

X5 RETAIL GROUP REPORTS Q3 2009 TRADING RESULTS*:**NET RETAIL SALES UP 24% IN RUR TERMS;****LFL TRAFFIC GROWTH ACCELERATES
TO 7% AT GROUP LEVEL, 12% FOR DISCOUNTERS
ON STRONG CUSTOMER RESPONSE TO X5 VALUE PROPOSITIONS****TRADING DOWN PRESSURES AVERAGE PURCHASE SIZE**

Amsterdam, 9 October 2009 - X5 Retail Group N.V., Russia's largest retailer in terms of revenue (LSE ticker: "FIVE"), announced today its retail sales and operational performance for the quarter and nine months ended 30 September 2009.

Q3 2009 Highlights

- Net retail sales increased 24% year-on-year in RUR terms to RUR 65,701 mln and declined 4% in USD terms to USD 2,094 mln (incl. RUR devaluation effect of approximately 28%);
- X5's LFL sales grew 8% in RUR terms year-on-year, supported by 7% traffic growth;
- Discounters' customer traffic surged 12%, driving Pyaterochka's LFL sales growth of 16% year-on-year;
- 53 stores (26.9 thousand sq.m. of selling space) added on net basis;
- Total warehouse space increased by 65.6 thousand sq. m. on net basis as the Company opened its first non-food distribution centre and continued to expand food warehouse capacity;
- Due to the persistence of trading down trends among consumers and expected pressure on average purchase size in the fourth quarter 2009, X5 revises its full year revenue growth outlook to a more conservative range of around 24-25% in RUR terms on a pro-forma basis;
- Capitalizing on the current macro environment, X5 accelerated its store and DC opening program to exceed initial full year plans, while staying safely within its 2009 CapEx limit of RUR 14 bln.

9M 2009 Highlights

- Consolidated** net retail sales increased 38% year-on-year in RUR terms to RUR 196,615 mln or 2% in USD terms to USD 6,053 mln;
- On a pro-forma*** basis, net retail sales grew 26% year-on-year in RUR terms and declined 7% in USD terms (incl. RUR devaluation effect of approximately 33%);
- X5's LFL sales grew 11% in RUR terms year-on-year on the back of 5% traffic growth;
- As at 30 September 2009 X5 operated 1,217 stores (962.7 thousand sq.m. in selling space), including 952 soft discounters, 210 supermarkets and 55 hypermarkets;
- Number of DCs reached 23 (293.3 thousand sq.m in warehouse space), supply centralisation level totaled 59%;

* Numbers provided in this press-release are preliminary and unaudited.

** Consolidated sales figures include acquired Karusel's business as from 30 June 2008, when the acquisition was completed.

*** Pro-forma sales figures include acquired Karusel's business from 1 January 2008.

Lev Khasis, X5 Retail Group CEO, commented:

"X5 delivered another strong quarter of customer traffic growth in a tough economic environment. We continue to win market share and outperform the competition thanks to our 'close-to-the-customer' strategy and ability to hold down prices. Discounters delivered sector-leading performance, and hypermarkets began to show positive traffic trends in Moscow and St. Petersburg as we continue to build Karusel's brand with consumers."

"We maintain strong confidence in X5's strategic execution and proven ability to generate customer traffic and open new stores according to plan. Russian consumer trends remain weak, however, due to high unemployment levels and diminished purchasing power. Trading down persists and we do not yet see signs of recovery in consumer behaviour. We expect these external factors to put further pressure on average purchase size and top line performance in the fourth quarter, which is the reason for our more conservative sales growth outlook. At the same time, the fourth quarter pre-holiday season will be critical to full year performance, and we are preparing for aggressive campaigns to drive sales and do our utmost to meet initial growth targets."

"Despite current macro weakness, we are optimistic about the Russian retail sector and X5's prospects, and expect that our constant investment in customer loyalty during hard times will more than pay back when recovery begins. We are encouraged by the Rosstat consumer confidence index for the third quarter of 2009, which indicates that a growing number of Russians believe the economy will improve next year."

Net Retail Sales* Performance

X5 net retail sales for the third quarter of 2009 reached RUR 65,701 mln or USD 2,094 mln, an increase of 24% in RUR terms and a decline of 4% in USD terms. This translates into nine month net retail sales growth of 26% in RUR and a decline of 7% in USD.

