

**Press Release**

AHB International Inc.  
Petcity Co., LTD.

**Merger between AHB International Inc. and Petcity Co., LTD.**

Petcity Co., LTD., (hereinafter called "Petcity") and AHB International Inc. (hereinafter called "AHB") jointly announced today that they had reached an agreement on the merger of the two companies on December 26 with Petcity to remain as the surviving company. Petcity is AEON's group company operating stores specialized in pets, while AHB is a company that operates pet stores across the nation based on its extensive expertise in pet-related business.

**1. Purpose of Merger**

The current market size of the pet industry in Japan is estimated to be approximately 1.3 trillion yen, and approximately 30% of the nation's households have pets. Today, as an increasingly larger number of people attach importance to the quality of life with pets, it is necessary for a pet business operator to possess a high level of expertise in all aspects of the pet business, ranging from pet foods and pet care supplies to pet grooming and pet health management, in offering products and services to customers.

The purpose of the merger between AHB and Petcity is to create a new company capable of meeting the increasingly diversified and specialized customer needs and of realizing a society in which people and pets live happily together by consolidating and concentrating the management resources of the two companies, both of which have a high level of expertise in pet-related product sales and services.

With the aim of realizing a society in which people and animals can live happily together, AHB operates *Pet Plus*, a business of selling pet-related products that can provide a sense of security, trust, and comfort; the pet-grooming hotel *Beauty Plus*; and *Athena Animal Hospital*, which is open 365 days a year and noted for providing a high level of diagnostic accuracy and advanced therapeutic techniques.

As an operator of specialized pet stores with the theme of lifestyle for living with pets, Petcity's mission is to have a positive impact on the local community and the Earth's environment by fostering the spirit of animal protection through the promotion of communications between endearing animals and families. Petcity sells pet-related products and operates pet grooming hotels

and the animal hospitals *Petcity*, primarily at the nation's AEON-affiliated shopping centers.

As a result of the merger of these two companies, the largest company specialized in pets in Japan will be created, with a combined total of 165 retail stores selling pet-related products, 146 pet grooming hotels, and 49 animal hospitals across the nation.

With the aim of supporting the achievement of a fulfilling life with pets and promoting the industrialization of the pet industry, the new company will operate general stores specialized in pets that offer in a one-stop format everything customers need for living with pets, from products and services to hospitality, by restructuring the existing pet-related product sales, animal hospital, and pet grooming businesses. Additionally, taking advantage of the merger, the new company will aim to accelerate its business expansion into China and the Association of Southeast Asian Nations (ASEAN) countries, where the pet industry is expected to grow in the years to come. Going forward, the new company will respect the histories and cultures of both companies, listen attentively to the voices of customers from a customer-focused perspective in line with AEON Group's management philosophy, and promote a community-based business model with a focus on retail stores.

In an effort to meet the ever-diversifying customer needs for pet-related products and services, AEON is currently in the process of converting a pet shop corner at its general supermarkets into a specialized pet store operated by *Petcity*. The merger of AHB and *Petcity* will certainly help AEON offer more attractive products and services than ever before to customers.

## 2. Outline of Merger between AHB International Inc. and *Petcity* Co., LTD.

- (1) Planned Effective Date of Merger: February 21, 2012
- (2) Method of Merger: The merger will be an absorption-type merger with *Petcity* Co., LTD., as the surviving company.

### (3) Outline of Merger Parties

	Surviving Company (as of February 20, 2011)	Company to be Absorbed (as of February 20, 2011)
Corporate Name	<i>Petcity</i> Co., LTD.	AHB International Inc.
Location of Head Office	3-21-1 Takasu, Mihama-ku, Chiba-shi, Chiba Prefecture, Japan	5-12-8 Kiba, Koto-ku, Tokyo Japan
Established	July 10, 1998	April 22, 1994
Capital	100 million yen	490 million yen
Operating Profit	14,521 million yen	11,385 million yen
Representative	Ryoji Mamesaya	Akihiro Ogawa

Director		
Number of Employees	943 (including 787 part-timers)	1,337 (including 658 part-timers)
Major Business Activities	Operation of general pet stores, retailing of pet foods and pet supplies, operation of pet grooming hotels, operation of animal hospitals and pet clinics	Operation of general pet stores, retailing of pet foods and pet supplies, operation of pet grooming hotels, operation of animal hospitals and pet clinics

As of November 21, 2011, AHB International Inc. spun off its CA<sup>1</sup> business unit into a separate company, which was subsequently absorbed into AHB Inc. (Representative Director: Masaaki Kawaguchi, Head Office: Koto-ku, Tokyo).

<sup>1</sup> CA stands for Companion Animal, which means pets such as dogs and cats.

(4) Outline of Surviving Company (After the Merger)

Corporate Name	To be decided.		
Location of Head Office	1-5-1 Nakase, Mihama-ku, Chiba-shi, Chiba Prefecture, Japan		
Capital	300 million yen		
Major Shareholder	AEON Co., Ltd. (75%)		
Representative Directors and Directors (Planned)	Job Title/Position	Name	Current Position
	President and Representative Director	Akihiro Ogawa	President, AHB International Inc.
	Vice President and Representative Director	Ryoji Mamesaya	President, Petcity Co., LTD.
	Director	Mitsuo Kiyokawa	Director, AHB International Inc.
	Director	Masahiro Miyata	Director, Petcity Co., LTD.
	Director	Hiroshi Matsui	Director, Petcity Co., LTD.; Vice president, CEO, Specialty Store Business, AEON Co., Ltd.
	Corporate Auditor	Masaru Takizawa	Corporate Auditor, Petcity Co., LTD.
	Corporate Auditor	Hideki Hayami	Corporate Auditor, Petcity Co., LTD.
Number of Employees	1,905 (including 1,170 part-timers)		
Number of Stores in Operation	165 retail stores selling pet-related products, 146 pet grooming hotels, and 49 animal hospitals.		
Major Business Activities	<ul style="list-style-type: none"> <li>• Operation of general pet stores</li> <li>• Retailing of pet foods and pet supplies</li> <li>• Operation of pet grooming hotels</li> <li>• Operation of animal hospitals and pet clinics</li> </ul>		