



Notice of Convocation

The 52nd Ordinary General Meeting of Shareholders

The following is an English translation of the Notice of Convocation of the 52nd Ordinary General Meeting of Shareholders of SECOM CO., LTD. to be held on June 25, 2013, except for the translation of the INSTRUCTION ON ONLINE VOTING and the ACCESS MAP FOR THE PLACE OF THE MEETING in the Notice. The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.

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(Note) This Table of Contents is for this abridged English translation only, and not the same as that in the original Japanese documents.

Stock Exchange Code: 9735
June 3, 2013

Notice of Convocation of The 52nd Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 52nd Ordinary General Meeting of Shareholders of SECOM CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you can exercise your voting rights through either of the methods stated below. The Company respectfully requests you to study the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 6:00 p.m. (JST) June 24, 2013 (Monday):

[Exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your approval or disapproval to the proposals on the agenda, and return the form to the Company by mail on or before the aforesaid deadline.

[Exercising voting rights via the Internet]

Please access the website for the exercise of voting rights (<http://evote.jp/>), using the log-in ID and temporary password which are shown on the Voting Rights Exercise Form. After logging in, please indicate whether you approve or disapprove the items on the agenda by following the instructions on the display screen on or before the aforesaid deadline.

Yours very truly,

SECOM CO., LTD.

5-1, Jingumae 1-chome, Shibuya-ku,
Tokyo, Japan

By: SHUJI MAEDA

President and Representative Director

(Note) Please note that shareholders with addresses outside Japan may not themselves use these voting procedures. For these shareholders please consult their standing agents within Japan as to the exercise of voting rights.

[English Translation]

PARTICULARS

1. Date and Time of the Meeting:

Tuesday, June 25, 2013 at 10:00 a.m.

2. Place of the Meeting:

Bersarle Hanzomon, Sumitomo Fudosan Hanzomon-Ekimae
Building 2F, 6-4 Koujimachi 1-chome, Chiyoda-ku, Tokyo

3. Matters to be dealt with at the Meeting:

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements for the 52nd Fiscal Year (from April 1, 2012 to March 31, 2013) and the Results on the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.
2. Report on the Non-Consolidated Financial Statements for the 52nd Fiscal Year (from April 1, 2012 to March 31, 2013).

Matters to be Resolved upon:

- First Item of Business: Proposed Distribution of Surplus**
- Second Item of Business: Partial Amendments to the Articles of Incorporation**
- Third Item of Business: Election of Thirteen (13) Directors**
- Fourth Item of Business: Election of One (1) Audit & Supervisory Board Member**
- Fifth Item of Business: Presentation of Retirement Allowance to Retired and Retiring Directors**
- Sixth Item of Business: Presentation of Retirement Allowance to Retired Audit & Supervisory Board Member**
- Seventh Item of Business: Presentation of Retirement Allowance to Directors Resulting from Termination of Retirement Allowance System**

Eighth Item of Business: Presentation of Retirement Allowance to Audit & Supervisory Board Members Resulting from Termination of Retirement Allowance System

4. Matters related to Exercise of Voting Rights:

- 1) In the event that a shareholder wants to exercise non-uniform voting, he/she shall notify the Company to make non-uniform voting and the reason thereof in writing three (3) days prior to the date of the General Meeting of Shareholders.
- 2) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- 3) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.

(Internet disclosure)

Following matters are made available on the Company's website pursuant to the relevant laws and ordinances, and Article 16 of the Articles of Incorporation of the Company and are not included in the Attached Documents.

- 1) "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
 - 2) "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
- The Company's Website: <http://www.secom.co.jp/english/ir/>
(on the "Investor Relations: Stocks and Bonds" section)

The Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor and the Audit & Supervisory Board consist of each document attached to the Notice of Convocation of the Ordinary General Meeting of Shareholders, as well as the Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements available on the Company's Website.

(Note)

If you plan to attend the Meeting, please submit the enclosed Voting Rights Exercise Form to the receptionist at the Meeting.

(Notice)

If there is any amendment to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements, the Company will announce such amendments on the "Investor Relations: Stocks and Bonds" section of the Company's website (<http://www.secom.co.jp/english/ir/>).

Reference Document Concerning the General Meeting of Shareholders

Proposal and Reference Items

First Item of Business: Proposed Distribution of Surplus

The Company considers the return of profit to shareholders as one of the important managerial issues, and the Company has determined a dividend payout ratio on a consolidated basis and the level of internal reserves after making an overall judgment on the expansion of the Company's business and trend of future revenues and profits of the Company on a consolidated basis while considering the Company's basic policy that ensures the payment of continual and steady dividends. The Company has made it a basic rule to distribute a dividend once a year as the year-end dividend, which is determined by the General Meeting of Shareholders. Furthermore, the Company will utilize internal reserves for investments required for increased new customers, research and development and investments and the like for strategic business expansion so that the Company will exert its efforts to strengthen the corporate structure and to expand its business.

Based on the aforesaid basic policy, to reward shareholders' continued support, it is proposed that dividend for the fiscal year under review be YEN 105 per share, an increase of YEN 15 per share from the previous fiscal year in which dividend was YEN 90 per share.

Matters related to the year-end dividend:

- (1) Kind of assets distributed:
Cash
- (2) Matters related to distribution of cash and total amount:
YEN 105 per share of common stock of the Company
The total amount: YEN 22,918,325,430
- (3) Effective date for distribution of surplus:
June 26, 2013

Second Item of Business: Partial Amendments to the Articles of Incorporation

1. Reason for amendment

Article 32 (Liability Limitation Agreement with Outside Director) is proposed to be newly set forth under Article 427 of the Companies Act in light of enabling the Company to invite appropriate personnel as Outside Director easily and also enabling Outside Director to discharge expected roles to the full extent.

Furthermore, each Audit & Supervisory Board member has consented to the establishment of this provision.

Moreover, due to insertion of this new established provision, the number of the Articles thereafter will be renumbered.

2. Details of amendment

The details of amendment are as follows:

[English Translation]

(The underlined parts are amended parts.)

Current Articles of Incorporation	Proposed changes
<p>(Newly established)</p> <p>Articles <u>32 ~ 48</u> (Articles <u>32 to 48</u> are intentionally omitted)</p>	<p><u>(Liability Limitation Agreement with Outside Director)</u></p> <p><u>Article 32 Pursuant to Paragraph 1 of Article 427 of the Companies Act the Company may enter into an agreement with Outside Director to limit damage compensation liability provided for in Paragraph 1 of Article 423 of the Companies Act; Provided, however, that the limited amount of compensation liability pursuant to this agreement is the amount provided for in the laws and ordinances.</u></p> <p><u>Articles 33 ~ 49</u> (The number of Articles shall be renumbered and the content shall be the same as current)</p>

Third Item of Business: Election of Thirteen (13) Directors

The term of office of all of the eleven (11) Directors will expire at the close of this Meeting. In order to reflect outside opinion to the management decision, two (2) outside directors are proposed to be added. Therefore, it is proposed to reelect nine (9) Directors and newly elect four (4) Directors.