Net Retail Sales Dynamics by Format (pro-forma)

| USD mln | Q3 2009 | Q3 2008 | % change | 9M 2009 | 9M 2008 | % change |
|-------------------------------|----------------|----------------|-------------|----------------|----------------|-------------|
| | | | y-o-y | | | y-o-y |
| Hypermarkets | 418.4 | 406.9 | 3% | 1,166.3 | 1,229.0 | (5%) |
| Supermarkets | 530.6 | 657.9 | (19%) | 1,644.4 | 1,992.8 | (17%) |
| Soft Discounters | 1,145.2 | 1,112.2 | 3% | 3,242.5 | 3,256.9 | 0% |
| Total Net Retail Sales | 2,094.2 | 2,177.0 | (4%) | 6,053.2 | 6,478.7 | (7%) |

| RUR mln | Q3 2009 | Q3 2008 | % change | 9M 2009 | 9M 2008 | % change |
|-------------------------------|-----------------|-----------------|------------|------------------|------------------|------------|
| | | | y-o-y | | | y-o-y |
| Hypermarkets | 13,151.9 | 9,867.2 | 33% | 37,882.8 | 29,551.7 | 28% |
| Supermarkets | 16,582.3 | 15,955.1 | 4% | 53,411.2 | 47,917.5 | 11% |
| Soft Discounters | 35,966.5 | 26,961.6 | 33% | 105,321.1 | 78,313.0 | 34% |
| Total Net Retail Sales | 65,700.8 | 52,783.8 | 24% | 196,615.2 | 155,782.2 | 26% |

* Net retail sales represent revenue from operations of X5 managed stores excluding VAT. This number differs from total net sales, which also includes revenue from franchisees (royalty payments) and other revenue. The total net sales figure will be reported along with the Q3 and 9M 2009 financial results.

Gross Retail Sales* Analysis

*Like-For-Like** Store Performance (see Appendix I for detailed LFL performance)*

| Based on RUR-denominated gross retail sales | Q3 2009 | | | 9M 2009 | | |
|---|--------------|------------|-----------|--------------|------------|-----------|
| | Total LFL, % | Traffic, % | Basket, % | Total LFL, % | Traffic, % | Basket, % |
| Hypermarkets | 7 | - | 7 | 7 | (1) | 8 |
| Supermarkets | (4) | (3) | (1) | 2 | (3) | 5 |
| Soft Discounters | 16 | 12 | 4 | 17 | 10 | 7 |
| X5 Retail Group Total | 8 | 7 | 1 | 11 | 5 | 6 |

Gross Retail Sales Dynamics

| Based on RUR-denominated gross retail sales | Q3 2009 | | | 9M 2009 | | |
|---|----------|--------------|----------------|-----------|--------------|----------------|
| | LFL, % | Expansion, % | Total change % | LFL, % | Expansion, % | Total change % |
| Hypermarkets | 7 | 26 | 33 | 7 | 21 | 28 |
| Supermarkets | (4) | 8 | 4 | 2 | 9 | 11 |
| Soft Discounters | 16 | 17 | 33 | 17 | 18 | 35 |
| Total Gross Retail Sales | 8 | 16 | 24 | 11 | 15 | 26 |
| FX Effect | | | (28) | | | (33) |
| Total change %, incl. FX | | | (4) | | | (7) |

The Company's total LFL sales in the third quarter 2009 increased 8% in RUR terms, driven by a 7% increase in customer traffic and 1% increase in average basket. Organic expansion of selling space in 2009 plus contributions from 2008 stores not included in the LFL calculation accounted for the balance of the retail sales increase of 24%.

LFL Sales Performance

In the third quarter we saw further trading down in consumer behavior, which enabled X5 to gain market share from the competition thanks to our "close-to-the-customer" pricing policy, but pressured average purchase size across formats, resulting in real ticket decline in excess of 5%. Throughout the first nine months of 2009 X5 continued to invest in its customer value proposition and restrain price increases despite inflationary pressures. Prices on X5's shelves increased on average by 7.3% year-on-year (September 2009 versus September 2008) compared to officially reported food inflation in Russia of 9.9% for the same comparison period.

- Soft discounters continued to outperform in the weak macro environment, attracting new customers and strengthening competitive positions across regions. Quarter-on-quarter traffic growth acceleration underscores the success of Pyaterochka's "lowest price in the market on 100% of assortment" brand promise.
- Supermarkets' performance was in line with our expectations and trading down trends, with stable traffic in Moscow and St. Petersburg, and further weakening of regional stores' performance.

