

SECOM's Core Competitive Advantages

We continue to leverage three competitive advantages—a powerful brand, a recurring revenue-based business model, and Group strengths—to respond to the expectations of both individual and corporate customers, as well as to ensure sustainable growth.

A powerful brand

SECOM is a pioneer in Japan's security services industry. Our employees have conducted themselves with a deep sense of their mission to deliver safety and peace of mind to customers, helping ensure that we remain firmly rooted in the community and underpinning our ability to provide services that exceed subscribers' expectations. Opinions and requests from subscribers are conveyed to our R&D team and play an important role in the continuous improvement and evolution of our offerings. Our ability to resolve

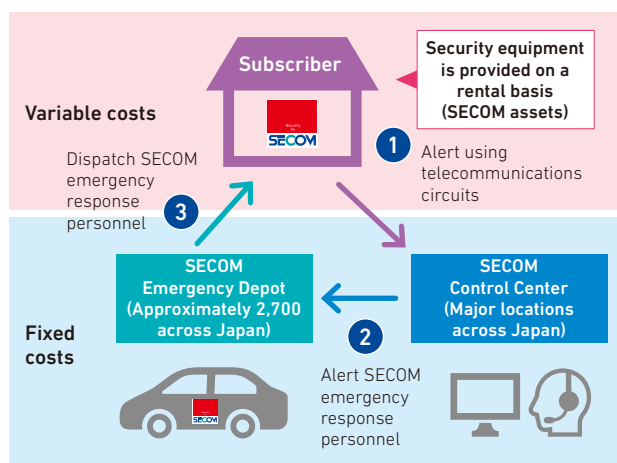
customers' apprehensions has earned us a reputation for reliability and contributed to the rise of SECOM as a brand synonymous with safety and peace of mind.

We currently enjoy the top share of the domestic market for on-line security systems, with more than 2.48 million contracts. Our reputation as the leading company in the industry gives us an advantage in securing talented human resources.

A recurring revenue-based business model

We are engaged primarily in recurring revenue-based businesses, including on-line security systems, giving us a highly stable earnings base. By valuing connections with customers and continuing to provide services and products that surpass their hopes, we endeavor to ensure long-term relationships. We continue to invest cash generated by recurring revenue-based businesses as needed to accommodate new contracts, improve quality and functionality, further hone our competitive advantage, and drive future growth.

Variable and Fixed Costs for On-Line Security Systems



Group strengths

With the aim of realizing our Social System Industry vision, as well as to boost per-customer income, we continue working to address concerns through a business portfolio encompassing security services, fire protection services, medical services, insurance services, geospatial information services, BPO and ICT services, and other services. We continue to fortify collaboration within the Group, enabling the creation of distinctively SECOM services, which in turn

boosts subscriber numbers and yields cross-selling opportunities, thereby streamlining sales activities. Another benefit of encouraging subscribers to take advantage of other SECOM services is stronger relations with customers and the extension of contract periods. With the goal of further reinforcing Group strengths, we are also promoting investments in M&As.