

Expanding Our Operations to Respond to Increasingly Diverse Security Needs



SECOM is expanding its operations into a broad range of business areas in pursuit of its Social System Industry vision. For the past several years, our core security operations—the central theme of which is to provide security and peace of mind—have been the focus of our development efforts.

To grow our commercial security operations, we have worked to develop new systems and upgrade the functionality and effectiveness of existing systems on an ongoing basis. We have also branched out into cyber security, a natural extension of these operations, in response to the Internet's increasingly important role in business.

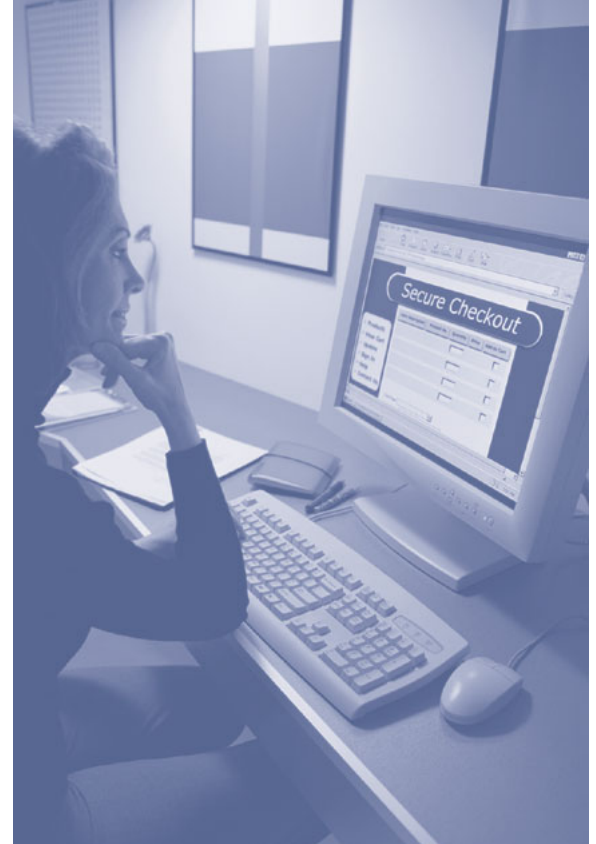
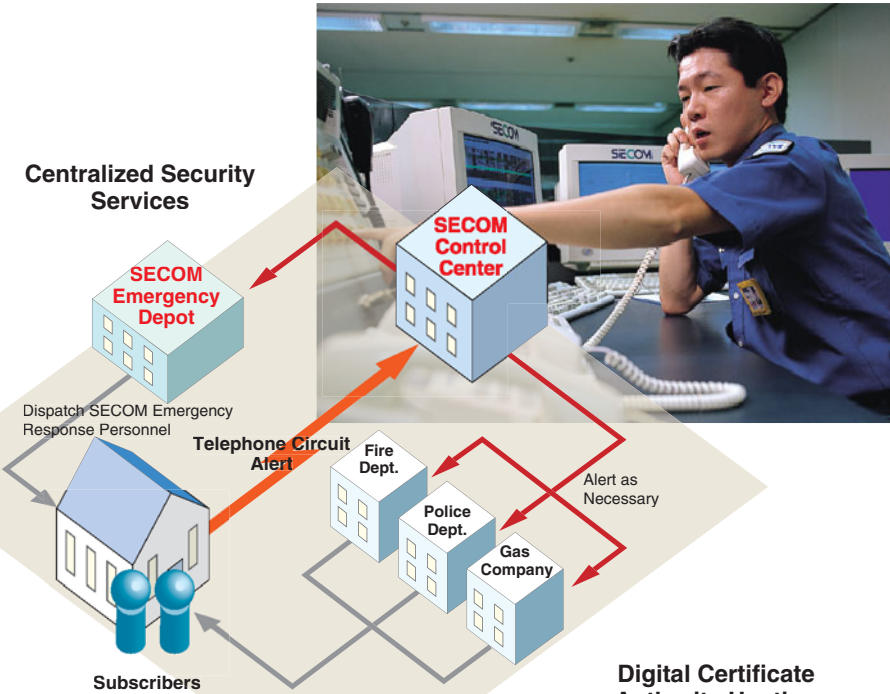
We have also expanded into the home security market, broadening our emphasis to include convenience and quality of life. At the same time, we have complemented antitheft, fire alarm and other security services with health and medical services. More recently, we have also launched insurance services, thereby enabling us to offer truly comprehensive security and peace of mind.