* In this section all sales dynamics analysis is based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

** Like-for-like (LFL) comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening.

- Hypermarkets began to show positive traffic trends in Moscow and St. Petersburg as Karusel is gradually gaining consumer recognition. We continue to run aggressive promotions and marketing campaigns, building Karusel's brand and educating customers about our *"wide choice at a low price"* promise. The opening of our first non-food DC in the third quarter will enable X5 to strengthen our positions in non-food categories, by improving our non-food offers, increasing availability and obtaining better purchasing terms.

Expansion

| | As of 31-Dec-08 | 30-Jun-09 | 30-Sep-09 | Rebranding 9M 2009 | Net Added Q3 2009 | 9M 2009 | % change vs 31-Dec-08 |
|------------------------------|--------------------|----------------|----------------|-----------------------|----------------------|---------------|--------------------------|
| Selling Space, sq. m. | | | | | | | |
| Hypermarkets | 232,462 | 266,791 | 274,847 | - | 8,056 | 42,385 | 18% |
| Supermarkets | 222,362 | 226,951 | 226,766 | (4,092) | (185) | 4,403 | 2% |
| Soft Discounters | 419,207 | 442,090 | 461,121 | 4,092 | 19,032 | 41,914 | 10% |
| X5 Retail Group Total | 874,032 | 935,832 | 962,734 | - | 26,902 | 88,702 | 10% |
| # of Stores | | | | | | | |
| Hypermarkets | 46 | 53 | 55 | - | 2 | 9 | 20% |
| Supermarkets | 207 | 211 | 210 | (5) | (1) | 3 | 1% |
| Soft Discounters | 848 | 900 | 952 | 5 | 52 | 104 | 12% |
| X5 Retail Group Total | 1,101 | 1,164 | 1,217 | - | 53 | 116 | 11% |

In the third quarter 2009, X5 added a net 53 stores, with the total net selling space of 26.9 thousand sq.m. Net addition of 52 discounters includes one store that was converted from supermarket to discounter format (in Lipetsk) and takes into account one store closing. The net number of supermarkets decreased by one store, as the Company opened two new supermarkets, closed two inefficient stores in the regions and converted one supermarket to a discounter format. Since the beginning of the year X5 has rebranded five supermarkets as discounters and closed a total of 19 stores (three supermarkets and 16 discounters), in order to maximise the efficiency of its store portfolio.

Overall, as at 30 September 2009 X5 was present in 42 cities of European Russia and the Urals, and also in Ukraine, and operated 1,217 stores in total. This includes 952 soft discounters, 210 supermarkets, and 55 hypermarket stores, with total net selling space of 962.7 thousand sq. m.

Franchisee Relationship Update

As at 30 September 2009 the Company's franchisee store network totaled 586 stores across Russia, including 533 Pyaterochka and 53 Perekrestok-Express stores.

Logistics Infrastructure Development

In the third quarter 2009 X5 expanded its warehouse capacity by a net 65.6 thousand sq.m., opening its first non-food Distribution Centre (DC) in the Moscow region (25.6 thousand sq.m.), two new food DCs in the Perm region and St. Petersburg, and expanding storage capacity of existing DCs in the Moscow region, Voronezh, Samara, Rostov-on-Don and Kazan. The Company closed two inefficient DCs in Perm.

As a result, at 30 September 2009 the Group operated 23 DCs in 11 cities with overall warehouse capacity of 293.3 thousand sq.m. The Company's year-to-date supply centralisation level totaled 59% in (versus full year target of 57%), increasing X5's opportunities to drive efficiency and fund strategic investments in price and consumer loyalty.

| Region | <u>Warehouse space, '000 sq. m.</u> | <u># of DCs</u> |
|------------------------------|--|------------------------|
| | 30-Sep-09 | 30-Sep-09 |
| Central | 153.9 | 8 |
| North-West | 55.2 | 5 |
| Volgo-Vyatsky | 17.5 | 1 |
| Urals | 18.8 | 4 |
| Centralno-Chernozemny | 11.8 | 2 |
| Sredne-Volzhsky | 10.5 | 1 |
| South | 12.6 | 1 |
| Privolzhsky | 13.1 | 1 |
| X5 Retail Group Total | 293.3 | 23 |

Appendices

- I. LFL Store Performance by Format and Region***
- II. Net Retail Sales Performance by Region***
- III. Average Ticket and Number of Customers***
- IV. Net Store Addition by Format and Region***
- V. Financial Calendar for 2009***

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Note to Editors:**X5 Retail Group**

X5 Retail Group N.V. is Russia's largest retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006. In June 2008, X5 acquired Karusel hypermarket chain and substantially strengthened its position in hypermarket format.

