

**X5 RETAIL GROUP DELIVERS –**

**2008 GROSS SALES IN EXCESS OF USD 10 BILLION  
BEST-IN-INDUSTRY LFL RUBLE SALES GROWTH OF 22%  
LFL CUSTOMER TRAFFIC OF 5%**

**ENTERING 2009 WITH 53% LARGER SALES BASE THAN A YEAR AGO**

**Amsterdam, 20 January 2009** - 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 fourth quarter and full year 2008.

**Q4 2008 Highlights**

- Consolidated net retail sales\* grew 52% year-on-year in RUR terms, 41% in USD terms, to USD 2.4 bln;
- Pro-forma net retail\* sales grew 31% year-on-year in RUR terms, 20% in USD terms to USD 2.4 bln;
- Q4 discounters' traffic year-on-year growth stepped up to 7% compared to 2% in Q3;
- The Group's LFL sales surged 15% compared to exceptionally high base of Q4 2007;
- 74 stores (51 thousand sq.m. of selling space) added on net basis.

**FY 2008 Highlights**

- Consolidated net retail sales\* grew 53% year-on-year in RUR terms, 57% in USD terms, to USD 8.3 bln;
- Pro-forma net retail sales\* grew 41% year-on-year in RUR terms, 45% in USD terms to USD 8.8 bln;
- For a second consecutive year, the Group's LFL sales growth exceeded 20%, reaching 22% in 2008;
- 233 stores (265 thousand sq.m. of selling space) added on net basis, including 24 acquired Karusel hypermarkets\*\* (138 thousand sq.m. of selling space);
- Expanded logistics capacity by nearly 50 thousand sq.m. on net basis.

\* 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 the FY 2008 financial results.

Numbers provided in this press-release are preliminary and unaudited.

For convenience, we provide net retail sales for Q4 2007 and 2008 both on consolidated basis (i.e. including acquired Karusel stores from 1 July 2008 and excluding them in 2007) and pro-forma (i.e. including acquired Karusel stores for the full year in both 2008 and 2007).

\*\* Including 23 hypermarkets operating at the time of the acquisition and one hypermarket under construction that was opened in Q3 2008.

**Lev Khasis**, X5 Retail Group CEO, commented:

*“In 2008 X5 further strengthened its leadership in Russian retail, and we delivered on all our plans for the year. Full year revenue growth exceeded 50% in ruble terms, like-for-like sales surged 22% and the Company opened 127 thousand square meters of selling space organically. 2008 was a break-through year for our hypermarket format as we acquired Karusel, successfully integrated the acquired stores and tripled our hypermarket store count from 15 to 46.”*

He added: *“X5’s performance in 2008 proves that if you deliver for your customers, your customers will deliver for you. By making value proposition our number one priority, we have consistently won customers and delivered the strongest LFL and sales-per-square-meter results in the industry, particularly in X5’s home cities – Moscow and St. Petersburg. The power of our soft discounters in a changing market environment became very evident in all regions as we drove an exceptional 7% pick-up in traffic growth in the fourth quarter. While in the short-term we expect that soft discounter format will continue to outperform, in the longer run, it is our multi-format strategy and powerful appeal to customers in each of the formats that gives us confidence in X5’s outstanding prospects.”*

### **Net Retail Sales Performance**

On a consolidated basis, i.e. including acquired Karusel stores from 1 July 2008, X5’s net retail sales for the full year reached USD 8,306 million – up 57% in USD terms or 53% in RUR terms. On a pro-forma basis, i.e. including acquired Karusel stores for the full year in both 2008 and 2007, X5’s net retail sales for the full year reached USD 8,844 million – up 45% in USD terms or 41% in RUR terms.