In April 2001, we opened a new chapter in the SECOM story by launching a new security system that has broadened the definition of the security services industry. This system, COCO-SECOM, provides protection for people and property, such as automobiles, on the move.

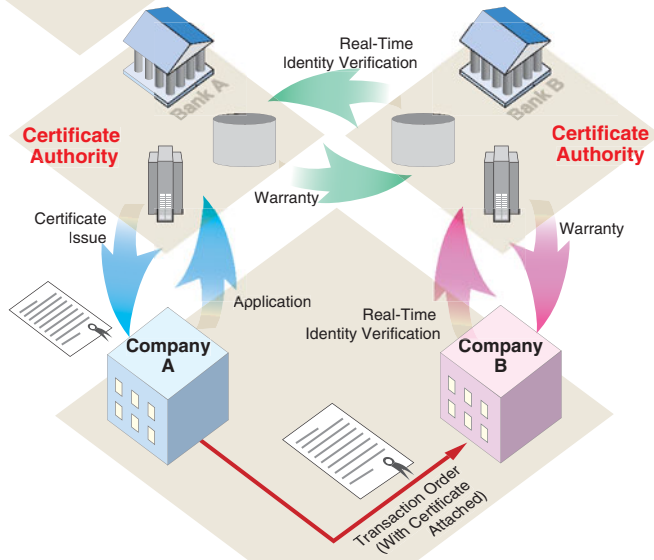
These are just a few examples of how we are creating new security systems that anticipate the new and growing risks posed by rapid social change, globalization and the information revolution. In the following pages, we take a closer look at recent initiatives aimed at responding to the diverse and evolving needs of customers.



Centralized Security Services



Digital Certificate Authority Hosting Services



SECOM's Social System Industry

Advanced Image Processing Technologies—Raising System Functionality and Effectiveness

In 1998, we developed and launched SECOM AX, an on-line centralized security system that employs advanced image sensors to combat the rise in carefully orchestrated crime at commercial establishments. The system's introduction has made it possible to capture images of the crime events and the rooms in which they occur as well as rapidly dispatch SECOM emergency response personnel and alert the police. When an image sensor detects an anomaly, it instantly transmits the image to SECOM's control center staff. If there is an intruder alert, the system sends still images of the event and several frames preceding and following it. If an emergency button is pressed, the system sends a still image of the emergency event and several frames preceding it and continues to transmit the real-time images. The images received at the control center are displayed on a monitor, allowing the staff to respond appropriately. The staff can use the image sensor to visually confirm the state of the subscriber's premises, its built-in microphone to listen to the room and its speaker to provide a trespass warning to any intruders.

In 1999, we launched SECOM IX image monitoring system, an on-line security system designed to prevent robberies of convenience stores and other late-night commercial establishments. SECOM IX uses closed-circuit television (CCTV) monitoring and moving image transmission technologies to transmit video images, sound and emergency signals to our image centers when an emergency button is pressed or monitoring is requested. The emergency button may be pressed by an employee at the subscriber's premises if the employee feels threatened. Requests for monitoring may be made if the employee feels uneasy. When the resulting images and sound reach the image centers, which are located within control centers, center staff can analyze the situation, make an announcement using the remote speaker, dispatch emergency response personnel and notify law enforcement officers. We have also used SECOM IX to develop Image Patrol Service, which offers constant, remote monitoring of premises from our image centers.

As these systems illustrate, we are incorporating the latest image-processing technologies in our systems to improve their functionality and effectiveness. Through efforts to market SECOM AX and SECOM IX systems, we are helping to counter the impact of the rise in crime in Japan in recent years.

Network Security Services—Protecting the Unseen

Growth in e-commerce and the submission of personal information, such as applications and resumes, via the Internet, is fueling the need for effective cyber security for commercial and residential users. A crucial component of today's information infrastructure, cyber security services range from the formation of security policies to counter the various threats associated with Internet use, to services relating to public key infrastructure (PKI) and digital identities, access control, antivirus protection and the prevention of unauthorized access.

As the leader in Japan's security industry, SECOM is developing network security services as part of the Social System Industry, thereby complementing its extensive physical security services.

