGM will, on request, be granted an exclusive proxy to do so by the Depository. A GDR holder to whom such exclusive proxy has been granted must notify the Management Board of the Company of their intention to attend and vote at the AGM and must provide the Management Board with a copy of such proxy at least five (5) days prior to the AGM. GDR holders who intend to vote in this manner must provide sufficient proof of identification on admission to the AGM. In addition, if the exclusive proxy has been granted by the Depository to a GDR holder which is a legal entity, the person who represents such legal entity at the AGM must provide sufficient proof that he is duly authorised to do so by means of a statement from a local lawyer or notary admitted to practice in the jurisdiction of the GDR holder, duly executed and legalised in accordance with the laws of such jurisdiction.

Amsterdam, 9 May 2011

The Management Board

Explanatory Notes to the Agenda

Item 2

Annual report of the Management Board for the financial year 2010

The report of the Management Board for the financial year 2010 will be discussed at the AGM.

Item 3

Corporate Governance update

In accordance with the recommendation of the Monitoring Committee Dutch Corporate Governance Code as set out in the preamble to the amended Dutch Corporate Governance Code published on 10 December 2008, X5's corporate governance as described in the chapter Corporate Governance of the Annual Report 2010 is included as an agenda item for discussion purposes. No material changes in X5's corporate governance structure have occurred in 2010, and no material changes are proposed for 2011.

Item 4

Explanation of policy on additions to the reserves and payment of dividends

The Management Board will give an explanation to the General Meeting of the dividend and reservation policy of the Company.

Item 5 (voting item)

Adoption of the Annual Accounts for the financial year 2010

It is proposed to the General Meeting to adopt the 2010 Annual Accounts. The 2010 Annual Accounts are included in the 2010 Annual Report which is deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, The Netherlands. Copies of the Annual Report 2010 are also available for inspection at the AGM.

Item 6 (voting item)

Determination of the allocation of the profits earned in the financial year 2010

In accordance with article 28, paragraph 1 of the Articles of Association, the Supervisory Board proposes to the General Meeting to allocate the profits made by the Company in the financial year 2010, as follows: to transfer the results to the other reserves of the Company (2010 Annual Report, page 171).

Item 7 (voting item)

Discharge from liability of the members of the Management Board

It is proposed to the General Meeting to discharge the members of the Management Board, as well the former members of the Management Board who were members of the Management Board during the financial year 2010, from all liability in relation to the exercise of their duties in the financial year 2010, to the extent that such exercise is apparent from the 2010 Annual Report or has been otherwise disclosed to the General Meeting prior to the approval of the 2010 Annual Accounts.



Item 8 (voting item)

Discharge from liability of the members of the Supervisory Board

It is proposed to the General Meeting to discharge the members of the Supervisory Board from all liability in relation to the exercise of their duties in the financial year 2010, to the extent that such exercise is apparent from the 2010 Annual Report or has been otherwise disclosed to the General Meeting prior to the approval of the 2010 Annual Accounts.

Item 9 (voting item)

Appointment of Mr. A. Gusev as member of the Management Board and CEO

The Supervisory Board proposes to appoint Mr. Andrei Gusev as member of the Management Board (Director "A") and CEO for a four-year term ending on the day of the annual general meeting of shareholders to be held in 2015.

Andrei Gusev (9 July 1972), a Russian national, joined X5 in 2006 as M&A and Business Development Director. Prior to joining X5 Mr. Gusev worked in Alfa Group as, consecutively since 2001, Director for Investment Planning and Director for Group Portfolio Management and Control. Mr. Gusev was leading the merger process that led to the creation of X5 Retail Group. Prior to joining Alfa Group, Mr. Gusev worked many years in the strategic consulting at Bain & Company and at Deloitte & Touche. Mr. Gusev graduated with honors from the Moscow State University, and holds an MBA degree from the Wharton School of Business at the University of Pennsylvania.

Mr. Gusev's remuneration shall be determined by the Supervisory Board within the scope of the Company's remuneration policy adopted by the General Meeting. In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Mr. Gusev's contract with the Company are available on the Company's website www.x5.ru.

Item 10 (voting item)

Re-appointment of Mr. F. Lhoëst for a new term as member of the Management Board and Company Secretary

The Supervisory Board proposes to re-appoint Mr. Frank Lhoëst as member of the Management Board (Director "B") and Company Secretary for another four-year period ending on the day of the annual general meeting of shareholders to be held in 2015.

Frank Lhoëst (9 March 1962), a Dutch citizen, was appointed as Company Secretary and member of the Management Board of X5 on 5 November 2007. Previously, Mr. Lhoëst has held several positions at Intertrust Group, from account manager in the Netherlands Antilles to founder and director of the Intertrust office in Vienna, Austria. In 2002, Mr. Lhoëst established the Intellectual Property Group of Intertrust in the Netherlands. Mr. Lhoëst graduated from the Leiden University with a degree in Law.

Mr. Lhoëst's remuneration shall be determined by the Supervisory Board within the scope of the Company's remuneration policy adopted by the General Meeting. In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Mr. Lhoëst's contract with the Company are available on the Company's website www.x5.ru.

Item 11 (voting item)**Adjustment of the Company's Remuneration Policy for members of the Management Board and Executive Board**

The Supervisory Board proposes to adjust the Company's Remuneration Policy, in particular the reward mechanism for the annual cash incentive. It is proposed that the quantitative corporate indicators, including net sales and EBITDA, are no longer to be achieved cumulatively, but separately with equal weight depending on the exact number of quantitative targets set.