The candidates are as follows:

No.	Name (Date of Birth)	Summary of Career, Title and Responsibility, and Important Position of Other Organization Concurrently Assumed	The Number of Shares Held
1	Makoto Iida (April 1, 1933)	Jul 1962 President and Representative Director (Founder) Feb 1976 Chairman and Representative Director Jun 1997 Supreme Advisor and Director (currently)	4,320,500
2	Juichi Toda (March 7, 1932)	Jul 1962 Senior Executive Director (Co-founder) Feb 1976 Executive Vice Chairman and Representative Director Jun 1997 Supreme Advisor and Director (currently)	3,152,216
3	Shuji Maeda (September 27, 1952) *	Jan 1981 Joined SECOM Co., Ltd. Jun 1997 Director Jun 2000 Executive Director Jun 2004 Director and Managing Executive Officer Apr 2005 Executive Director Jun 2009 Executive Vice President and Director Jan 2010 President and Representative Director (currently)	12,700

[English Translation]

No.	Name (Date of Birth)	Summary of Career, Title and Responsibility, and Important Position of Other Organization Concurrently Assumed	The Number of Shares Held
4	Koichi Sato (February 5, 1953) *	Apr 1976 Joined SECOM Co., Ltd. Jun 2004 Executive Officer Jun 2005 Managing Executive Officer Jun 2007 Executive Director Jun 2008 President and Representative Director, Secom Joshinetsu Co., Ltd. Jun 2009 Chairman and Director, Secom Joshinetsu Co., Ltd. Jun 2009 Executive Vice President and Director (currently)	4,188
5	Yasuo Nakayama (November 1, 1952) *	Jul 2003 Branch Manager, Nagoya Branch, The Bank of Japan Jul 2005 Director-General, Secretariat of the Policy Board, The Bank of Japan Apr 2007 Personnel and Corporate Affairs Department, The Bank of Japan May 2007 Advisor, SECOM Co., Ltd. Jun 2007 Executive Director (currently)	3,300
6	Hiroshi Ito (February 7, 1952) *	Feb 1979 Joined SECOM Co., Ltd. May 1989 Executive Director, Secom Mie Co., Ltd. Jun 2000 Director (up to Jun 2004) Jun 2003 President and Representative Director, Secom Information System Co., Ltd. (presently Secom Trust Systems Co., Ltd.) (currently) Jun 2004 Executive Officer Jun 2009 Executive Director (currently) (Important position of other organization concurrently assumed) President and Representative Director, Secom Trust Systems Co., Ltd.	4,700
7	Kazuaki Anzai (January 14, 1952) *	Apr 1975 Joined Fuji Bank, Ltd. (presently Mizuho Bank, Ltd.) May 2003 Branch Manager, Kanda Branch, Mizuho Bank, Ltd. Jul 2005 Associate General Manager, Tokyo Regional Headquarter, SECOM Co., Ltd. Sep 2005 Deputy General Manager, Corporate Development Division Jun 2006 Executive Officer (up to Jun 2008) Mar 2008 Executive Director, Secom Alpha Co., Ltd. Jun 2011 Senior Executive Director, Secom Alpha Co., Ltd. Sep 2011 Assistant to President in charge of special tasks Jan 2012 Managing Executive Officer Jun 2012 Executive Director (currently) (Important position of other organization concurrently assumed) Outside Director, Nohmi Bosai Ltd. Outside Director, Toyo Tec Co., Ltd.	384
8	Yasuyuki Yoshida (March 28, 1958) *	Mar 1980 Joined SECOM Co., Ltd. Feb 1997 Associate General Manager, Strategic Planning Division Sep 1998 Director, Toyo Fire and Marine Insurance Co., Ltd. (presently Secom General Insurance Co., Ltd.) Jun 2002 President and Representative Director, Secom General Insurance Co., Ltd. Apr 2010 Executive Officer (Strategic Planning Office), SECOM Co., Ltd. Jun 2010 Outside Audit & Supervisory Board Member, Secom Joshinetsu Co., Ltd. Jun 2010 Group companies supervisor (currently) Jun 2012 Director (currently)	1,500

[English Translation]

No.	Name (Date of Birth)	Summary of Career, Title and Responsibility, and Important Position of Other Organization Concurrently Assumed	The Number of Shares Held
9	Junzo Nakayama (February 24, 1958) *	<p>Mar 1980 Joined SECOM Co., Ltd.</p> <p>Nov 1999 President and Representative Director, Japan Image Communications Co., Ltd.</p> <p>Sep 2009 Positioned in Personnel Department</p> <p>Dec 2009 Associate General Manager, Strategic Planning Office</p> <p>Jun 2010 Associate General Manager, Assistant to President in charge of special tasks</p> <p>Jan 2011 Deputy General Manager, Finance Division</p> <p>Jun 2012 Director and General Manager, Finance Division (currently)</p>	1,000
10	Tatsuro Fuse (September 9, 1957) * New Candidate	<p>Mar 1982 Joined SECOM Co., Ltd.</p> <p>Apr 2001 Manager, Project Development Department, Medical Division</p> <p>Mar 2002 Director, Secom Medical System Co., Ltd.</p> <p>May 2005 Executive Director, Secom Medical System Co., Ltd.</p> <p>Jun 2008 Senior Executive Director, Secom Medical System Co., Ltd.</p> <p>Jun 2009 President and Representative Director, Secom Medical System Co., Ltd. (currently)</p> <p>Apr 2010 Executive Officer in charge of medical business (currently)</p> <p>(Important position of other organization concurrently assumed) President and Representative Director, Secom Medical System Co., Ltd.</p>	1,600
11	Kenichi Furukawa (March 17, 1959) * New Candidate	<p>Mar 1982 Joined SECOM Co., Ltd.</p> <p>May 1999 Manager, Development Control Group, Development Center</p> <p>Apr 2006 General Manager, Development Strategic Group, Development Center</p> <p>Jan 2010 General Manager, Planning Department</p> <p>Jan 2012 Executive Officer (currently)</p>	100
12	Takaharu Hirose (October 25, 1944) New Candidate for Outside Director	<p>Sep 1965 Founded Fuji Vending Co., Ltd., and assumed Representative Director</p> <p>Apr 1972 Founded Food & Beverage Vending Association, and assumed Chairman</p> <p>Apr 1987 Founded Japan Automatic Merchandising Association and assumed Chairman</p> <p>Apr 2003 Advisor and Director, GAIN Inc.</p> <p>May 2008 President and Representative Director, GAIN Inc.</p> <p>May 2011 Chairman and Representative Director, GAIN Inc. (currently)</p> <p>(Important position of other organization concurrently assumed) Chairman and Representative Director, GAIN Inc.</p>	0
13	Takashi Sawada (July 12, 1957) New Candidate for Outside Director	<p>Apr 1981 Joined ITOCHU Corporation</p> <p>May 1997 Joined FAST RETAILING CO., LTD.</p> <p>Nov 1997 Executive Director, FAST RETAILING CO., LTD.</p> <p>Nov 1998 Executive Vice President and Director, FAST RETAILING CO., LTD.</p> <p>Jan 2003 President and Representative Director, KIACON Corporation</p> <p>Oct 2005 Representative Director, Revamp Corporation</p> <p>Feb 2011 President and Representative Director, Revamp Corporation (currently)</p> <p>(Important position of other organization concurrently assumed) President and Representative Director, Revamp Corporation Outside Director, Nomura Research Institute, Ltd. Outside Director, Culture Convenience Club Co., Ltd.</p>	0