Subsidiary Secom Trust.net provides network security monitoring and authentication services. Network monitoring services involve computer experts specialized in computer virus and unauthorized access countermeasures to offer SECOM Virus Monitoring Service, an around-the-clock virus protection service for the networks of companies and organizations, and SECOM Intrusion Detection Service, a real-time remote monitoring service. Authentication services include SECOM Passport for Web, which issues certificates for Web sites with encoded transmissions; SECOM Passport for Members, which issues certificates for use within specific corporate or other organizations; and certificate authority hosting services, which encompass the construction and operation of certificate authority services on behalf of customers.

In December 1998, SECOM led 17 other companies in forming Entrust Japan Co., Ltd., to market the PKI products created by Entrust, Inc., a U.S. based world-renowned leader in this market.

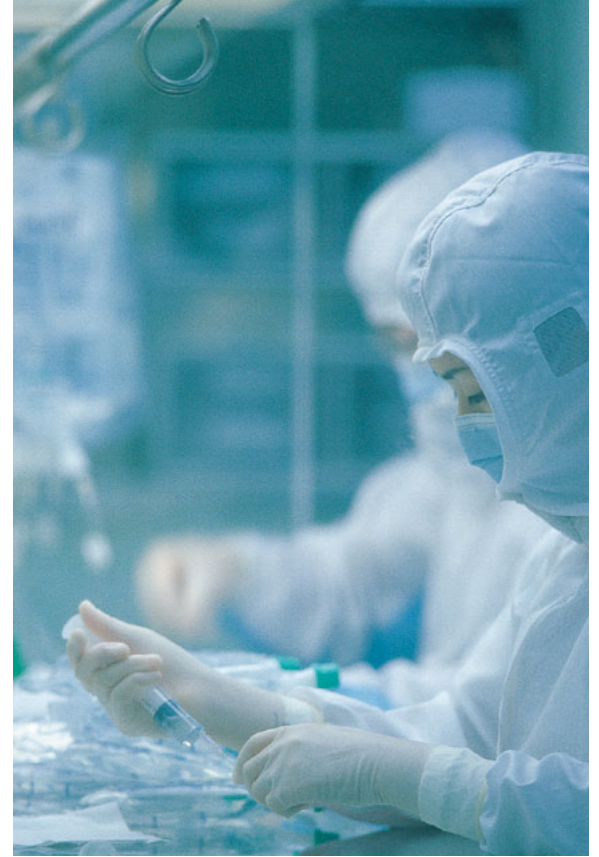
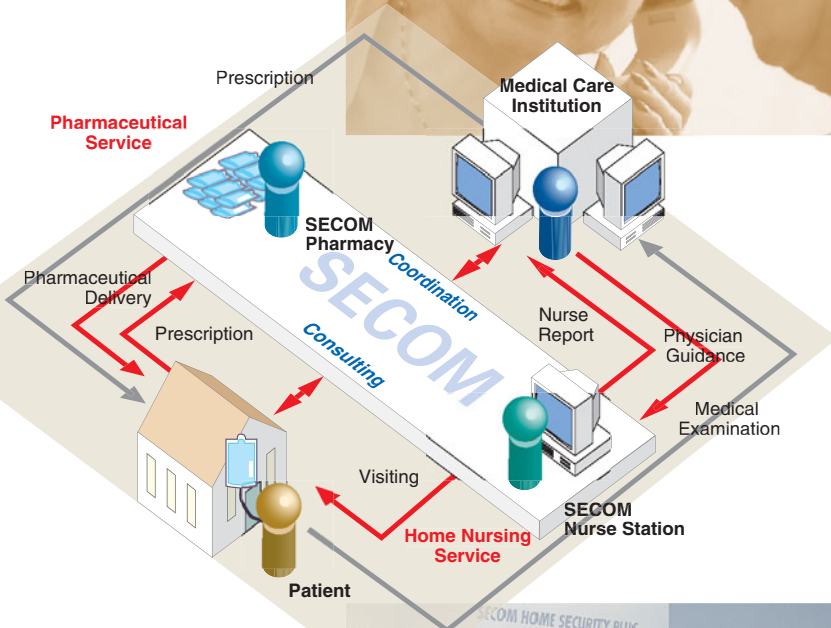


SECOM has 47 control centers linked on-line with subscribers around the clock.

vision is expanding the scope of its security services



Home Medical Services



SECOM's Social System Industry

In December 2000, we completed SECOM Secure Data Center, which is protected by highly sophisticated access control, to facilitate the provision of network access control and antivirus monitoring services, enabling us to offer total protection encompassing both physical and cyber security.

As the Internet community continues to develop, we aim to sustain a leading position as a provider of the cyber security so crucial to its operation.

