

X5 ENTERS STAVROPOL REGION

Stavropol, 31 October 2012 – X5 Retail Group N.V., (“X5” or the “Company”), Russia's largest retailer in terms of sales (LSE ticker symbol: FIVE), announced today that the Company has entered the Stavropol region by opening five Pyaterochka soft discounter stores; four in the city of Stavropol and one in the city of Nevinnomyssk.

The Stavropol region is located in the southern part of European Russia, adjacent to the Krasnodar and Rostov regions where the Company is already operating. The city of Stavropol is the largest city in the region with 400 thousand inhabitants, while the region's total population exceeds 2.7 million people.

The new Pyaterochka stores have approximately 400 square meters of selling space each and offer over 3,000 products, including private label brands produced especially for X5 and available only in the Company's stores. Approximately 90% of the Pyaterochka product range comprises food items.

Local producers will be widely represented on the shelves of the new stores. X5 has already signed agreements with approximately 20 local producers, including bakeries, dairies and other producers and the number of X5's local partners in the region is expected to grow over time.

The core value proposition of X5's Pyaterochka soft discounter stores is convenient shopping at the lowest price. The Company pays particular attention to the quality of products and services at the stores and has recently launched several initiatives to improve 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 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 (for the checks over RUR 10.00).

Product affordability for vulnerable segments of society is one of the main priorities for the Company's soft discounter stores. Pyaterochka stores have adopted a zero trade margin for a basket of goods that are considered necessary for basic sustenance. Additionally, Pyaterochka stores organize promotional campaigns on a regular basis that provide discounts of up to 30% on select products.

X5's investment plans provide for an additional 13 soft discounters to be opened in the Stavropol region by year-end 2012.

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Note 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 30 September 2012, X5 had 3,472 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 2,936 soft discounter stores, 350 supermarkets, 76 hypermarkets and 110 convenience stores. The Company operates 28 DCs and 1,841 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 30 September 2012, X5's direct franchisees operated 404 stores across Russia.

As at 30 September 2012, the number of X5 employees totaled 102 thousand.

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 half 2012, net sales totaled USD 7,859 mln, EBITDA reached USD 554 mln and net profit amounted to USD 135 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 Directors – 0.13%, treasury shares – 0.11%, free float – 32.05%.