(Notes)

1. There is no particular interest between the Company and each of the said candidates.
2. Candidates placed with an asterisk (*) are Executive Officers currently in office.
3. Messrs. Takaharu Hirose and Takashi Sawada are candidates for Outside Director. They are planned to be notified as Independent Officers to Tokyo Stock Exchange, Inc.
4. Reason for election of candidates for Outside Director:
 - (1)Mr. Takaharu Hirose launched an automatic vending machine-related venture business in his school days and has devoted himself to the establishment and administration of related associations, contributing to the advance of automatic vending machine business and its industry. In 2003, he changed his jobs to an internet research service company and has tried expanding business chance by utilizing internet research service. The Company judged that his wealth of experience and considerable discernment of business management cultivated through his career would help contribute to the enhancement of the Company's business and the advancement of its corporate governance. Accordingly, the Company proposes its shareholders to elect him as Outside Director.
 - (2)Mr. Takashi Sawada was engaged in the management of FAST RETAILING CO., LTD. After that, in 2005, he established Revamp Corporation and has, as a director responsible for the Corporation's management, promoted the launch of various business and support for business management. The Company judged that his wealth of experience and considerable discernment of business management cultivated through his career would help contribute to the enhancement of the Company's business and the advancement of its corporate governance. Accordingly, the Company proposes its shareholders to elect him as Outside Director.
5. If the proposed amendments to the Articles of Incorporation in the Second Item of Businesses is approved at the General Meeting of Shareholders and Messrs. Takaharu Hirose and Takashi Sawada assume the office of Outside Directors, the Company is scheduled, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, to enter into an agreement for limitation of liability with each of these two Outside Directors, which could limit their damage compensation liabilities pursuant to the provisions of Article 423, Paragraph 1 of the Companies Act. The amount of each of their compensation liabilities for damages stipulated in the agreement is limited to the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.

Fourth Item of Business: Election of One (1) Audit & Supervisory Board Member

Audit & Supervisory Board Member Mr. Kohei Yamashita will resign as Audit & Supervisory Board Member at the close of this Meeting. It is proposed to elect one (1) Audit & Supervisory Board Member to serve the remaining term of the resigning Audit & Supervisory Board Member.

The consent of the Board of Audit & Supervisory Board has been obtained for this Item of Business.

[English Translation]

In the event that the one candidate, Mr. Kenichi Sekiya is elected as Audit & Supervisory Board Member, his term shall expire at the close of the Ordinary General Meeting of Shareholders to be held in June 2015 as prescribed by the Articles of Incorporation.

The candidate is as follows:

No.	Name (Date of Birth)	Summary of Career, Title and Responsibility, and Important Position of Other Organization Concurrently Assumed	The Number of Shares Held
1	Kenichi Sekiya (March 5, 1938) New Candidate for Outside Audit & Supervisory Board Member	<p>Apr 1960 Joined Dai-ichi Seitoshō Co., Ltd. (presently DISCO Corporation)</p> <p>Mar 1963 Director, Dai-ichi Seitoshō Co., Ltd.</p> <p>May 1964 Executive Director, Dai-ichi Seitoshō Co., Ltd.</p> <p>Apr 1970 Executive Vice President and Director, Dai-ichi Seitoshō Co., Ltd.</p> <p>Mar 1985 President and Representative Director, DISCO Corporation</p> <p>Jul 1998 Chairman, President and Representative Director, DISCO Corporation</p> <p>Jun 2001 Chairman and Representative Director, DISCO Corporation</p> <p>Jul 2008 Resigned the post and became Director Emeritus, DISCO Corporation (Currently)</p>	2,000

(Notes)

1. There is no particular interest between the Company and the said candidate.
2. Mr. Kenichi Sekiya is a candidate for Outside Audit & Supervisory Board Member. He is planned to be notified as Independent Officer to Tokyo Stock Exchange, Inc.
3. Reason for election of the candidate for Outside Audit & Supervisory Board Member:
Mr. Kenichi Sekiya, as the founder and executive, strived to contribute to the advance of DISCO Corporation for a long time. He was also, for a long time, in the office of Representative and Director of SEMI, Semiconductor Equipment and Materials International, which is an international industrial association for semiconductor production equipment and material, much contributing to global advance of the industry. Based on such wealth of experience and considerable international discernment of business management cultivated through his career, the Company expects that he will superintend the overall management of the Company and provide useful advice to the Company from a wide range of his views. Accordingly, the Company proposes its shareholders to elect him as Outside Audit & Supervisory Board Member.
4. If Mr. Kenichi Sekiya is elected and assumes office as Audit & Supervisory Board Member, the Company is scheduled, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, to enter into an agreement for limitation of liability with him, which could limit his damage compensation liability pursuant to the provisions of Article 423, Paragraph 1 of the Companies Act.

The amount of his compensation liability for damages stipulated in the agreement is limited to the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.

Fifth Item of Business: Presentation of Retirement Allowance to Retired and Retiring Directors

It is hereby proposed that retirement allowances be granted to Mr. Fumio Obata who resigned from Director as of March 31, 2012, Messrs. Katsuhisa Kuwahara and Takayuki Ito who retired from Directors at the close of the 51st Ordinary General Meeting of Shareholders held on June 26, 2012 due to the maturity of the term, and Messrs. Shohei Kimura and Kanemasa Haraguchi who will retire from Directors at the close of this Meeting due to the maturity of their terms, in appreciation of their services rendered while in office, in YEN 551 million or less in aggregate based on the established standards and practice of the Company, and that determination of the actual amount, the timing and method of payment, and other relevant matters be left to the resolution of the Board of Directors.

Furthermore, since Mr. Takayuki Ito was appointed to and has been an Executive Officer of the Company from the close of the 51st Ordinary General Meeting of Shareholders held on June 26, 2012, retirement allowance payable for his services during office of Director will be paid when he retires from Executive Officer.