SECOM—The Trusted Name in Home Security

SECOM developed its first home security system in 1981. Since then, the market for home security systems has changed significantly, owing to the forces of urbanization and internationalization as well as the aging of Japan's society. There is now a greater general awareness of and interest in services providing security and peace of mind.

In addition to protecting their residences while they are away, SECOM home security systems connect subscribers' homes to SECOM control centers via an on-line network, ensuring peace of mind even when they are at home. This system detects intruders, fires and gas leaks and features a portable wireless alarm allowing subscribers to summon emergency or medical assistance from anywhere in the home. If an alarm is activated, control center staff are alerted and immediately dispatch SECOM emergency response personnel. This system has enabled us to build solid relationships because customers know they can rely on us to be there when needed.

Just as a secure home is the foundation of daily life, home security systems are the foundation upon which we are working to realize our Social System Industry vision. We are devoting considerable resources to tapping the residential market. As part of these efforts, we have established home security shops nationwide to promote security services and products. Moreover, we are combining home security with services provided by other Group companies, such as comprehensive residential insurance policies offered by Secom General Insurance or health advice offered to subscribers at home over our health hotline, to further earn consumers' trust and appreciation as the top name in home security.

Family Health and Medicine as an Extension of Home Security

We view health and medical services as an inherent component of our mission to provide security and peace of mind. Our entry into the medical field came with the launch of the My Doctor emergency medical alert system, which we offer as part of our home security services.

Since 1991, we have operated Japan's first full-fledged home medical care service. Until then, patients had to be admitted into a hospital to receive medical care. We believe an affluent society is one that offers people choices. This concept also extends to health care.

Our principal medical care businesses are pharmaceutical services, in which intravenous medicines prescribed by the patient's physician are prepared in our "clean room" and then delivered to patients; and home nursing services, in which highly skilled, experienced nurses provide medical care under the direction of physicians, including patient observation, treatment of bedsores, catheter management and rehabilitation guidance. In 1999, amendments to Japan's Medical Care Insurance system made it possible for private-sector nursing stations to offer home medical care services covered by the system. Since then, we have established nursing stations in 25 major urban centers throughout Japan.

We continue to expand our medical and health-care services. Recent additions include Hospinet, a remote image diagnosis support service provided to medical institutions. We operate two of Japan's top-rated residential facilities for senior citizens and have recently acquired a medical instrument firm.

We will continue to reinforce our medical services with the aim of helping people to live healthier and more rewarding lives. At the same time, we will strive to enhance our grasp of market needs and broaden the scope of this key business.

Promoting Peace of Mind with Insurance

We have long felt that bundling on-line security systems with casualty insurance would enable us to offer the ultimate in security and peace of mind. We also believe customers would feel reassured if both the security company protecting their premises from criminal activities and disasters and the insurance company providing