### **Net Retail Sales Dynamics by Format (pro-forma analysis)**

USD mln	Q4 2008	Q4 2007	% change		FY 2008	FY 2007	% change	
			y-o-y				y-o-y	
Hypermarkets	168.3	131.9	28%		575.0	392.7	46%	
Supermarkets	709.0	618.2	15%		2,701.8	1,944.7	39%	
Soft Discounters	1,207.1	941.8	28%		4,464.0	2,946.8	51%	
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>2,084.4</b>	<b>1,691.9</b>	<b>23%</b>		<b>7,740.8</b>	<b>5,284.3</b>	<b>46%</b>	
Karusel Hypermarkets	280.7	273.4	3%		1,103.0	825.3	34%	
<b>Total including acquired Karusel Hypermarkets</b>	<b>2,365.1</b>	<b>1,965.3</b>	<b>20%</b>		<b>8,843.8</b>	<b>6,109.6</b>	<b>45%</b>	
<b>RUR mln</b>								
Hypermarkets	4,512.1	3,292.4	37%		14,291.1	10,044.3	42%	
Supermarkets	19,237.0	15,395.3	25%		67,154.4	49,740.8	35%	
Soft Discounters	32,640.1	23,459.8	39%		110,953.1	75,370.6	47%	
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>56,389.2</b>	<b>42,147.5</b>	<b>34%</b>		<b>192,398.7</b>	<b>135,155.7</b>	<b>42%</b>	
Karusel Hypermarkets	7,643.6	6,818.9	12%		27,416.3	21,109.1	30%	
<b>Total including acquired Karusel Hypermarkets</b>	<b>64,032.8</b>	<b>48,966.4</b>	<b>31%</b>		<b>219,815.0</b>	<b>156,264.8</b>	<b>41%</b>	

\* Acquired Karusel hypermarkets include 23 hypermarkets operating at the time of the acquisition and one hypermarket under construction that was opened in Q3 2008. Please note that starting from Q1 2009 we will report all the hypermarkets under X5 management as one segment.

## Gross Retail Sales Analysis\*

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

Based on RUR-denominated gross retail sales	Q4 2008			FY 2008		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
Hypermarkets	6	(5)	11	16	2	14
Supermarkets	13	0	13	23	6	17
Soft Discounters	20	7	13	23	5	18
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>16</b>	<b>4</b>	<b>12</b>	<b>22</b>	<b>5</b>	<b>17</b>
Acquired Karusel Hypermarkets	6	(4)	10	20	4	16
<b>Total including acquired Karusel Hypermarkets***</b>	<b>15</b>	<b>4</b>	<b>11</b>	<b>22</b>	<b>5</b>	<b>17</b>

## Gross Retail Sales Dynamics

Based on RUR-denominated gross retail sales	Q4 2008			FY 2008		
	LFL, %	Expansion, %	Total change %, excl. FX	LFL, %	Expansion, %	Total change %, excl. FX
Hypermarkets	6	31	37	16	26	42
Supermarkets	13	12	25	23	12	35
Soft Discounters	20	19	39	23	24	47
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>16</b>	<b>18</b>	<b>34</b>	<b>22</b>	<b>20</b>	<b>42</b>
Acquired Karusel Hypermarkets	6	6	12	20	10	30
<b>Total including acquired Karusel Hypermarkets***</b>	<b>15</b>	<b>16</b>	<b>31</b>	<b>22</b>	<b>19</b>	<b>41</b>
FX Effect			(11)			4
<b>Total change y-o-y, %</b>			<b>20</b>			<b>45</b>

The Group's total LFL sales (including Karusel stores on pro-forma basis) in the fourth quarter 2008 increased by 15%, translating into 22% full year LFL sales growth (traffic - up 5%, basket - up 17%), while the balance of full year retail sales growth came from expansion in selling space.

\* In this section all sales dynamics analysis is 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.

\*\*\* On pro-forma basis

Excluding acquired Karusel hypermarkets, in the fourth quarter 2008, LFL sales increased 16% in RUR terms, driven by a 4% increase in traffic and 12% increase in average basket. More modest than in the beginning of the year LFL sales growth is in line with the management's expectations and primarily attributable to the base effect versus a very strong 2007 fourth quarter comparison period when LFL growth totalled 26%. Expansion of selling space added a further 18% in sales growth, despite scaled down capex and prudent deferrals of certain store openings.

During the year 2008 X5 continued to restrain price increases despite inflationary pressures and invest in its customer value proposition. In December 2008 product prices on X5's shelves increased on average by 12.9% year-on-year compared to officially reported food inflation in Russia of 16.5% for the same comparison period.

#### Hypermarkets

Acquired Karusel stores' sales for the fourth quarter 2008 grew by 12%, excluding FX effect, on the back of 6% growth in LFL sales and 6% coming from expansion. For the full year 2008, gross sales in acquired Karusel hypermarkets increased by 30% in RUR terms (LFL sales up 20%, non-LFL stores sales up 10%).