The brief summary of careers of the resigned and resigning Directors are as follows:

Name	Summary of Career of the Retired and Retiring Directors	
Fumio Obata	Jun 2000 Jun 2009 Mar 2012	Assumed office of Director Assumed office of Senior Executive Director Resigned from Director
Katsuhisa Kuwahara	Jun 1990 Jun 1995 Jun 2004 Apr 2005 Jun 2012	Assumed office of Director Assumed office of Executive Director Assumed office of Director and Managing Executive Officer Assumed office of Executive Director Retired from Director
Takayuki Ito	Jun 2007 Jun 2012	Assumed office of Director Retired from Director
Shohei Kimura	Feb 1985 Feb 1988 Jun 1995 Apr 2002 Jun 2004 Apr 2005	Assumed office of Director Assumed office of Executive Director Assumed office of Senior Executive Director Assumed office of President and Representative Director Assumed office of President and Representative Director and Executive Officer Assumed office of Chairman and Director (currently)

Name	Summary of Career of the Retired and Retiring Directors	
Kanemasa Haraguchi	Jun 1990	Assumed office of Director
	Jun 1995	Assumed office of Executive Director
	Jun 1997	Assumed office of Senior Executive Director
	Jun 2002	Assumed office of Director and Executive Vice President
	Jun 2004	Assumed office of Director and Executive Vice President and Executive Officer
	Apr 2005	Assumed office of President and Representative Director
	Jan 2010	Assumed office of Executive Vice Chairman and Director
	Jun 2012	Assumed office of Director (currently)

Sixth Item of Business: Presentation of Retirement Allowance to Retired Audit & Supervisory Board Member

It is hereby proposed that retirement allowances be granted to Mr. Teruo Ogino who resigned from Full-time Audit & Supervisory Board Member at the close of the 51st Ordinary General Meeting of Shareholders held on June 26, 2012, in appreciation of his services rendered while in office, in YEN 15 million or less based on the established standards and practice of the Company, and that determination of the actual amount, the timing and method of payment, and other relevant matters be left to the consultation of Audit & Supervisory Board Members.

The brief summary of a career of the resigned Audit & Supervisory Board Member is as follows:

Name	Summary of Career of the Retired Audit & Supervisory Board Member	
Teruo Ogino	Jun 2003	Assumed office of Full-time Audit & Supervisory Board Member
	Jun 2012	Resigned from Full-time Audit & Supervisory Board Member

Seventh Item of Business: Presentation of Retirement Allowance to Directors Resulting from Termination of Retirement Allowance System

In light of reviewing the remuneration scheme for Directors and Audit & Supervisory Board Members, the Company resolved at its Board of Directors' meeting held on March 6, to terminate the current retirement allowance system for Directors and Audit & Supervisory Board Members at the close of this Ordinary General Meeting of Shareholders.

In connection herewith, in the event that the Third Item of Business is approved, it is proposed that seven (7) Directors, namely Shuji Maeda, Koichi Sato, Yasuo Nakayama, Hiroshi Ito, Kazuaki Anzai, Yasuyuki Yoshida, and Junzo Nakayama out of the Directors who will have been reelected, be paid in appreciation of their services rendered while in office, each in a reasonable amount based on the established standards and practice of the Company in the aggregate amount of not more than YEN 297 million under the retirement allowance system to be terminated.

It is also proposed that the payment will be made at the time of retirement of each Director (however, retiring Director who continues to assume office of Executive Officer shall be paid at the time of retirement of Executive Officer), and

[English Translation]

the actual amount to each Director, method of payment, and other relevant matters be left to the resolution of the Board of Directors.

The brief summary of careers of the Directors who are paid under the retirement allowance system to be terminated are as follows:

Name	Summary of Career of the Directors	
Shuji Maeda	Jun 1997	Assumed office of Director
	Jun 2000	Assumed office of Executive Director
	Jun 2004	Assumed office of Director and Managing Executive Officer
	Apr 2005	Assumed office of Executive Director
	Jun 2009	Assumed office of Executive Vice President and Director
	Jan 2010	Assumed office of President and Representative Director (currently)
Koichi Sato	Jun 2007	Assumed office of Executive Director
	Jun 2009	Assumed office of Executive Vice President and Director (currently)
Yasuo Nakayama	Jun 2007	Assumed office of Executive Director (currently)
Hiroshi Ito	Jun 2009	Assumed office of Executive Director (currently)
Kazuaki Anzai	Jun 2012	Assumed office of Executive Director (currently)
Yasuyuki Yoshida	Jun 2012	Assumed office of Director (currently)
Junzo Nakayama	Jun 2012	Assumed office of Director (currently)

Eighth Item of Business: Presentation of Retirement Allowance to Audit & Supervisory Board Members Resulting from Termination of Retirement Allowance System

As explained with respect to Seventh Item of Business, in light of reviewing the remuneration system for Directors and Audit & Supervisory Board Members, the Company decided to terminate the current retirement allowance system for Directors and Audit & Supervisory Board Members at the close of this Ordinary General Meeting of Shareholders by resolution of the Board of Directors held on March 6, 2013.

In connection therewith, it is proposed that Full-time Audit & Supervisory Board Members Seiji Sakamoto and Katsuhisa Kuwahara, both currently in office be paid each in a reasonable amount for the respective periods in office of Audit & Supervisory Board Members until the close of this General Meeting of Shareholders based on the established standards and practice of the Company in the aggregate amount of not more than YEN 5 million to these two Audit & Supervisory Board Members as a group under the retirement allowance system to be terminated (excluding Outside Audit & Supervisory Board Members).

It is also proposed that the payment will be made at the time of retirement of each Audit & Supervisory Board Member, and the actual amount, method of payment, and other relevant matters be left to the consultation among the Audit & Supervisory Board Members.

The brief summary of careers of the Audit & Supervisory Board Members who are paid under the retirement allowance system to be terminated are as follows:

Name	Summary of Career of the Audit & Supervisory Board Members	
Seiji Sakamoto	Jun 2011	Assumed office of Full-time Audit & Supervisory Board Member (currently)
Katsuhisa Kuwahara	Jun 2012	Assumed office of Full-time Audit & Supervisory Board Member (currently)

[English Translation]

[Attached Documents]

Business Report (Fiscal Year Ended March 31, 2013)

I. Outline of the Group's Business

1. The Current Business Development and Results of Operations

During the fiscal year ended March 31, 2013 (“the current fiscal year”), the recovery of Japanese economy had seemed to be at a standstill owing to the appreciation in yen, the effect of continuing deflation, etc. However, since the end of last year, the economy has seemed to be improving as reflected in the rise of stock price, robust consumer spending, etc., ascribed to the downward trend of Japanese yen and expectation of economic recovery.

In this environment, we have been continuously trying to satisfy the increasingly diverse and sophisticated needs of our customers for their safety and peace of mind, with the aim of realizing our vision of the establishment of “Social System Industry”, a society where everyone can live safe and secure anytime and anywhere. To this end, we have made efforts to develop and provide high-grade products and services suited to customer needs in our security services segment, as well as in our fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services segments. In addition, aiming at our further growth, we enhanced “ALL SECOM,” the combination of all SECOM Group’s power to promote our synergies even more, with all segments standing on their own and promoting mutual cooperation.

As a result, consolidated revenue for the current fiscal year increased by 12.7% to YEN 765.6 billion, compared with the previous fiscal year. Consolidated operating profit went up by 33.7% to YEN 108.3 billion, mainly attributable to the recognition of write-down on real estate inventories of YEN 20.7 billion in the previous period. Consolidated ordinary profit increased by 29.3% to YEN 113.6 billion, and consolidated net income increased by 79.4% to YEN 63.6 billion, due mainly to the recognition of impairment loss for fixed assets of YEN 8.1 billion in the previous period. Moreover, consolidated revenue, operating profit and net income reached a record-high, compared with the past fiscal years.