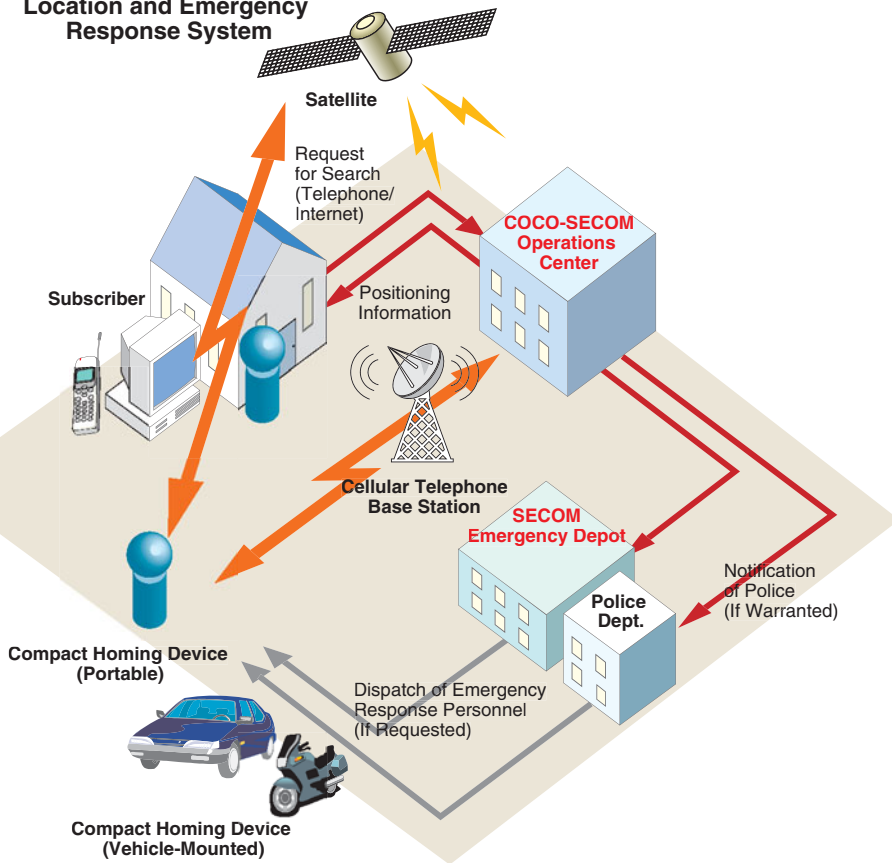


SECOM's medical services business includes SECOM Pharmacy, which fills prescriptions and delivers them to patients.

vision is expanding the scope of its security services



COCO-SECOM Location and Emergency Response System



SECOM's Social System Industry

coverage for such events were one and the same. With the deregulation of Japan's insurance industry in 1996, such comprehensive services became possible. In 1998, we entered the insurance industry by investing in a domestic non-life insurance company. Now called Secom General Insurance, this company is involved in developing unique insurance products worthy of the SECOM tradition.

Secom General Insurance's current lineup includes Secom *Anshin My Car*, an automobile insurance policy that provides around-the-clock on-site emergency services, including the dispatch of SECOM emergency response personnel in the event of a traffic accident. For corporate clients subscribing to our on-line security systems, the company offers Security Discount Fire Policy, a fire insurance policy with a discount on premiums that reflects the low risk posed by these subscribers.

Our third main insurance product is Secom *Anshin My Home*, a comprehensive fire insurance policy. A particularly attractive feature of this policy, which covers both the residence and its contents, is the significant discount on premiums offered to subscribers to our home security services in recognition of their low-risk status. In addition to the risk of theft or disaster being reduced by the home security system, a portion of theft provisions is already covered by a general insurance policy borne by the home security system, allowing us to offer the policy at very attractive rates.

By entering the insurance field, SECOM has equipped itself to provide total security and peace of mind—from prevention through to compensation.

Protecting People and Property on the Move

Starting from April 2001, SECOM has launched COCO-SECOM, a new suite of mobile security services, which utilizes the know-how and network expertise gained from our commercial and home security services and the latest locator technologies to extend protection to people or vehicles on the move. If the whereabouts of a person carrying a compact wireless terminal is unknown, or if a motorcycle or other vehicle equipped with the device is stolen, the COCO-SECOM Operations Center can locate the person or property and notify the customer. Emergency response personnel can also be dispatched from a nearby SECOM emergency depot to

that location at the customer's request and report back to the customer. In addition, COCO-SECOM includes Automobile Monitoring Service, which involves the COCO-SECOM Operations Center operator notifying the customer immediately if his or her vehicle is moved from its parking spot, triggering an alarm.

Competitive advantages of COCO-SECOM services include accuracy, ease of use and an affordable price. These services combine data from both GPS satellites and cellular telephone base stations to provide the highest locating accuracy currently available. The portable homing device used with the service is also extremely light and compact, resembling the latest models of cellular telephones. Moreover, the monthly fees for the various services are reasonable compared with other services currently on the market.

To use COCO-SECOM, a customer requests SECOM to locate the target person or vehicle carrying the compact homing device. At the COCO-SECOM Operations Center, the operator then conducts a search using GPS satellite signals and the cellular telephone base station network. The customer is then informed of the location (map location or address) by telephone or the Internet. If the customer requests, SECOM dispatches emergency response personnel from the nearest depot to the site and, if the situation warrants it, notifies the appropriate authorities.

Our COCO-SECOM service was developed in response to the growing number of missing persons and kidnappings in Japan, as well as the rising incidence of motorcycle and automobile theft in recent years. The system is attracting considerable attention because of its effectiveness in alleviating concern and providing people with alternative ways of addressing these problems. COCO-SECOM is attracting attention as an innovative new component of the Social System Industry that has expanded the reach of security services beyond the home and office, thereby helping to make life more secure, convenient and comfortable.



Staff at the COCO-SECOM Operations Center respond promptly to requests from subscribers to locate persons or vehicles.

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