Excluding acquired Karusel stores, hypermarket sales for the fourth quarter 2008 increased by 37% net of FX effect. This growth came as a result of a 6% increase in LFL sales with another 31% added by non-LFL stores. For full year 2008, gross sales in the hypermarket format (excluding acquired Karusel hypermarkets) increased by 42% in RUR terms (LFL sales up 16%, non-LFL stores sales up 26%).

The priority in the second half of the year was Karusel integration, which included IT platform replacement in each of the stores (requiring 3-4 day closings), integration and centralization of operations, purchasing, logistics, HR, administrative and financial functions. The integration was completed ahead of schedule; however, as expected, it negatively affected the acquired stores' sales.

In parallel with integration efforts, X5 was expanding its hypermarket chain organically in the fourth quarter. We opened four hypermarkets in Bashkortostan, Yekaterinburg, Nizhniy Novgorod, and Volgograd.

Having finalized the technical part of the Karusel integration, the Company now will rebrand Perekrestok hypermarkets as Karusel. This program started in the fourth quarter 2008 and will be finalized in the first quarter 2009. At the same time we are fine-tuning and adjusting our hypermarket concept in order to enhance the stores' appeal to consumers in difficult macroeconomic times. We are further underscoring the format's competitive advantages that are especially vital for customers nowadays, including pricing strategy, loyalty programs, assortment rationalization (especially in non-food fast-moving goods), and advertising campaigns to drive the "everything under one roof" and "low price" message home to consumers.

Once we achieve the rebranding and repositioning objectives, the Company plans a nationwide PR and advertising campaign during 2009 to relaunch the "new" Karusel hypermarkets with consumers and position it as an attractive alternative to open-air markets and the best place for week-end shopping for the whole family.

### Supermarkets

In the fourth quarter 2008, supermarket sales grew by 25%, excluding FX effect, driven by a 13% increase in LFL sales and 12% growth from expansion. For the full year 2008, gross sales in the supermarket format increased by 35% in RUR terms (LFL sales up 23%, non-LFL stores sales up 12%).

In the fourth quarter, when Russian population started demonstrating first signs of trading down, X5's supermarkets continued to perform very well in Moscow and St. Petersburg, which account for 76% of X5's supermarkets portfolio in terms of sales. Perekrestok posted 3% traffic inflow in both of these cities in Q4 2008.

Perekrestok offers the best value for money among supermarket competitors, and we are well positioned to attract customers from premium supermarkets and troubled retailers. To address trading-down concerns among Russian consumers, in 2009 we will continue to execute our smart pricing policy, which historically has enjoyed a very strong customer response. We will also rationalize assortment, increasing private label sales and further enhance our focus on fresh, which is one of our strongest competitive advantages.

At the same time, the Company initiated a review in order to optimize its regional supermarket exposure and focus on the regions with stable demographics for supermarkets. Stores that could benefit from conversion into soft discounters will be remodeled and rebranded as Pyaterochka. With respect to expansion, new supermarkets will be opened on a very selective basis, only in Moscow, St. Petersburg and several other large cities.

### Soft Discounters

For the fourth quarter 2008 soft discounter sales grew by 39%, excluding FX effect, as a result of a 20% surge in LFL sales and 19% coming from expansion. LFL sales growth was primarily driven by customer inflow - Q4 2008 traffic posted impressive 7% growth. This result is up sharply compared to earlier quarters (Q3 2008: +2%) and highlights Pyaterochka's brand strength as Russia's leading soft discounter at a time when shoppers are focused on value.

For the full year 2008, gross sales in the soft discounter format increased by 47% in RUR terms (LFL sales up 23%, new stores sales up 24%).

2008 was a year of success for X5 soft discounters – Pyaterochka not only reported exceptional trading results, it also managed to substantially strengthen its regional presence. Almost half of new stores were opened outside of Moscow and St. Petersburg -- Pyaterochka entered 5 new cities: Perm, Velikiy Novgorod, Yaroslavl, Rostov-na-Donu and Krasnodar, substantially strengthened positions in Lipetsk, Nizhny Novgorod and Samara.

We believe that our Pyaterochka soft discounters are very well positioned for trading-down trends. The format's value proposition has a powerful appeal to consumers, built on price leadership, convenient location and attractive assortment. We expect this value proposition to remain very compelling throughout the uncertain economic climate of 2009 and believe that Pyaterochka stands in a formidable position to attract new customer groups and consumers from non-organized retail and troubled competitors. In 2009 we aim to further strengthen Pyaterochka's image of price leader and capitalize on private label opportunities. Pyaterochka will also be our number one priority for new openings.