(Millions of Yen)

	Revenue	Operating profit	Ordinary profit	Net income
Current fiscal year (FY2012)	765,635	108,370	113,618	63,658
Previous fiscal year (FY2011)	679,173	81,078	87,839	35,489

A breakdown by business segments is as follows:

In the security services segment, we provided customers chiefly with commercial and residential security services (on-line security systems), as well as static guard services, armored car services and merchandises. In the current fiscal year, we have been performing door-to-door sales promotion thoroughly so that we can make our customer relationship more solid and that customers can utilize our safe and secure services. For our commercial security services, we have made an effort to market our various on-line security systems, such as “SECOM AX,” which is high-quality on-line security systems supported by imaging technology, “SECOM LX,” which has an access control function for the promotion of customers’ security level and cost reduction, and “SECOM FX,” which has a facility control

[English Translation]

function. For our residential security services, we have tried enhancing the convenience of “SECOM Home Security G-Custom,” which has been launched in the previous fiscal year, for its sales promotion. In addition, we have endeavored to develop new services for the super aging society, including “SECOM My Doctor Plus,” an emergency correspondence services for the aged with the cooperation of the two major nursing business companies.

Outside Japan, we promoted our “SECOM-style” security services, which has specialty in emergency response services, in economically developing areas, including People’s Republic of China, and Southeast Asia.

As a result, revenue increased by 4.0% to YEN 441.1 billion and operating profit increased by 1.8% to YEN 102.4 billion.

In the fire protection services segment, we provided a broad range of fire protection systems such as high-quality fire alarm systems and fire extinguishing systems along with customers’ needs to a wide variety of facilities such as office buildings, production facilities, tunnels, cultural properties, ships and residences. In the current fiscal year, in addition to Nohmi Bosai Ltd. in charge of the fire protection business in our group, Nittan Co., Ltd., the third fire protection company in the domestic market share, became our consolidated subsidiary on April 1, 2012. We promoted various fire protection systems based on each company’s business infrastructure and product development expertise.

Owing to contribution by Nittan Co., Ltd. and the efforts of proactive business activities to satisfy market needs in the severe business environment, revenue increased by 41.5% to YEN 114.1 billion and operating profit increased by 47.9% to YEN 6.4 billion.

In the medical services segment, we provided various medical services such as our core home medical services, including home nursing services and pharmaceutical dispensing and home delivery services, operation of residences for seniors, sales of electronic medical report systems, sales of medical equipments, personal care services, and the leasing of real estate for medical institutions. In the current fiscal year, we enriched medical services to accommodate ourselves to changes in society, by expanding various services for seniors, including launching rental housing for seniors with supportive services.

Revenue increased by 12.0% to YEN 48.0 billion, primarily due to brisk sales of medical equipment. Operating profit increased by 7.6% to YEN 4.3 billion, reflecting decrease in SG&A expenses which is primarily due to the absence of amortization of goodwill completed in the previous period.

In the insurance services segment, we expanded marketing efforts for our unique non-life insurance offerings, including Security Discount Fire Policy for commercial facilities that offers discounts on premiums to customers who have installed on-line security systems, recognizing such systems as a risk-mitigating factor; SECOM *Anshin* My Home, the comprehensive fire insurance policy for residences that offers a variety of compensation plans and discount policies; SECOM *Anshin* My Car, a comprehensive automobile insurance policy that offers on-site support services provided by our emergency response personnel in the event of an accident; and MEDCOM, an unrestricted cancer treatment policy that offers compensation of actual cost of medical treatment.

Strong sales increased revenue by 2.9% to YEN 35.1 billion and operating profit of YEN 40 million in the previous fiscal year turned into operating loss of YEN 0.9 billion in the current fiscal year, primarily owing to the increase in underwriting expenses, caused by the increase in the number of natural disasters.

In the geographic information services segment, by exploiting up-to-date measuring machine and technologies, we provided geospatial data services for domestic national and local governmental agencies, private sectors, and foreign governmental agencies including emerging and developing countries. In the current fiscal year, by collecting high-precision and clear geospatial photo data such as satellite images, and utilizing our data processing technologies, we also

strived to provide a variety of services suited to our customers' needs, including mapping arrangement, environmental monitoring, fire protection, and measures to deal with natural calamities.

Since sales in public, private and international division firmly increased, revenue increased by 2.0% to YEN 51.1 billion. Operating profit increased by 4.5% to YEN 3.7 billion, mainly due to the decrease in cost ratio of the international division, despite the increase in labor costs etc. along with expansion of business scale.

In the real estate development and sales segment, we devoted our best efforts to developing and selling condominiums equipped with advanced security and disaster prevention systems.

In the current fiscal year, revenue went up by YEN 15.3 billion or 131.3% to YEN 27.1 billion, mainly attributable to the release of large-scale condominiums during the second quarter and efforts to focus on sales and delivery of inventories on hand. Operating loss of YEN 21.4 billion in the previous period, mainly due to the recognition of write-down on real estate inventories of YEN 20.7 billion, turned into operating profit of YEN 1.7 billion for the current fiscal year.

The information and communication related and other services segment covers information and communication related services and real estate leasing, etc. In the information and communication related services, we have continued striving to provide comprehensive information network services, focusing on information security, development and management of business systems and major-disaster response services. In the current fiscal year, we acquired and consolidated At Tokyo Corporation as a subsidiary, which is the one of the most prestigious data center operating company in Japan in terms of scale, stability of electric power supply, security level, etc.

Revenue increased by 38.3% to YEN 48.7 billion, due chiefly to contribution by At Tokyo Corporation and the increase in sales of information and communication related services, including those of Secure Data Center, and operating profit increased by 38.3% to YEN 5.7 billion.

Results by Business Segment (52nd Fiscal Year – current fiscal year)

(Millions of Yen)

Business segment	Revenue			Operating profit (loss)
	Customers	Inter-segment	Total	
Security services	441,178	11,658	452,837	102,487
Fire protection services	114,129	4,308	118,437	6,460
Medical services	48,082	165	48,248	4,316
Insurance services	35,173	2,816	37,989	(978)
Geographic information services	51,194	127	51,321	3,753
Real estate development and sales	27,121	3,535	30,657	1,746
Information and communication related and other services	48,754	6,870	55,625	5,756
Total	765,635	29,482	795,117	123,543
Eliminations and corporate items	-	(29,482)	(29,482)	(15,173)
Consolidated revenue	765,635	-	765,635	108,370

With respect to the results by geographical segments, in Japan, revenue increased by 12.6% to YEN 732.5 billion. Overseas revenue increased by 14.9% to YEN 33.0 billion.

2. Issues the Group Has to Cope with

As society undergoes constant change, people's demand for security and safety increases and becomes diverse and sophisticated.

In view of this situation, the Group is aiming to realize "Social System Industry" through providing various services and products, mainly in our core security services, and also in fire protection services, medical services, insurance services, geographic information services, real estate development and sales, and information and communication related and other services, which can help realize more secured, convenient, and comfortable society. Moreover, by combining these services and products, the Group endeavors to create and supply unique services and products. To this end, the Group declared the slogan, "ALL SECOM," to further rally the cooperation among the Group's various businesses, and each and every employee of the Group has been actively working to maximize the strength of the Group as a whole. We place a high value on data center business handling our customers' information as one of our business base. Furthermore, we promote aggressively to create highly-value-added services only the Group could provide, from the view point of key words like security, disaster, super-aging society and environment.

