

2013 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 **29 April 2013** (the "AGM").

Agenda

1. Opening
2. Annual report of the Management Board for the financial year 2012
3. Explanation of policy on additions to reserves and payment of dividends
4. Adoption of the Annual Accounts for the financial year 2012 (**voting item**)
5. Determination of the allocation of the profits earned in the financial year 2012 (**voting item**)
6. Discharge from liability of the members of the Management Board (**voting item**)
7. Discharge from liability of the members of the Supervisory Board (**voting item**)
8. Re-appointment of Mr. Mikhail Fridman as member of the Supervisory Board (**voting item**)
9. Appointment of Mr. Stephan DuCharme as member of the Management Board and CEO (**voting item**)
10. Appointment of Mr. Sergey Piven as member of the Management Board and CFO (**voting item**)
11. Amendment 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. Appointment of the external auditor for the financial year 2013 (**voting item**)
17. 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 **1 April 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 Company's annual report for the financial year 2012 (the "2012 Annual Report"), which includes the Company's balance sheet and profit and loss account with the explanatory notes (the "2012 Annual Accounts") 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, 18 March 2013

The Supervisory Board

Explanatory Notes to the Agenda

Item 2

Annual report of the Management Board for the financial year 2012

This agenda item includes an account of the financial year 2012, including the report of the Supervisory Board.

Item 3

Explanation of policy on additions to 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 4 (voting item)

Adoption of the Annual Accounts for the financial year 2012

It is proposed to the General Meeting to adopt the 2012 Annual Accounts. The 2012 Annual Accounts are included in the 2012 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 2012 are available on-line on the Company's website, and will also be available for inspection at the AGM.

Item 5 (voting item)

Determination of the allocation of the profits earned in the financial year 2012

The Supervisory Board proposes to the General Meeting to transfer the result for the financial year 2012 to the other reserves of the Company (2012 Annual Report, page 133).

Item 6 (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 from all liability in relation to the exercise of their duties in the financial year 2012, to the extent that such exercise is apparent from the 2012 Annual Report or has been otherwise disclosed to the General Meeting prior to the approval of the 2012 Annual Accounts.

Item 7 (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 2012, to the extent that such exercise is apparent from the 2012 Annual Report or has been otherwise disclosed to the General Meeting prior to the approval of the 2012 Annual Accounts.

Item 8 (voting item)

Re-appointment of Mr. Mikhail Fridman as member of the Supervisory Board

Under the rotation schedule of the Supervisory Board, Mr. Fridman reaches his end of term as Supervisory Board member this year. Mr. Fridman is eligible for re-appointment. The Supervisory Board proposes to appoint Mr. Fridman for a new 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 re-appointment.

Mr. Mikhail Fridman (21 April 1964), a Russian citizen, serves as Chairman of the Supervisory Board of Alfa Group and is one of Alfa Group's principal founders. He also serves as the Chairman of the Supervisory Board of Alfa Finance Holdings S.A. and is a member of the Supervisory Board of ABH Holdings S.A. (holding company for Alfa-Banking Group) and of VimpelCom. He is also a member of the International Advisory Board of the Council of Foreign Relations (USA). Mikhail graduated from the Moscow Institute of Steel and Alloys.

Mr. Fridman was appointed to the Supervisory Board of the Company in 2006, and re-appointed for a second term in 2009 in accordance with the Company's rotation schedule for members of the Supervisory Board. The Supervisory Board recommends to appoint Mr. Fridman for a new term in view of his knowledge of X5, and his knowledge and experience of the financial and economic aspects of Russian businesses. Mr. Fridman is an indirect shareholder of CTF Holdings Ltd. which on its turn owns, both directly and through its subsidiaries, 47,86% in the Company.

Subject to the re-appointment of Mr. Fridman, and following the resignation of Mr. Defforey as member and Chairman of the Supervisory Board, the Supervisory Board is composed of 5 members, and one vacancy. The Board is determined to restore the balance in its composition between independent and non-independent members, and initiated the search to fill the vacancy.

Item 9 (voting item)

Appointment of Mr. Stephan DuCharme as member of the Management Board and CEO

The Supervisory Board proposes to appoint Mr. DuCharme as member of the Management Board and Chief Executive Officer 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.

Mr. Stephan DuCharme (20 April 1964), a U.S./German citizen, served on X5's Supervisory Board since 2008. Previously he held positions with SUN Group, Alfa Group, European Bank for Reconstruction and Development (EBRD) and Salomon Brothers Inc. Stephan has served on the Boards of Directors of CSA Czech Airlines, Alfa Bank, SUN-Interbrew Ltd. and JSC SUEK. He graduated with distinction from the University of California at Berkeley and received his MBA from INSEAD.

Mr. DuCharme was appointed to the Supervisory Board of the Company in 2008, and re-appointed for a second term in 2012. He was nominated as CEO by the Supervisory Board in January 2013, following a six months period during which he assumed the CEO's responsibilities in a delegated capacity. In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Mr. DuCharme's contract with the Company are available on the Company's website.



Item 10 (voting item)

Appointment of Mr. Sergey Piven as member of the Management Board and CFO

Following the resignation of Mr. Balfe as per 8 March 2013, the Supervisory Board proposes to appoint Mr. Piven as member of the Management Board and Chief Financial Officer 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.

