

X5 AND SOUZMOLOKO AGREED TO ACT AGAINST FAKE DAIRY PRODUCTS

Moscow, 9 December, 2013 – X5 Retail Group N.V., (“X5” or the “Company”) a leading Russian food retailer, and Souzmoloko, Russia's National Union of Milk Producers, agreed to strengthen control over the quality of dairy products and contribute to their promotion. This decision was made at a meeting between Andrei Danilenko, Chairman of the Management Board of Souzmoloko, and Sergei Degtyar, Government Relations Director, X5 Retail Group, under the framework of the Code of Good Practice established by Russian retailers and suppliers in 2013.

Dairy products represent 30% of X5’s fresh assortment and the demand for these products is growing. However, according to X5’s Quality Department, approximately 20% of dairy products in Russia are counterfeit goods that the Company sorts out during the acceptance process at distribution centers. The parties agreed to strengthen control over the quality of dairy products at both the Company’s distribution centers and stores. Additionally, a decision was made to organize large scale promotional activities for high quality dairy products in X5’s stores.

Representatives from Souzmoloko stated that X5 is a recognized leader in the control of product quality. In 2012, the Company launched a major information project, which makes the results of quality monitoring and information about low-quality product producers available on X5’s web site – <http://www.x5.ru/ru/kachestvo/> (in Russian only).

Souzmoloko also conducts its own quality monitoring of dairy products. The list of producers who have a record of distributing poor quality products to consumers, which is compiled by the association based on laboratory tests, is published on its web site, in the media and sent to governmental authorities.

In late November 2013, Soyuzmoloko published results of its April-October 2013 research (http://www.souzmoloko.ru/news/news_1924.html, in Russian only). The fatty-acid contents of 13 of 75 product samples did not correspond with milk fat but rather, the samples contained non-dairy fats not indicated on product labels.

Milk and dairy products are a significant part of the Russian diet and the healthy products group. Souzmoloko considers the production of fake dairy products to be unacceptable and dangerous for people’s health therefore, Souzmoloko undertakes serious efforts to make dairy products safe and to increase milk consumption in Russia to average international norms.

The parties are confident that their joint efforts to act against counterfeit dairy products will bring positive results in the near future.

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Note to Editors:

X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is a leading Russian food retailer. The Company operates several retail chains: 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 the E5.ru brand and convenience stores under various brands.

At 30 September 2013, X5 had 4,187 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 3,568 Pyaterochkas, 382 Perekrestoks, 78 Karusels and 159 convenience stores. The Company operates 29 DCs and 1,823 Company-owned trucks across the Russian Federation.

For the full year 2012, net sales totaled USD 15,795 mln, EBITDA reached USD 1,124 mln, and net loss amounted to USD 126 mln. For the nine months of 2013, net sales totaled USD 12,152 mln, EBITDA reached USD 856 mln and net profit amounted to USD 209 mln.

X5's Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 16.35%, X5 Directors – 0.02%, treasury shares – 0.06%, free float – 35.71%.