We will continue our efforts to develop high-quality systems that can earn the trust of our customers and provide services that accurately respond to their needs, while working to provide comprehensive services by maximizing the Group's capabilities. Additionally, the Group aims to further instigate growth by leveraging its know-how accumulated through its business in Japan and using it to aggressively develop businesses overseas. The Group will seek to incorporate consideration for the environment into all aspects of its operations, while remaining committed to its efforts to pursue business efficiency through unremitting business improvements.

We look forward to the support from our shareholders in these and all of our endeavors.

3. Capital Expenditures

Capital expenditures for the current fiscal year totaled YEN 60.5 billion (a breakdown is given below). A major portion was for system investments (including those for security equipment and control stations) etc. in the security services segment, which totaled to YEN 38.5 billion.

Business segment	Amount (Millions of Yen)
Security services	38,514
Fire protection services	1,404
Medical services	6,569
Insurance services	910
Geographic information services	2,758
Real estate development and sales	17
Information and communication related and other services	11,159
Subtotal	61,334
Eliminations and corporate items	(803)
Total	60,531

4. Fund Raising

During the current fiscal year, no funds were raised by the Group in capital markets through the issuance of corporate bonds or new shares.

5. Trends in Earnings and Assets of the Group

(Millions of Yen except for net income per share)

Fiscal years Category	49th fiscal year (4/1/2009– 3/31/2010)	50th fiscal year (4/1/2010– 3/31/2011)	51st fiscal year (4/1/2011– 3/31/2012)	52nd fiscal year (current fiscal year) (4/1/2012– 3/31/2013)
Revenue	654,678	663,887	679,173	765,635
Operating profit	98,539	99,141	81,078	108,370
Ordinary profit	98,327	109,674	87,839	113,618
Net income	47,611	60,846	35,489	63,658
Net income per share (Yen)	218.37	279.07	162.63	291.65
Total assets	1,081,679	1,094,400	1,101,884	1,249,110
Net assets	625,153	654,055	671,517	764,139

6. Trends in Earnings and Assets of the Company

(Millions of Yen except for net income per share)

Fiscal years Category	49th fiscal year (4/1/2009– 3/31/2010)	50th fiscal year (4/1/2010– 3/31/2011)	51st fiscal year (4/1/2011– 3/31/2012)	52nd fiscal year (current fiscal year) (4/1/2012– 3/31/2013)
Revenue	328,773	329,297	345,476	355,393
Operating profit	71,527	68,688	70,196	69,952
Ordinary profit	77,462	74,501	75,212	76,336
Net income	45,806	45,023	26,818	49,128
Net income per share (Yen)	210.09	206.50	122.90	225.08
Total assets	668,207	694,656	699,448	749,317
Net assets	532,931	558,417	567,758	599,112

In the current fiscal year, the Company's non-consolidated revenue increased by 2.9% to YEN 355.3 billion, operating profit decreased by 0.3% to YEN 69.9 billion, ordinary profit increased by 1.5% to YEN 76.3 billion, and net income increased by 83.2% to YEN 49.1 billion. Net income per share decreased to YEN 225.08 compared to YEN 122.90 in the previous fiscal year.

Contract revenue accounted for 85.9% of total revenue, or YEN 305.3 billion, and sale of products and equipment accounted for 14.1% of total revenue, or YEN 50.0 billion.

Revenue from centralized system contracts, which is the core of revenue and profit, recorded YEN 256.0 billion and accounted for 72.0% of total revenue. Static guard contracts generated revenue of YEN 25.2 billion, and revenue from armored car services came to YEN 17.0 billion. The remaining revenue amounted to YEN 6.9 billion, the majority of which came from management fees paid by subsidiaries and other companies.

Product sales totaled YEN 29.3 billion, 8.3% of total revenue, and equipment sales to subsidiaries and other companies totaled YEN 20.7 billion, 5.8% of total revenue.

Costs of service and sales were YEN 210.7 billion, and sales and general administrative expenses were YEN 74.6 billion. As a result, operating profit recorded YEN 69.9 billion.

Non-operating income was YEN 10.1 billion, which included interest and dividends received, while non-operating expenses, including interest paid and losses on sales and disposal of fixed assets, totaled YEN 3.7 billion.

For the fiscal year under review, the Company posted net income of YEN 49.1 billion, having recorded an extraordinary profit of YEN 1.2 billion including the reversal of retirement benefits for Directors and Audit & Supervisory Board Members, and an extraordinary loss of YEN 1.0 billion including the provision for allowance for doubtful accounts with respect to loans to consolidated subsidiaries.

[English Translation]

Revenue by Business Category of the Company

Fiscal years Category		50th fiscal year (4/1/2010–3/31/2011)			51st fiscal year (4/1/2011–3/31/2012)			52nd fiscal year (Current fiscal year) (4/1/2012–3/31/2013)		
		Amount (Millions of Yen)	%	Change (%)	Amount (Millions of Yen)	%	Change (%)	Amount (Millions of Yen)	%	Change (%)
Contract revenue	Centralized systems	239,311	72.7	(0.5)	249,817	72.3	4.4	256,025	72.0	2.5
	Static guard services	24,815	7.5	0.1	24,923	7.2	0.4	25,223	7.1	1.2
	Armored car services	16,973	5.1	(0.4)	17,276	5.0	1.8	17,073	4.8	(1.2)
	Other	9,151	2.8	0.7	7,506	2.2	(18.0)	6,977	2.0	(7.0)
	Subtotal	290,252	88.1	(0.4)	299,523	86.7	3.2	305,300	85.9	1.9
Sales	Products	27,808	8.5	3.8	28,034	8.1	0.8	29,389	8.3	4.8
	Equipment	11,236	3.4	5.4	17,917	5.2	59.5	20,703	5.8	15.5
	Subtotal	39,045	11.9	4.3	45,952	13.3	17.7	50,092	14.1	9.0
Total		329,297	100.0	0.2	345,476	100.0	4.9	355,393	100.0	2.9

7. Matters Concerning Principal Subsidiaries

Company name	Issued capital	Percentage of ownership (Percentage of voting rights)	Principal business activities
Secom Joshinetsu Co., Ltd.	(Millions of Yen) 3,530	(%) 50.87 (50.88)	Security and safety services
Nohmi Bosai Ltd.	(Millions of Yen) 13,302	(%) 50.36 (50.94)	Comprehensive fire protection services
Nittan Co., Ltd.	(Millions of Yen) 2,302	(%) 100.00 (100.00)	Comprehensive fire protection services
Secom Medical System Co., Ltd.	(Millions of Yen) 6,545	(%) 100.00 (100.00)	Home medical services and remote image diagnosis support services
Secom General Insurance Co., Ltd.	(Millions of Yen) 16,808	(%) 97.11 (97.82)	Non-life insurance
Pasco Corporation	(Millions of Yen) 8,758	(%) 69.84 (72.87)	Surveying, measuring and geographic information system services
Secom Home Life Co., Ltd.	(Millions of Yen) 3,700	(%) 99.94 (99.95)	Development and sales of real estate
Secom Trust Systems Co., Ltd.	(Millions of Yen) 1,468	(%) 100.00 (100.00)	Information security services and software development
At Tokyo Corporation	(Millions of Yen) 13,378	(%) 50.88 (50.88)	Data center business
The Westec Security Group, Inc.	(US\$) 301	(%) 100.00 (100.00)	Holding company in the U.S.
Secom Plc	(Thousands of UK Pounds) 44,126	(%) 100.00 (100.00)	Security business in the U.K.

