

## **Extraordinary General Meeting of Shareholders of X5 Retail Group N.V.**

The Management Board of X5 Retail Group N.V. ("X5" or the "Company") invites the Company's shareholders and holders of global depository receipts ("GDRs") to the Company's Extraordinary General Meeting of Shareholders (the "EGM") to be held at Parkstraat 20, 2514 JK The Hague, The Netherlands at 11.00 pm CET on **6 September 2013**.

### **Agenda**

1. Opening
2. Appointment of Mr. Pawel Musial as member of the Supervisory Board (**voting item**)
3. Supervisory Board Remuneration
  - A. Adjustment of remuneration principles (**voting item**)
  - B. Grant of Restricted Stock Units to independent members of the Supervisory Board (**voting item**)
4. Any other business and conclusion

### **Record date**

Persons with the right to vote and/or the right to attend the EGM are considered to be those persons who on **9 August 2013** 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 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 EGM. These shareholders may also exercise their rights to vote and/or attend the EGM 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 EGM.

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 EGM 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 EGM and must provide the Management Board with a copy of such proxy at least five (5) days prior to the EGM. GDR holders who intend to vote in this manner must provide sufficient proof of identification on admission to the EGM. 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 EGM 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, 26 July 2013

The Management Board

## **Explanatory Notes to Extraordinary General Meeting of Shareholders of X5 Retail Group N.V.**

### **Item 2 (voting item)**

#### **Appointment of Mr. Pawel Musial as member of the Supervisory Board**

To further increase the number of independent Board members with a strong track record in the retail industry, the Supervisory Board proposes to appoint Mr. Pawel Musial as additional member of the Supervisory Board, in accordance with article 20.1 of the Company's Articles of Association. Subject to this appointment by the General Meeting of Shareholders, the Supervisory Board will be composed of eight members, with a majority of five independent members. It is proposed to appoint Mr. Pawel Musial for a term ending on the day of the annual general meeting of shareholders to be held in 2017, which is the fourth year after the year of the appointment.

Pawel Musial (17 December 1968), a Polish citizen, is CEO of Profi Rom Food, one of the largest supermarket chains in Romania, following positions on the supervisory board of, consecutively, Ukraine Eko Market (chairman) and Profi Rom Food since 2008. From 2006 to 2007 Pawel was chief commercial officer and member of the management board of X5, having previously been general director and chief operating officer of the Perekrestok chain since 2004. Prior to joining Perekrestok, Pawel held senior management positions in the food retail industry in Poland, including five years with Tesco Polska, with his last position as regional director. Pawel graduated from the Warsaw University of Life Sciences (SGGW) with an engineer degree in nutrition technology.

The Supervisory Board recommends appointing Mr. Pawel Musial in view of his particular knowledge of the food retail industry, both in Russia and abroad. Mr. Pawel Musial has no shareholding in the Company.

### **Item 3**

#### **Supervisory Board Remuneration**

##### **3A. Adjustment of remuneration principles (voting item)**

With respect to the remuneration principles determined by the General Meeting of Shareholders, as recently adjusted on 19 July 2013, it is proposed to align the remuneration of Supervisory Board members chairing a committee, and therefore to further adjust the remuneration principles as follows (gross per annum):

- Supervisory Board membership: € 100,000
- Committee Chairman: € 200,000 (including remuneration for membership)
- Chairman of the Supervisory Board: € 250,000 (including remuneration for membership)

Whereby:

- any non-independent member of the Supervisory Board who is affiliated with, engaged or employed by, either directly or indirectly, a legal entity or person, including through an affiliated entity (other than the Company and its downstream affiliates), that holds at least thirty per cent of the voting rights in the

Company, shall waive his/her remuneration entitlement for acting as a member of the Supervisory Board, and;

- independent members of the Supervisory Board are entitled to participate in the Company's Restricted Stock Unit Plan, as X5 believes it is necessary to allow members of the Supervisory Board to align their interests with those of shareholders and strengthen their commitment and confidence in the future of the Company.

Based on these principles the following remuneration schedule is proposed for the current and nominated members of the Supervisory Board, effective as per 1 September 2013 (gross per annum, in Euro):

<b>Name</b>	<b>Position</b>	<b>Remuneration</b>
Dmitry Dorofeev	Chairman	-
Mikhail Fridman	Member	-
David Gould	Chairman of the Audit Committee	-
Alexander Tynkovan	Chairman of the Related Party Committee	200,000
Christian Couvreur	Chairman of the Strategy Committee	200,000
Alexander Malis	Member	100,000
Igor Shekhterman	Chairman of the Nomination and Remuneration Committee	200,000
Pawel Musial	Member	100,000

### **3B. Grant of Restricted Stock Units to independent members of the Supervisory Board (voting item)**

In accordance with the remuneration policy for the Supervisory Board, it is proposed to the General Meeting that under the Restricted Stock Unit Plan (the "Plan"), the new independent supervisory directors shall be granted a number of Restricted Stock Units ("RSUs") with award date 19 May 2014, equal to 100% of their - pro rata- annual remuneration for 2013, divided by the average market value of one GDR as of 19 May 2013. The average market value is defined as the volume weighted average price of a GDR over the thirty calendar days immediately preceding 19 May 2013. The volume weighted average price is calculated using the closing price of a GDR taken from the Official List of the London Stock Exchange.

For the purpose of calculating the number of RSUs to be awarded it is proposed to apply the following pro rata factors in relation to the annual gross remuneration for 2013, to be applied for all independent supervisory directors:

Alexander Tynkovan	12/12	(taking into account the remuneration adjustment as per item 3A)
Christian Couvreur	12/12	
Alexander Malis	6/12	
Igor Shekhterman	6/12	
Pawel Musial	4/12	

The awards are subject to the relevant supervisory directors holding office during the period until the award date. The awarded RSUs will vest on 19 May 2016, followed by a lock-in period ending on 19 May 2018.