## Expansion

	31-Dec-07	As of 30-Sep-08	31-Dec-08	Net Added in Q4'08	Net Added in 2008	% change vs 31-Dec-07
<b>Selling Space, sq. m.</b>						
Hypermarkets	59,963	73,149	94,510	21,361	34,547	58%
Supermarkets	191,729	207,595	222,362	14,768	30,633	16%
Soft Discounters	357,517	404,320	419,207	14,887	61,690	17%
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>609,209</b>	<b>685,064</b>	<b>736,079</b>	<b>51,016</b>	<b>126,870</b>	<b>21%</b>
Acquired Karusel Hypermarkets	-	137,952	137,952	-	137,952	
<b>Total including acquired Karusel Hypermarkets</b>	<b>609,209</b>	<b>823,016</b>	<b>874,032</b>	<b>51,016</b>	<b>264,822</b>	<b>43%</b>
<b># of Stores</b>						
Hypermarkets	15	18	22	4	7	47%
Supermarkets	179	191	207	16	28	16%
Soft Discounters	674	794	848	54	174	26%
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>868</b>	<b>1,003</b>	<b>1,077</b>	<b>74</b>	<b>209</b>	<b>24%</b>
Acquired Karusel Hypermarkets	-	24	24	-	24	
<b>Total including acquired Karusel Hypermarkets</b>	<b>868</b>	<b>1,027</b>	<b>1,101</b>	<b>74</b>	<b>233</b>	<b>27%</b>

In the fourth quarter 2008, X5 Retail Group N.V. added net 74 stores, including 54 soft discounters, 16 supermarkets and four hypermarkets with a total net selling space of 51.0 thousand sq.m. For the full year 2008 net addition of stores totalled 233, of which 24 were acquired Karusel hypermarkets, 7 hypermarkets that were opened organically, 28 supermarkets and 174 soft discounters. The total net selling area added during the year was 264.8 thousand sq.m., including 138.0 thousand sq.m. of acquired Karusel stores and 126.9 thousand sq.m. opened organically. As a result, at 31 December 2008, X5 Retail Group N.V., operated 1,101 store in total, consisting of 848 soft discounters, 207 supermarkets, and 46 hypermarket stores, with the total net selling space of 874.0 thousand sq. m.

In 2008 X5 continued its geographical expansion entering six new regions in the European part of Russia and Urals. In addition, we focused on securing market leadership and a truly multi-format presence in regions of existing operations. As at 31 December 2008, X5 was present in 30 cities in the European part of Russia and Urals.

2008 was the year when X5 substantially strengthened its presence in the hypermarket format by acquiring the Karusel hypermarket chain (24 stores) in the middle of the year and opening 7 stores organically, tripling the total number of hypermarkets to 46 stores.

### *Acquisition of Karusel Hypermarket Chain*

In June 2008 X5 acquired 100% of the business and assets of Karusel hypermarket chain. This transaction represented a significant milestone in the development of X5's business. It reinforced the Company's position as Russia's largest food retail operator extending its lead over competitors, and immediately established X5's leading position in the hypermarket segment. As a result of the transaction X5 acquired 23 operating hypermarkets, three hypermarkets under construction (one of them subsequently opened in Q3 2008) and eight land plots.

### ***Franchisee Relationship Update***

During 2008 X5 Retail Group entered into three franchisee buy-out transactions, signed a new franchising agreement to develop convenience stores and established partnership with a pharmacy chain.