As at 30 September 2009, X5 had 1,217 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 952 soft discount stores, 210 supermarkets and 55 hypermarkets.

As at 30 September 2009, X5's franchisees operated 586 stores across Russia.

For the full year 2008, X5's net sales including acquired Karusel business on a pro-forma basis totaled USD 8,892 mln, EBITDA reached USD 803 mln, and net profit adjusted for non-cash goodwill impairment charge amounted to USD 112 mln.

For the first half 2009 X5's net sales totaled USD 3,978 mln, EBITDA reached USD 347 mln, and net profit amounted to USD 48 mln. For the nine months 2009, net retail sales totaled USD 6,053 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.9%, founders of Pyaterochka – 23.1%, X5 Management – 1.9%, treasury shares – 0.1%, free float – 27.0%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal" believe, or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as at the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Appendix I: LFL Store Performance by Format and Region^{*}

| | Q3 2009 | | | 9M 2009 | | |
|---|-----------------|------------|-----------|-----------------|------------|-----------|
| | Total LFL, % | Traffic, % | Basket, % | Total LFL, % | Traffic, % | Basket, % |
| <u>Moscow & the Moscow Region</u> | | | | | | |
| Hypermarkets | 12 | 4 | 8 | 9 | 2 | 7 |
| Supermarkets | - | (2) | 2 | 7 | (1) | 8 |
| Soft Discounters | 21 | 14 | 7 | 23 | 12 | 11 |
| Total | 12 | 8 | 4 | 15 | 7 | 8 |
| <u>St. Petersburg & North-West</u> | | | | | | |
| Hypermarkets | 10 | 4 | 6 | 9 | 2 | 7 |
| Supermarkets | 2 | 4 | (2) | 6 | 2 | 4 |
| Soft Discounters | 8 | 9 | (1) | 8 | 5 | 3 |
| Total | 8 | 8 | - | 8 | 4 | 4 |
| <u>Regions</u> | | | | | | |
| Hypermarkets | (3) | (6) | 3 | - | (6) | 6 |
| Supermarkets | (17) | (9) | (8) | (11) | (8) | (3) |
| Soft Discounters | 23 | 17 | 6 | 24 | 15 | 9 |
| Total | 0 | 4 | (4) | 3 | 3 | - |
| <u>X5 Retail Group</u> | | | | | | |
| Hypermarkets | 7 | - | 7 | 7 | (1) | 8 |
| Supermarkets | (4) | (3) | (1) | 2 | (3) | 5 |
| Soft Discounters | 16 | 12 | 4 | 17 | 10 | 7 |
| X5 Retail Group Total | 8 | 7 | 1 | 11 | 5 | 6 |

^{*} Based on RUR-denominated gross sales (including VAT, excluding FX). Net sales RUR growth rates may immaterially differ due to effective VAT rate.

Like-for-like comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in like-for-like comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in like-for-like calculation starting from the first day of the month following the month of the store opening. The like-for-like comparison for each store takes into account retail sales generated by that store during the same months it was in operation in both the reporting period and the period of comparison. The retail sales of all the relevant stores in the relevant months are then aggregated and compared. Like-for-like sales are calculated on the basis of traffic and basket amounts of relevant stores in the period under review.

Appendix II: Net Retail Sales Performance by Region

| USD mln | Q3 2009 | Q3 2008 | % change | 9M 2009 | 9M 2008 | % change |
|-------------------------------|----------------|----------------|-------------|----------------|----------------|-------------|
| | | | y-o-y | | | y-o-y |
| Moscow & the Region | 1,067.1 | 1,098.3 | (3%) | 3,120.1 | 3,266.0 | (4%) |
| St. Petersburg & North-West | 588.8 | 661.1 | (11%) | 1,720.7 | 2,023.7 | (15%) |
| Other Regions | 438.4 | 417.7 | 5% | 1,212.4 | 1,189.0 | 2% |
| Total Net Retail Sales | 2,094.2 | 2,177.0 | (4%) | 6,053.2 | 6,478.7 | (7%) |

| RUR mln | Q3 2009 | Q3 2008 | %change | 9M 2009 | 9M 2008 | %change |
|-------------------------------|-----------------|-----------------|------------|------------------|------------------|------------|
| | | | y-o-y | | | y-o-y |
| Moscow & the Region | 33,456.5 | 26,627.7 | 26% | 101,346.2 | 78,531.5 | 29% |
| St. Petersburg & North-West | 18,459.9 | 16,034.4 | 15% | 55,889.3 | 48,661.4 | 15% |
| Other Regions | 13,784.4 | 10,121.7 | 36% | 39,379.6 | 28,589.4 | 38% |
| Total Net Retail Sales | 65,700.8 | 52,783.8 | 24% | 196,615.2 | 155,782.2 | 26% |