(Notes)

1. The percentages of ownership (percentages of voting rights) are truncated to two decimal places.
2. The percentages of ownership (percentages of voting rights) for Secom Joshinetsu Co., Ltd. and Nohmi Bosai Ltd. include those owned by the Company's subsidiaries.
3. Nittan Co., Ltd. and At Tokyo Corporation became consolidated subsidiaries effective on April 1, 2012 and October 31, 2012, respectively.

8. Principal Business of the Group

The Group consists of the Company, 171 consolidated subsidiaries and 26 affiliates accounted for under the equity method. The principal business activities of the Group are as follows: Security Services centering on contracted security services; Fire Protection Services centering on comprehensive fire protection services; Medical Services, focusing on home medical services and management of residences for seniors; Insurance Services consisting mainly of non-life insurance; Geographic Information Services that mainly entails the provision of surveying and measuring operations; Real Estate Development and Sales centering on development and sales of condominiums; and Information and Communication Related and Other Services, including security network services, development and operation of business systems and information security services.

9. Principal Offices of the Group

- (i) Headquarters of the Company:
5-1, Jingumae 1-chome, Shibuya-ku, Tokyo
- (ii) Regional Headquarters:
Hokkaido (Sapporo City), Tohoku (Sendai City), West Kanto (Saitama City), East Kanto (Chiba City), Tokyo (Bunkyo-ku, Tokyo), Metropolitan Static Guard Service (Shinjuku-ku, Tokyo), Metropolitan Armored Car Service (Saitama City), Kanagawa (Yokohama City), Shizuoka (Shizuoka City), Chubu (Nagoya City), Kinki (Kyoto City), Osaka (Osaka City), Kansai Static Guard Service (Osaka City), Hyogo (Kobe City), Chugoku (Hiroshima City), Shikoku (Takamatsu City), Kyushu (Fukuoka City).
- (iii) Domestic Subsidiaries:
Secom Joshinetsu Co., Ltd. (Niigata City), Nohmi Bosai Ltd. (Chiyoda-ku, Tokyo), Nittan Co., Ltd. (Shibuya-ku, Tokyo), Secom Medical System Co., Ltd. (Shibuya-ku, Tokyo), Secom General Insurance Co., Ltd. (Chiyoda-ku, Tokyo), Pasco Corporation (Meguro-ku, Tokyo), Secom Home Life Co., Ltd. (Shibuya-ku, Tokyo), Secom Trust Systems Co., Ltd. (Shibuya-ku, Tokyo), At Tokyo Corporation (Koto-ku, Tokyo), Arai & Co., Ltd. (Shibuya-ku, Tokyo)
- (iv) Overseas Subsidiaries:
The Westec Security Group, Inc. (Dover, Delaware, USA), Secom Plc (Kenley, Surrey, UK), Secom (China) Co., Ltd. (Beijing, China).

10. Matters Concerning Employees of the Group and the Company

(1) Matters Concerning Employees of the Group

Number of employees	Increase from the end of the previous fiscal year
36,473	2,410

(Note)

The number of employees increased mainly due to that Nittan Co., Ltd and At Tokyo Corporation joined the Group in the consolidated fiscal year under review.

(2) Matters Concerning Employees of the Company

Number of employees	Decrease from the end of the previous fiscal year	Average age	Average years of service
14,904	7	41.2	14.5

(Note)

The number of employees refers to the number of full-time employees.

11. Principal Lenders

(Millions of Yen)

Lenders	Balance
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,235
Sumitomo Mitsui Banking Corp.	9,940
Mizuho Bank, Ltd.	9,461
Mitsubishi UFJ Trust and Banking Corp.	4,736

12. Other Important Matters Concerning the Group

On October 31, 2012, the Company acquired 50.88% of the outstanding common shares (170,526 shares) of At Tokyo Corporation (“At Tokyo”) held by Tokyo Electric Power Company, Inc. for YEN 33,327 million and included At Tokyo into its consolidated subsidiary.

II. Matters Concerning the Company's Shares and Shareholders

- 1. Total Number of Shares to be Issued:** 900,000,000
- 2. Total Number of Issued Shares:** 233,288,717
(including 15,018,951 shares of treasury stock held by the Company)
- 3. Number of Shareholders at the End of the Fiscal Year:** 27,628
- 4. Number of Shares Constituting a Unit of Shares:** 100 shares
- 5. Major Shareholders (Top 10)**

Name of Shareholders	Number of shares held (Thousands of Shares)	Percentage of ownership (%)
The State Street Bank and Trust Company	19,430	8.90
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,549	7.12
Japan Trustee Services Bank, Ltd. (Trust Account)	12,707	5.82
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052098)	6,153	2.81
Makoto Iida	4,320	1.97
SSBT OD05 OMNIBUS ACCOUNT-TREATY CLIENTS	4,318	1.97
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052088)	4,148	1.90
Secom Science and Technology Foundation	4,025	1.84
The State Street Bank and Trust Company 505223	3,866	1.77
Juichi Toda	3,152	1.44

(Notes)

- The Company holds treasury stock of 15,018,951 shares although it is not included in the table above. The percentage of ownership is calculated on the basis of the total number of shares outstanding excluding treasury stock. The percentage of ownership is truncated to two decimal places.
- In the case of the trust banks listed above, banking business-related shares and trust service-related shares are registered under different register names. Therefore, the number of shares held under the register name of banking business is registered separately.

