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PYATEROCHKA HOLDING N.V. CREDIT RATING UPDATE

Yesterday, Moody's announced a downgrade of the corporate family rating of Pyaterochka Holding NV to B1 from Ba3, with a stable outlook for the rating. Moody's Interfax Rating Agency also downgraded Pyaterochka's national scale rating to A1.ru from Aa3.ru.

Moody's cited the increase in leverage which the company experienced as a result of the merger with Perekrestok as the primary reason for the rating change. Moody's commented in a statement released yesterday, "...the rating downgrade primarily reflects the increase in debt of the combined entity as compared to Pyaterochka's pre-merger metrics...".

In addition, Moody's noted that "The rating action takes into consideration the positive impact of the merger on the company's business profile, notably i) market leadership in a still fragmented market, with strong positions in Moscow and St. Petersburg, ii) the increased customer coverage with its dual-format strategy in the food discount and supermarket segments; and iii) the combined entity's improved ability to capture growth opportunities in Russia's fast growing food retail market. In addition, the rating takes into consideration the company history of strong and consistently growing cash flows."

The outlook for the rating is stable, as Moody's "anticipates that the company will be able to benefit from its strengthened franchise as the largest food retailer with both discount and supermarket business lines in the Russian market, convert its large investment programme into rapidly growing operating cash flow and significantly improve (its) financial profile within a three-year period, with Debt/EBITDA to be down from its 2006 peak to markedly below 4x in 2009."

Management has emphasized its commitment to largely de-leverage the merged company, starting from 2007. In addition, on 3 August 2006, Standard & Poors affirmed its 'BB-' long-term corporate credit rating for Pyaterochka Holding NV, as well as its 'ruAA-' Russia national scale rating for Pyaterochka's operating subsidiary, OOO Agrotorg.

Vitaliy Podolskiy, Group Chief Financial Officer, commented:

"Although we are clearly disappointed with Moody's decision, we hope to be able to be in a position to have our rating reviewed by early 2007, on the basis of the company's 2006 financial and operating results.

In addition, the financial markets have already recognized the improved operating and financial profile of the merged business – for example, our recent \$800 million syndicated loan was well oversubscribed and our overall cost of funding since the merger is markedly lower.

While Pyaterochka Holding does not have immediate plans for new international capital market issues, we believe that Moody's decision should not effect our ability to attract required funding, including the company's plans to enter the international capital markets next year, both to further improve its capital structure and to continue to fund its ambitious expansion programme."



Note to Editors:

Pyaterochka Holding N.V. is Russia's largest food retailer in terms of sales. The group has 391 company-managed "Pyaterochka" soft discount stores located in the Moscow (187), St. Petersburg (185) and Yekaterinburg (19) areas, and 133 company-managed "Perekrestok" supermarkets across 14 regions of Central Russia and Ukraine, including 78 stores in Moscow, as of 30 June 2006.

Pyaterochka and Perekrestok have merged their operations as of 18 May 2006 to create the clear leader in the Russian food retail market.

Pyaterochka's 2005 net sales (pre-merger) reached USD 1,359 million, with gross banner sales in 2005 of over USD 2 billion. Perekrestok net sales reached USD 1,015 million in 2005.

Pyaterochka's Q1 2006 net sales (pre-merger) reached USD 439 million, and Perekrestok Q1 2006 sales were USD 323 million.

As of 30 June 2006, franchisees operated 479 Pyaterochka branded stores in 20 regions of Russia, Ukraine and Kazakhstan. Perekrestok has 10 convenience stores operated by franchisees in the Moscow area.

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