- In April 2008 X5 Group acquired 100% of the business and assets of *Kama Retail* company - a Pyaterochka franchisee in the Perm region. As a result, X5 bought out 28 soft discount stores in Perm and the Perm region with a net selling area of 9.3 thousand sq.m.
- In June 2008 X5 purchased a further 24% stake in the company that operates Pyaterochka stores in Yekaterinburg and Chelyabinsk. As a result, X5's stake in the business increased to 75%. As per the agreement, X5 has an option to purchase the remaining 25% in 2009. Purchase price will be determined on the basis of the chain's sales for 2008.
- In the third quarter X5 signed a new franchising agreement with *Retail-Express* company which will develop a chain of Perekrestok-Express stores (small convenience stores). At 31 December 2008 the company operated 36 stores in Moscow. X5 holds a 40% interest in the company and has an option to purchase a further 30% of the company in 2011 and the remainder in 2013.
- In December 2008 X5 signed a partnership agreement with A5 Pharmacy Chain operating 180 pharmacy outlets with estimated FY 2008 net sales of USD 100 mln. Under the agreement, X5 grants A5 preemptive rights to rent space adjacent to X5's food retail stores at commercial market rates, at properties owned or leased by the Company. In its turn, X5 has a call option to acquire the entire A5 business in two years at a discount that will depend on the performance of A5's pharmacies located on X5's premises.
- In December 2008 X5 signed an agreement to acquire 100% of the business and assets of *Agrotorg-Rostov* - a Pyaterochka franchisee in the Rostov region. As a result of the transaction, X5 Retail Group plans to operate over 15 Pyaterochka soft discount stores acquired in the transaction (about 7 thousand sq. m. of net selling space), 10 of them owned properties\*.

At the end of 2008 the Company's franchisee store network totaled 607 stores across Russia, including 571 Pyaterochka and 36 Perekrestok-Express stores (seven of which will operate under the Perekrestok brand until August 2009).

### **Logistics Infrastructure Development**

During 2008 X5 Retail Group added a net nine Distribution Centers (DCs), increasing its storage capacity by 47.3 thousand sq.m. year-on-year. As a result, at the end of 2008 the Group had 19 DCs totaling 191.0\*\* thousand sq.m., including six DCs in Moscow (total storage space of 109.1 thousand sq.m.), four DCs in St. Petersburg (44.5 thousand sq.m.), one DC in Nizhniy Novgorod (13.5 thousand sq.m.), one DC in Chelyabinsk (6.6 thousand sq.m.), one DC in Yekaterinburg (7.0 thousand sq.m.), three DCs in Perm (4.6 thousand sq.m.), two in Lipetsk (2.4 thousand sq.m.) and one DC in Samara (3.3 thousand sq.m.).

\* Neither sales nor selling space of *Agrotorg-Rostov* are reported in Q4 2008. The Company will begin reporting the results of the acquired stores from the time of their re-launch planned for Q1 2009.

\*\* Storage capacity as at 31 December 2008 includes only 17.4 thousand sq.m. of operational warehouse capacity of X5's DC in Lobnya, which in total has 32.0 thousand sq.m. of storage space, but 14.6 thousand sq. m. are scheduled for opening in 2009.

## **Liquidity and FX Update (based on management accounts)\***

### ***Liquidity***

As at 31 December 2008, the Company's total debt amounted to USD 2,053 mln (at RUR/USD exchange rate of 29.38), out of which about 28% was short-term (USD 581 mln). Short-term debt (debt that matures within 12 months) is mainly represented by credit lines with the largest Russian and international banks.

As at 31 December 2008 X5 had cash balance of appr. USD 250 million (at RUR/USD exchange rate of 29.38). Additionally, as at 31 December 2008 the Company had undrawn credit lines totaling USD 380 mln (denominated in RUR). Taking into account X5's cash flow generating capacity and available cash, supported by credit lines, the management believes that the Company has adequate resources to meet or refinance current obligations and fund its expansion program.

### ***FX***

USD 1,288 mln of the Company's debt is denominated in USD (appr. 63% of the total debt), out of which USD 1,088 million is long-term (syndicated loan with maturity in December 2010) and USD 200 mln – short term. The remaining debt is denominated in RUR.

To minimize its short-term USD exposure, at 31 December 2008 the Company had accumulated USD 115 million in USD cash in order to prepare for USD debt repayment due in Q1 2009. The Company continues to undertake steps to minimize its short-term USD exposure.

With respect to the USD 1.1 bln syndicated loan with maturity in December 2010, the management does not see economic benefits in either hedging or replacing this loan with RUR-denominated financing in the current market environment. This loan does not expose X5 to short-term liquidity risks. FX loss on revaluation of the principal is non-cash and does not result in cash outflow. FX risk and FX loss on the interest payments are limited as the Company pays an attractive margin, which has decreased from 225 to 150 basis points over LIBOR starting from the end of December 2008, thanks to lower leverage levels (in accordance with the terms of the syndication facility).