Item 12 (voting item)**Remuneration of the Supervisory Board**

It is proposed to the General Meeting that under the Restricted Stock Unit Plan as approved by the General Meeting on 25 June 2010, the Supervisory Directors Hervé Defforey, Alexander Tynkovan, Stephan DuCharme and Christian Couvreur shall be granted a number of Restricted Stock Units (RSUs) with award date 19 May 2012, equal to 100% of the gross annual remuneration of the relevant Supervisory Director, divided by the average market value of one GDR as of 19 May 2011. Under the rules of the plan, the average market value is defined as the volume weighted average price of a GDR over the thirty calendar days immediately preceding 19 May 2011. The volume weighted average price is calculated using the closing price of a GDR taken from the Official List of the London Stock Exchange. The exact number of RSUs to be awarded, based on this calculation, shall be announced at the AGM.

The award is subject to the relevant Supervisory Director holding office during the period until the award date. The awarded RSUs will vest on 19 May 2014, followed by a lock-in period ending on 19 May 2016.

Item 13 (voting item)**Designation of the Supervisory Board as the corporate body authorised to issue new shares or grant rights to subscribe for shares**

In accordance with article 6 paragraph 1 of the Articles of Association, it is proposed to the General Meeting to designate the Supervisory Board, for a period of 18 months as of the date of the AGM, until 20 December 2012, as the corporate body of the Company authorised to resolve on the issuance of, and/or the granting of rights to subscribe for, up to a maximum of 13,578,643 new shares (i.e. 20%) in the capital of the Company, for general corporate purposes, including but not limited to financing of acquisitions and pursuant to the Company's Employee Stock Option Plan and/or Restricted Stock Unit Plan. This delegation (the "2011 Delegation") also applies to the issue of new GDRs, or rights to subscribe for new GDRs. One GDR represents 0.25 share of the Company.

Item 14 (voting item)**Designation of the Supervisory Board as the corporate body authorised to restrict or exclude the pre-emptive rights upon issue of new shares or granting of rights to subscribe for shares**

Pursuant to article 7 paragraph 3 of the Articles of Association, the General Meeting may designate the Supervisory Board as the corporate body authorised to resolve on the restriction or exclusion of any pre-emptive right (*voorkeursrecht*) in connection with the issuance of, and/or the granting of rights to subscribe for, shares in the capital of the Company. Such designation shall only be valid for a specific period of no more than five (5) years and may from time to time be extended with a period of not more than five (5) years.

It is proposed to the General Meeting to designate the Supervisory Board as the corporate body authorised to resolve on the restriction or exclusion of any pre-emptive right in connection with the issuance of, and/or the



granting of rights to subscribe for, shares in the capital of the Company under the 2011 Delegation for a period of 18 months as of the date of the AGM, until 20 December 2012.

The proposal to designate the Supervisory Board must be adopted by two-thirds of the votes cast, if less than 50% of the issued capital of the Company is present or represented at the AGM. If 50% or more of the issued capital of the Company is present or represented at the AGM, a simple majority is sufficient to adopt the proposal.

Item 15 (voting item)

Authorisation of the Management Board to have the Company acquiring shares or GDRs in its own capital

The General Meeting is requested, in accordance with article 9 paragraph 3 of the Articles of Association, to authorise the Management Board for a period of 18 months as of the date of the AGM, until 20 December 2012, to cause the Company to purchase, for general corporate purposes, shares or GDRs in the Company's own capital, representing up to 10% of the issued share capital of the Company as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital), at or below the market price of the GDRs (as being traded at London Stock Exchange) when such purchase is being executed.

The Supervisory Board has resolved, in accordance with article 17 paragraph 3 of the Articles of Association and subject to the above delegation by the General Meeting to the Management Board, that in case the amount of Company's own issued share capital or GDRs being purchased reaches a level of more than 5% of the Company's own issued share capital as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital), the Management Board shall obtain Supervisory Board approval before proceeding with such purchase.

The Company may only acquire its own fully paid up shares or GDRs, provided that the part of the Company's net assets which exceeds the aggregate of the issued share capital and the reserves which must be maintained by virtue of the law, is at least equal to the purchase price for the Company's own shares.

Item 16 (voting item)

Proposal to amend the Articles of Association of the Company (the “Articles of Association”)

It is proposed to amend the Articles of Association, in accordance with the Bill on Shareholders' Rights which came into force in the Netherlands on 1 July 2010, implementing EU Directive 2007/36/EC on the exercise of rights of shareholders in listed companies. Furthermore, some editorial amendments are proposed.

Because in the Management Board's view no material amendments are proposed, all proposed amendments will be handled in one agenda item. The Supervisory Board has granted its approval for the amendment of the Articles of Association.

The General Meeting is requested to approve the proposed amendments to the Articles of Association. The existing text of the Articles of Association with the proposed amendments is published on the Company's website (www.x5.ru) and is available for inspection at the offices of the Company until the AGM is held.

The resolution to amend the Articles of Association also includes the authorization of each director of the Company as well as any and all lawyers and paralegals practicing with Hogan Lovells LLP in Amsterdam to



apply for the required ministerial declaration of no-objection on the draft mentioned, as well as to execute the notarial deed of amendment to the Articles of Association.

Item 17 (voting item)

Appointment of the external auditor for the financial year 2011

The Supervisory Board proposes to re-appoint PricewaterhouseCoopers as the Company's external auditor for the financial year 2011.