

## PYATEROCHKA NAMED BEST FRANCHISER OF 2012

**Moscow, 10 October 2012** – X5 Retail Group, (“X5” or the “Company”), Russia's largest retailer in terms of sales (LSE ticker symbol: FIVE), announced today that the Pyaterochka discounter chain received the Golden Brand Award as the Franchiser of the Year 2012. Pyaterochka was selected based on its proactive development of the reverse franchise scheme. The criteria for selecting the winner included: financial metrics of the franchising projects, the number of stores opened in 2012 and the operating results of the franchisee and franchiser.

Since 2009, X5 Retail Group has been developing its unique reverse franchising scheme for the retail sector. According to the scheme, X5 provides its partner with products for sale and marketing research results, as well as trading and marketing technologies. The franchisee operates under the Pyaterochka or Perekrestok brand and receives a commission. More information is available at [www.fr.x5.ru](http://www.fr.x5.ru) (Russian-language only).

The reverse franchising scheme is popular with business people because it allows them to run their own profitable business with only a modest investment and minimal risks in partnership with Russia's leading retail chain.

Currently, 29 Pyaterochka stores and 7 Perekrestok stores operate under the reverse franchising agreements (12 Pyaterochka stores and 6 Perekrestok stores opened in 2012). By the end of 2012, 10 Pyaterochka stores and 3 Perekrestok stores are planned to be opened. The same scheme is utilized by convenience stores operating under the Perekrestok-Express and Kopeika brands.

The Golden Brand Award is the largest event in the Russian franchising industry and the winners are companies that have the best results in terms of brand management and partnership development. Selecting and awarding the best companies is an efficient incentive for developing Russia's retail business.

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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%.