As part of its currency risk mitigation policy Company intends to undertake new borrowings and refinance existing credit facilities primarily in Russian rubles.

## **Preliminary Outlook for 2009**

The Company's 2009 guidance is preliminary and based on current macroeconomic assumptions, including inflation of 12%, and may be adjusted in future based on actual trends in the economy.

	<b>FY 2008</b>	<b>FY 2009E</b>
Sales Growth (excl. FX)	41%	>25%
LFL Sales Growth (excl. FX)	22%	15-17%
Capital Expenditure	~USD 1,000 mln	Up to RUR 14 bln (USD 500 mln at RUR/USD of 28)**

\* Liquidity update is based on preliminary and unaudited numbers

\*\* X5's internal CapEx limit is fixed in RUR and amounts to RUR 14 billion. Previously given guidance of USD 500 million was based on FX rate of 28 RUR/USD.



**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. Financial Calendar for 2009*

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*For further details please contact*

**Anna Kareva**  
**IR Director**  
**Tel.: +7 (495) 792-3511**  
**e-mail: [anna.kareva@x5.ru](mailto:anna.kareva@x5.ru)**

**Svetlana Vitkovskaya**  
**Head of PR Department**  
**Tel.: +7 (495) 662-8888, ext. 31 140**  
**e-mail: [svetlana.vitkovskaya@x5.ru](mailto:svetlana.vitkovskaya@x5.ru)**

**Note to Editors:****X5 Retail Group**

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 31 December 2008, X5 had 1,101 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 848 soft discount stores, 207 supermarkets and 46 hypermarkets.

As at 31 December 2008, X5's franchisees operated 607 stores across Russia.

Including Karusel on pro-forma basis the Company's net sales for the first nine months of 2008 totaled USD 6,516 mln, gross profit amounted to USD 1,674 mln, EBITDA – to USD 578 mln and net income – to USD 138 mln.

For the full year 2008, X5 Retail Group N.V.'s net retail sales including acquired Karusel stores on pro-forma basis totaled USD 8,844 mln.

***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.*

**Appendix I: LFL Store Performance by Format and Region\***

	Q4 2008			FY 2008		
	Total LFL, %	Traffic, %	Basket, %	Total LFL, %	Traffic, %	Basket, %
<b><u>Moscow &amp; the Moscow Region</u></b>						
Hypermarkets	15	4	11	24	7	17
Supermarkets	18	3	15	27	9	18
Soft Discounters	28	13	15	30	8	22
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>23</b>	<b>9</b>	<b>14</b>	<b>28</b>	<b>8</b>	<b>20</b>
Karusel Hypermarkets	-	(6)	6	13	(1)	14
<b>Total including acquired Karusel Hypermarkets</b>	<b>21</b>	<b>9</b>	<b>12</b>	<b>27</b>	<b>8</b>	<b>19</b>
<b><u>St. Petersburg &amp; North-West</u></b>						
Hypermarkets	-	-	-	-	-	-
Supermarkets	16	3	13	25	9	16
Soft Discounters	11	-	11	14	-	14
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>11</b>	<b>-</b>	<b>11</b>	<b>15</b>	<b>1</b>	<b>14</b>
Karusel Hypermarkets	9	(3)	12	23	5	18
<b>Total including acquired Karusel Hypermarkets</b>	<b>11</b>	<b>(1)</b>	<b>12</b>	<b>17</b>	<b>1</b>	<b>16</b>
<b><u>Regions</u></b>						
Hypermarkets	-	(9)	9	11	-	11
Supermarkets	(2)	(7)	5	8	(1)	9
Soft Discounters	24	9	15	35	14	21
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>5</b>	<b>(1)</b>	<b>6</b>	<b>15</b>	<b>5</b>	<b>10</b>
Karusel Hypermarkets	1	(6)	7	15	10	5
<b>Total including acquired Karusel Hypermarkets</b>	<b>5</b>	<b>(1)</b>	<b>6</b>	<b>15</b>	<b>5</b>	<b>10</b>
<b><u>X5 Retail Group</u></b>						
Hypermarkets	6	(5)	11	16	2	14
Supermarkets	13	-	13	23	6	17
Soft Discounters	20	7	13	23	5	18
<b>Total excluding acquired Karusel Hypermarkets</b>	<b>16</b>	<b>4</b>	<b>12</b>	<b>22</b>	<b>5</b>	<b>17</b>
Karusel Hypermarkets	6	(4)	10	20	4	16
<b>Total including acquired Karusel Hypermarkets</b>	<b>15</b>	<b>4</b>	<b>11</b>	<b>22</b>	<b>5</b>	<b>17</b>

\* 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.

