

X5 ENTERS VOLOGDA REGION

Moscow, 31 July 2012 – X5 Retail Group N.V., (“X5” or the “Company”), Russia's largest retailer in terms of revenue (LSE ticker symbol: FIVE), announced today that the Company has established a presence in the Vologda region by opening two Pyaterochka soft discounter stores in Vologda, a city with approximately 300 thousand residents located in the North-West portion of European Russia.

The new Pyaterochka stores have approximately 350 square meters of selling space each and offer up to 3,500 products, including the Company's own private label brands. Approximately 90% of Pyaterochka soft discounter sales are food items.

The core value proposition of X5's Pyaterochka stores is shopping convenience at the lowest price. The Company also pays particular attention to the quality of products and services at the stores and has recently launched several initiatives to improve the customers' shopping experience. For example, the checkout counters at Pyaterochka stores are equipped with a special “Red Button” that enables cashiers to call for additional staff to open new registers in order to prevent large lines from forming. Also, our “Focus on Quality” program strives to eliminate expired products from our store shelves and if a customer purchases an expired product the store will exchange it for a fresh product free of charge. Moreover, at Pyaterochka stores the check totals for customers paying cash are rounded to the nearest Rouble in favor of the client.

X5 is committed to making a difference in the regions and communities where the Company operates and has made product affordability for vulnerable segments of society a priority. Pyaterochka stores have adopted a zero trade margin for a basket of goods that are considered necessary for basic sustenance. The Company's customers also receive a 5% discount from 9 a.m. to 10 a.m. as part of Pyaterochka's “Care Time Hours” program (hours and customer eligibility vary from region to region). Additionally, Pyaterochka stores organize promotional campaigns on a regular basis that provide discounts of up to 30% on select products.

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Note to Editors:

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 30 June 2012, X5 had 3,298 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 2,783 soft discounter stores, 341 supermarkets, 77 hypermarkets and 97 convenience stores. The Company operates 28 DCs and 1,539 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 30 June 2012, X5's direct franchisees operated 399 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. For the first quarter 2012, net sales totaled USD 3,871 mln, EBITDA reached USD 274 mln and net profit amounted to USD 66 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 Directors – 0.14%, treasury shares – 0.11%, free float – 32.04%.