Appendix III: Average Ticket and Number of Customers

| | Q3 2009 | Q3 2008 | % change, y-o-y | 9M 2009 | 9M 2008 | % change, y-o-y |
|------------------------------------|--------------|--------------|--------------------|--------------|--------------|--------------------|
| <u>Average Ticket, RUR</u> | | | | | | |
| Hypermarkets | 594.8 | 577.3 | 3% | 599.3 | 576.8 | 4% |
| Supermarkets | 337.8 | 339.6 | (1%) | 355.4 | 340.2 | 4% |
| Soft Discounters | 242.7 | 238.2 | 2% | 249.7 | 238.8 | 5% |
| X5 Retail Group Total | 299.7 | 298.1 | 1% | 309.7 | 299.8 | 3% |
| <u>Average Ticket, USD</u> | | | | | | |
| Hypermarkets | 18.9 | 23.8 | (21%) | 18.5 | 24.0 | (23%) |
| Supermarkets | 10.8 | 14.0 | (23%) | 10.9 | 14.2 | (23%) |
| Soft Discounters | 7.7 | 9.8 | (21%) | 7.7 | 9.9 | (23%) |
| X5 Retail Group Total | 9.6 | 12.3 | (22%) | 9.5 | 12.5 | (24%) |
| <u># of Customers, mln.</u> | | | | | | |
| Hypermarkets | 25.3 | 19.6 | 29% | 72.3 | 58.7 | 23% |
| Supermarkets | 56.1 | 53.7 | 4% | 171.6 | 161.0 | 7% |
| Soft Discounters | 168.5 | 128.6 | 31% | 479.4 | 372.8 | 29% |
| X5 Retail Group Total | 249.8 | 201.9 | 24% | 723.2 | 592.5 | 22% |

Appendix IV: Net Store Addition by Format and Region

| # of Stores | As of | | | Rebranding | Net Added | | % change |
|---|--------------|--------------|--------------|------------|-----------|------------|--------------|
| | 31-Dec-08 | 30-Jun-09 | 30-Sep-09 | 9M 2009 | Q3 2009 | 9M 2009 | vs 31-Dec-08 |
| <u>Moscow & the Moscow Region</u> | | | | | | | |
| Hypermarkets | 10 | 13 | 13 | - | - | 3 | 30% |
| Supermarkets | 114 | 119 | 120 | - | 1 | 6 | 5% |
| Soft Discounters | 368 | 380 | 398 | - | 18 | 30 | 8% |
| Total | 492 | 512 | 531 | - | 19 | 39 | 8% |
| <u>St. Petersburg & North-West</u> | | | | | | | |
| Hypermarkets | 15 | 15 | 16 | - | 1 | 1 | 7% |
| Supermarkets | 20 | 21 | 21 | - | - | 1 | 5% |
| Soft Discounters | 276 | 278 | 288 | - | 10 | 12 | 4% |
| Total | 311 | 314 | 325 | - | 11 | 14 | 5% |
| <u>Regions</u> | | | | | | | |
| Hypermarkets | 21 | 25 | 26 | - | 1 | 5 | 24% |
| Supermarkets | 73 | 71 | 69 | (5) | (2) | (4) | (5%) |
| Soft Discounters | 204 | 242 | 266 | 5 | 24 | 62 | 30% |
| Total | 298 | 338 | 361 | - | 23 | 63 | 21% |
| <u>X5 Retail Group</u> | | | | | | | |
| Hypermarkets | 46 | 53 | 55 | - | 2 | 9 | 20% |
| Supermarkets | 207 | 211 | 210 | (5) | (1) | 3 | 1% |
| Soft Discounters | 848 | 900 | 952 | 5 | 52 | 104 | 12% |
| X5 Retail Group Total | 1,101 | 1,164 | 1,217 | - | 53 | 116 | 11% |

Appendix V: Financial Calendar for 2009

| Date | Event |
|-----------------------|---|
| 30 November 2009, TBC | Q3 & 9M 2009 Financial Results Reviewed by Auditors |