## Appendix II: Net Retail Sales Performance by Region

USD mln	Q4 2008	Q4 2007	% change		FY 2008	FY 2007	% change	
			y-o-y				y-o-y	
Moscow & the Region	1,155.8	938.5	23%		4,250.9	2,935.3	45%	
St. Petersburg & North-West	496.2	460.1	8%		1,957.0	1,506.4	30%	
Other Regions	432.4	293.3	47%		1,532.8	842.6	82%	
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>2,084.4</b>	<b>1,691.9</b>	<b>23%</b>		<b>7,740.8</b>	<b>5,284.3</b>	<b>46%</b>	
Karusel Moscow Region	54.5	56.5	(4%)		225.3	171.1	32%	
Karusel St. Petersburg & NW	192.7	192.0	0%		755.6	584.1	29%	
Karusel Regions	33.5	24.9	35%		122.1	70.1	74%	
<b>Total acquired Karusel Hypermarkets*</b>	<b>280.7</b>	<b>273.4</b>	<b>3%</b>		<b>1,103.0</b>	<b>825.3</b>	<b>34%</b>	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>2,365.1</b>	<b>1,965.3</b>	<b>20%</b>		<b>8,843.8</b>	<b>6,109.6</b>	<b>45%</b>	

  

RUR mln	Q4 2008	Q4 2007	% change		FY 2008	FY 2007	% change	
			y-o-y				y-o-y	
Moscow & the Region	31,234.4	23,378.9	34%		105,658.1	75,075.1	41%	
St. Petersburg & North-West	13,515.5	11,440.4	18%		48,641.5	38,529.3	26%	
Other Regions	11,639.3	7,328.2	59%		38,099.1	21,551.3	77%	
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>56,389.2</b>	<b>42,147.5</b>	<b>34%</b>		<b>192,398.7</b>	<b>135,155.7</b>	<b>42%</b>	
Karusel Moscow Region	1,492.9	1,408.8	6%		5,600.7	4,375.1	28%	
Karusel St. Petersburg & NW	5,245.3	4,788.3	10%		18,780.6	14,940.6	26%	
Karusel Regions	905.4	621.8	46%		3,035.0	1,793.3	69%	
<b>Total acquired Karusel Hypermarkets*</b>	<b>7,643.6</b>	<b>6,818.9</b>	<b>12%</b>		<b>27,416.3</b>	<b>21,109.1</b>	<b>30%</b>	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>64,032.8</b>	<b>48,966.4</b>	<b>31%</b>		<b>219,815.0</b>	<b>156,264.8</b>	<b>41%</b>	

\* Acquired Karusel hypermarkets include 23 hypermarkets operating at the time of the acquisition and one hypermarket under construction that was opened in Q3

### Appendix III: Average Ticket and Number of Customers

	Q4 2008	Q4 2007	% change, y-o-y	FY 2008	FY 2007	% change, y-o-y
<b><u>Average Ticket, RUR</u></b>						
Hypermarkets	516.8	463.3	12%	470.4	415.4	13%
Supermarkets	374.7	340.5	10%	349.5	310.4	13%
Soft Discounters	258.9	238.8	8%	244.4	217.3	12%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>303.2</b>	<b>280.1</b>	<b>8%</b>	<b>284.5</b>	<b>254.5</b>	<b>12%</b>
Karusel Hypermarkets	750.1	686.7	9%	689.1	600.8	15%
<b>Total including acquired Karusel Hypermarkets*</b>	<b>326.5</b>	<b>305.5</b>	<b>7%</b>	<b>307.2</b>	<b>276.2</b>	<b>11%</b>
<b><u>Average Ticket, USD</u></b>						
Hypermarkets	19.3	18.6	4%	18.9	16.2	17%
Supermarkets	13.8	13.7	1%	14.1	12.1	16%
Soft Discounters	9.6	9.6	-	9.8	8.5	16%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>11.2</b>	<b>11.2</b>	<b>-</b>	<b>11.4</b>	<b>10.0</b>	<b>15%</b>
Karusel Hypermarkets	27.5	27.5	-	27.7	23.5	18%
<b>Total including acquired Karusel Hypermarkets*</b>	<b>12.1</b>	<b>12.3</b>	<b>(2%)</b>	<b>12.4</b>	<b>10.8</b>	<b>14%</b>
<b><u># of Customers</u></b>						
Hypermarkets	10.0	8.1	23%	34.8	27.7	26%
Supermarkets	58.7	51.7	14%	219.8	182.9	20%
Soft Discounters	143.4	111.8	28%	516.1	394.5	31%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>212.1</b>	<b>171.6</b>	<b>24%</b>	<b>770.7</b>	<b>605.2</b>	<b>27%</b>
Karusel Hypermarkets	11.7	11.4	2%	45.6	40.4	13%
<b>Total including acquired Karusel Hypermarkets*</b>	<b>223.8</b>	<b>183.1</b>	<b>22%</b>	<b>816.3</b>	<b>645.5</b>	<b>26%</b>