Mr. Sergey Piven (14 March 1974), a Belarusian citizen, joined X5 in 2011 as Finance Director for the Commercial Division. In 2012 he became Deputy Commercial Director responsible for the X5's purchasing function. Prior to joining X5, he was Investment Director with A1, the private equity arm of Alfa Group, and part of the founding team and eventually CEO of Belmarket Co., a start-up supermarket retail chain owned by A1 in Belarus. Prior to that he was Director for Strategic Planning with Alfa Group. From 1999 to 2005, Sergey held several management positions in the finance function of Ford Motor Company in Cologne, Gothenburg, Helsinki and Moscow. Sergey holds an MBA from INSEAD and a MA degree from Minsk State Linguistic University.

In accordance with provision II.2.14 of the Dutch Corporate Governance Code the main elements of Mr. Piven's contract with the Company are available on the Company's website.

Item 11 (voting item)

Amendment of the Company's Remuneration Policy for members of the Management Board and Executive Board

New deferred cash-incentive plan

During the course of 2012 the Supervisory Board decided to change the remuneration policy, in order to increase the effectiveness of the policy by increasing transparency and by simplifying it. The adjusted policy aligns with X5's strategy and better allows the Company to attract, motivate and retain qualified executives who will lead the Company in achieving its strategic objectives. Under the new remuneration policy the current short- and long-term variable components are substituted by one cash-based incentive plan. This plan intends to support both long-term value creation and short-term company objectives.

The new plan no longer makes the distinction between short-term and long-term performance period; the performance period for variable compensation will be one year. At the beginning of each performance period, the variable cash-based compensation is granted conditionally. After the performance year the amount of conditional variable compensation that can be allocated shall be established, based on the achievement of both individual and company performance criteria. The on-target payout as a percentage of annual base salary is set at a maximum level of 300%, divided in three equal components payable over a three year period.

The direct component, one third of total variable remuneration, is paid in the year following the performance year. The deferred component, i.e. the remaining two thirds of the total variable remuneration, will be paid in equal parts on the second and third anniversary of the grant date, subject to continuous employment with the Group. This deferred component is intended to serve the objective of retaining the plan participants for a longer period of time.

Participants receive an 'on target' bonus opportunity for achieving both company and individual performance criteria. The Supervisory Board shall determine the weight of each of the performance criteria prior to each performance year. Company performance criteria may include net sales, like-for-like sales and EBITDA. The personal performance targets include targets related to divisional performance, mission-related or key project-related targets, as well as qualitative behavioral targets. Both the corporate and personal performance

measures are considered success factors for the Company in the short-term, while also contributing to the achievement of the long-term objectives of the Company, including in particular strengthening the Company's leading position in the Russian retail sector.

Item 12 (voting item)

Remuneration of the Supervisory Board

Extraordinary compensation on a temporary basis to Messrs. DuCharme, Defforey and Couvreur

Prior to his nomination as CEO in January 2013, Mr. DuCharme assumed the CEO's responsibilities in a delegated capacity during the six months period following the resignation of Mr. Gusev. For the fulfillment of this role, Mr. DuCharme was given the particular assistance of Mr. Defforey and Mr. Couvreur.

Subject to approval of the General Meeting of Shareholders, the Supervisory Board proposed to compensate these exceptional, temporary efforts by allocating the CEO's annual base salary and variable compensation entitlements to Stephan DuCharme on a pro rata basis. The Supervisory Board also proposed that Mr. Defforey and Mr. Couvreur receive additional compensation in terms of dedicated time and responsibilities.

Extraordinary compensation overview for Messrs. Defforey and Couvreur (in USD):

	Cash Remuneration**
Hervé Defforey*	229,096
Christian Couvreur	326,184

* Hervé Defforey stepped down from the Supervisory Board as per 15 March 2013

** Per Board member the extraordinary cash remuneration is based on 25% of the CEO's annual base salary of RR 42,000,000 calculated on a pro rata basis, for the period from 13 July 2012 until 30 June 2013 (Mr. Couvreur) and 13 July 2012 until 15 March 2013 (Mr. Defforey)

Extraordinary compensation overview for Mr. DuCharme (in USD):

	Cash Remuneration 2012*	Cash Bonus 2012**	Number of conditionally granted RSUs under tranche 3***
Stephan DuCharme	629,344	314,672	18,369

* The extraordinary cash remuneration is based on 100% of the CEO's annual base salary of RR 42,000,000 calculated on a pro rata basis from 13 July until 31 December 2012

** The extraordinary cash bonus is based on non-achievement of the quantitative corporate performance indicators and full achievement of the personal performance targets

*** non-performance based RSUs only, i.e. one third of the total pro rata entitlement of 55,107 RSUs, in accordance with the RSU Plan Rules

Annual grant of Restricted Stock Units to independent members of the Supervisory Board

As from 2013 the Company's Restricted Stock Unit Plan will remain in place for independent members of the Supervisory Board. X5 acknowledges that the award of equity-based instruments to members of the Supervisory Board constitutes a deviation from the Dutch Corporate Governance Code. However, given the international context in which the Company operates, 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.

It is proposed to the General Meeting that under the Restricted Stock Unit Plan, the Supervisory Directors Alexander Tynkovan and Christian Couvreur shall be granted a number of Restricted Stock Units (RSUs) with award date 19 May 2014, 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 2013. 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 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.

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 2016, followed by a lock-in period ending on 19 May 2018.

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 29 October 2014, 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 6,789,322 new shares (i.e. 10% of the issued and outstanding capital of the Company at the date of this resolution), 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 "2013 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 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 2013 Delegation for a period of 18 months as of the date of the AGM, until 29 October 2014.

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 29 October 2014, 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)

Appointment of the external auditor for the financial year 2013

The Supervisory Board proposes to re-appoint PricewaterhouseCoopers as the Company's external auditor for the financial year 2013.