

X5 LAUNCHES MASTERCARD PAYPASS PROJECT IN PEREKRESTOK STORES

Moscow, 3 July 2012 – X5 Retail Group N.V., (“X5” or the “Company”), Russia's largest retailer in terms of revenue (LSE ticker symbol: FIVE), and multinational financial services corporation Mastercard, announced the launch of a pilot project, based on the innovative MasterCard PayPass® technology, in select Perekrestok supermarkets. The stores participating in the project are located in Moscow (Kutuzovsky prospect 88) and Saint-Petersburg (Maliy Prospect 88a).

Perekrestok customers with Mastercard PayPass cards have the unique opportunity to make instant and convenient payments for their purchases via PayPass terminals installed at all checkout counters in the aforementioned supermarkets. PayPass technology allows the card holder to conduct an instant payment just by tapping their card on a point-of-sale terminal reader rather than swiping or inserting the card, and there is no need for a customer to give his card to the teller or to sign for the purchase.

If the check does not exceed RUR 1,000 (approximately USD 33) no pin-code is needed. The PayPass card contains a chip with built-in antenna, which enables the exchange of data between the card and the terminal.

PayPass cards are protected with the same encryption as other chip based cards and are activated only during the time of payment, preventing unauthorized payments or withdrawals. The total purchase amount is withdrawn only once even if the customer taps his payment card twice. When the transaction is completed the terminal reader switches off.

Mikhail Susov, X5 Retail Group Corporate Relations Director commented:

“PayPass payments will expedite customer purchases by decreasing the involvement of store personnel at checkout points. As a result, the store will not only optimize the time a customer spends in line but will also provide more customers with more diverse and high quality services”.

Ilya Ryabiy, Head of MasterCard Russia commented:

“As a result of our cooperation with X5 Retail Group we now have the opportunity to offer Perekrestok supermarket customers our convenient and secure PayPass technology that significantly reduces the time needed to make payments. This technology is used by many international retailers and the number of PayPass card holders in Russia is increasing as is the number of participating stores”.

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Notes to editors:

Headquartered in Moscow, X5 Retail Group (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest retailer in terms of revenue. The Company operates several retail formats: the soft discounter chain under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, the online retail channel under E5.ru brand and convenience stores under various brands.

As at 31 March 2012, X5 had 3,139 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 2,643 soft discounter stores, 337 supermarkets, 77 hypermarkets and 82 convenience stores. The Company operates 29 DCs and 1,392 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 31 March 2012, X5's franchisees operated 434 stores across Russia.

For the full year 2011, net sales totaled USD 15,455 mln, EBITDA reached USD 1,130 mln, and net profit amounted to USD 302 mln.

X5 Shareholder structure as of 31 March 2012: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 directors – 0.12%, treasury shares – 0.11%, free float – 32.06%.