\* Acquired Karusel hypermarkets include 23 hypermarkets operating at the time of the acquisition and one hypermarket under construction that was opened in Q3

## Appendix IV: Net Store Addition by Format and Region

# of Stores	31-Dec-07	As of 30-Sep-08	31-Dec-08	Net Added in Q4 '08	Net Added in 2008	% change vs 31-Dec-07
<b><u>Moscow &amp; the Moscow Region</u></b>						
Hypermarkets	4	5	5	-	1	25%
Supermarkets	105	110	114	4	9	9%
Soft Discounters	309	348	368	20	59	19%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>418</b>	<b>463</b>	<b>487</b>	<b>24</b>	<b>69</b>	<b>17%</b>
Acquired Karusel Hypermarkets*	-	5	5	-	5	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>418</b>	<b>468</b>	<b>492</b>	<b>24</b>	<b>74</b>	<b>18%</b>
<b><u>St. Petersburg &amp; North-West</u></b>						
Hypermarkets	-	-	-	-	-	
Supermarkets	19	18	20	2	1	5%
Soft Discounters	244	267	276	9	32	13%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>263</b>	<b>285</b>	<b>296</b>	<b>11</b>	<b>33</b>	<b>13%</b>
Acquired Karusel Hypermarkets*	-	15	15	-	15	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>263</b>	<b>300</b>	<b>311</b>	<b>11</b>	<b>48</b>	<b>18%</b>
<b><u>Regions</u></b>						
Hypermarkets	11	13	17	4	6	55%
Supermarkets	55	63	73	10	18	33%
Soft Discounters	121	179	204	25	83	69%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>187</b>	<b>255</b>	<b>294</b>	<b>39</b>	<b>107</b>	<b>57%</b>
Acquired Karusel Hypermarkets*	-	4	4	-	4	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>187</b>	<b>259</b>	<b>298</b>	<b>39</b>	<b>111</b>	<b>59%</b>
<b><u>X5 Retail Group</u></b>						
Hypermarkets	15	18	22	4	7	47%
Supermarkets	179	191	207	16	28	16%
Soft Discounters	674	794	848	54	174	26%
<b>Total excluding acquired Karusel Hypermarkets*</b>	<b>868</b>	<b>1,003</b>	<b>1,077</b>	<b>74</b>	<b>209</b>	<b>24%</b>
Acquired Karusel Hypermarkets**	-	24	24	-	24	
<b>Total including acquired Karusel Hypermarkets*</b>	<b>868</b>	<b>1,027</b>	<b>1,101</b>	<b>74</b>	<b>233</b>	<b>27%</b>

\* Acquired Karusel hypermarkets include 23 hypermarkets operating at the time of the acquisition and one hypermarket under construction that was opened in Q3

## Appendix V: Financial Calendar for 2009

<b>Date</b>	<b>Event</b>
20 January 2009	Q4 & FY 2008 Trading Update
9 April 2009, TBC	Q1 2009 Trading Update
14 April 2009, TBC	Audited FY 2008 IFRS Results
28 May 2009, TBC	Q1 2009 Financial Results Reviewed by Auditors
10 July 2009, TBC	Q2 & H1 2009 Trading Update
31 August 2009, TBC	Q2 & H1 2009 Financial Results Reviewed by Auditors
9 October 2009, TBC	Q3 & 9M 2009 Trading Update
30 November 2009, TBC	Q3 & 9M 2009 Financial Results Reviewed by Auditors