III. Directors and Audit & Supervisory Board Members

1. Names and Titles of Directors and Audit & Supervisory Board Members

(As of March 31, 2013)

Position	Name	Field of responsibility and important position of other organization concurrently assumed
Director	Makoto Iida	Supreme Advisor
Director	Juichi Toda	Supreme Advisor
Chairman and Director	Shohei Kimura	Chairman of All Japan Security Service Association, Outside Audit & Supervisory Board Member of Secom General Insurance Co., Ltd.
President and Representative Director	Shuji Maeda	Executive Officer
Executive Vice President and Director	Koichi Sato	Executive Officer (general manager of group international business division)
Executive Director	Yasuo Nakayama	Executive Officer (general manager of general affairs division)
Executive Director	Hiroshi Ito	Executive Officer (general manager of human resources division, in charge of information systems and liaison), President and Representative Director of Secom Trust Systems Co., Ltd.
Executive Director	Kazuaki Anzai	Executive Officer (general manager of sales division, in charge of sales administration), Outside Director of Nohmi Bosai Ltd., Outside Director of Toyo Tec Co., Ltd.
Director	Kanemasa Haraguchi	Chairman of Secom Pension Fund, Chairman of Secom Health Insurance Society
Director	Yasuyuki Yoshida	Executive Officer (in charge of strategic planning office and in charge of group companies supervisor)
Director	Junzo Nakayama	Executive Officer (general manager of finance division)
Audit & Supervisory Board Member	Seiji Sakamoto	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Katsuhisa Kuwahara	Full-time Audit & Supervisory Board Member
Audit & Supervisory Board Member	Ken Tsunematsu	Attorney-at-law, Managing Director of Secom Science and Technology Foundation
Audit & Supervisory Board Member	Kohei Yamashita	President and Representative Director of Kokyo Tatemono Co., Ltd.
Audit & Supervisory Board Member	Hideki Kato	President of Shikoku Minka Museum, a public interest incorporated foundation

(Notes)

1. Messrs. Ken Tsunematsu, Kohei Yamashita and Hideki Kato are Outside Audit & Supervisory Board Members as stipulated in Article 2, Item 16 of the Companies Act.
2. The Audit & Supervisory Board Member, Mr. Seiji Sakamoto has a long-term experience by working at a financial institution and has considerable knowledge of finance and accounting matters.
3. The Audit & Supervisory Board Member, Mr. Katsuhisa Kuwahara had been in charge of the Company's financial affairs for 27 years and has considerable knowledge of finance and accounting matters.
4. The Audit & Supervisory Board Member, Mr. Ken Tsunematsu, has for many years been involved in securities issuance businesses for domestic and overseas companies, public institutions, organizations, etc. as an attorney-at-law. He has experienced in the analysis and evaluation of the financial statements of these issuers, and has considerable knowledge of finance and accounting matters.
5. There are no special interests between the Company and other corporations employing Outside Audit & Supervisory Board Members, Messrs. Ken Tsunematsu, Kohei Yamashita and Hideki Kato.
6. The notice of Outside Audit & Supervisory Board Member, Mr. Ken Tsunematsu being an independent officer was submitted to Tokyo Stock Exchange, Inc. and Osaka Securities Exchange Co., Ltd.
7. Changes in Directors and Audit & Supervisory Board Members during the current fiscal year
 - 1) Director Mr. Katsuhisa Kuwahara and Director Mr. Takayuki Ito retired at the close of the 51st ordinary general meeting of shareholders held on June 26, 2012.
 - 2) Audit & Supervisory Board Member Mr. Teruo Ogino and Audit & Supervisory Board Member Mr. Hiroshi Yasuda resigned at the close of the 51st ordinary general meeting of shareholders held on June 26, 2012.
 - 3) Messrs. Kazuaki Anzai, Yasuyuki Yoshida and Junzo Nakayama were elected as Director at the 51st ordinary general meeting of shareholders held on June 26, 2012, and assumed the office.
 - 4) Messrs. Katsuhisa Kuwahara and Hideki Kato were elected as Audit & Supervisory Board Member at the 51st ordinary general meeting of shareholders held on June 26, 2012, and assumed the office.
8. Changes in status of Director during the current fiscal year
Executive Vice Chairman and Director Mr. Kanemasa Haraguchi assumed the office of Director on June 26, 2012.

〈Reference〉

Executive Officers who are not Directors are as follows:

(As of May 1, 2013)

Title	Name
Managing Executive Officer	Shunji Ogahara, Naohide Nakamura, Toshiyuki Mukai
Executive Officer	Takayuki Ito, Minoru Takaoka, Hideo Morishita, Tsuneo Komatsuzaki, Ryohei Komatsu, Masahiro Takeda, Teruhisa Yoshimura, Keitaro Arai, Tatsuro Fuse, Hiromichi Sonoda, Hiroshi Ishikawa, Kenichi Furukawa, Yoichi Sugimoto, Tatsuya Izumida

(Notes)

1. Mr. Tatsuya Izumida was appointed to Executive Officer as of October 1, 2012.
2. Executive Officer Mr. Yukio Tsunoda was retired from Executive Officer as of March 31, 2013
3. Executive Officer Mr. Toshiyuki Mukai was appointed to Managing Executive Officer as of April 1, 2013.

2. Remuneration of Directors and Audit & Supervisory Board Members

	Number of Recipients	Combined total of remuneration etc. (Millions of Yen)	Breakdown	
			Amount of remuneration (Millions of Yen)	Amount of accrued retirement benefits for directors and audit & supervisory board members (Millions of Yen)
Directors	13	676	386	289
Audit & Supervisory Board Members	7	65	62	3
Total	20	741	449	292

(Notes)

1. In the table shown above, the combined total of remuneration amount for the 4 Outside Audit & Supervisory Board Members was YEN 24 million, of which amount includes Yen 0 accrued to retirement benefits for Directors and Audit & Supervisory Board Members.
2. In the same table, the Directors' bonuses of YEN 60 million paid for the current fiscal year is included in YEN 386 million under Amount of remuneration column.
The amount of remuneration to Directors as a group was limited up to YEN 600 million per year (not including a provision accrued to retirement benefits for Director and Audit & Supervisory Board Members) by the resolution of the 44th General Meeting of Shareholders held on June 29, 2005.
3. The amount of remuneration to Audit & Supervisory Board Members as a group was resolved upon YEN 80 million (not including a provision amount accrued to retirement benefits for Director and Audit & Supervisory Board Members) or less per year at the 50th General Meeting of Shareholders held on June 24, 2011.

3. Policy for Determining the Amount of Remuneration of Directors and Audit & Supervisory Board Members

(1) Remuneration of Directors

The remuneration of Directors is determined by the President and Representative Director—who is authorized by the Board of Directors—based on the duties and performance of Directors on an individual basis, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

(2) Remuneration of Audit & Supervisory Board Members

The remuneration of Audit & Supervisory Board Members is determined subject to the resolution among Audit & Supervisory Board Members, the amount of which is commensurate with the duties of Audit & Supervisory Board Members on an individual basis, within the limit of the amount of remuneration resolved at the General Meeting of Shareholders.

4. Outside Audit & Supervisory Board Members

(1) Activities of Outside Audit & Supervisory Board Members during the current fiscal year

Name	Attendance of the Meetings of the Board of Directors	Attendance of the Meetings of the Audit & Supervisory Board	Main Activities
Ken Tsunematsu	13 (out of 13)	12 (out of 12)	He has high level of insight to corporate legal matters and knowledge about management and interests between stakeholders through many domestic and international securities issuing projects and abundance of experience in the area of finance and accounting, which were cultivated in many years as attorney-at-law. He primarily offered advice and suggestions at the Board of Directors Meeting in order to ascertain the validity and/or appropriateness of operations and management.
Kohei Yamashita	13 (out of 13)	12 (out of 12)	He offered advice and suggestions at the Board of Directors Meeting based on his ample experience and insights of managing a global corporation. He also asked questions and stated opinions in order to clarify unclear issues.
Hideki Kato	9 (out of 9)	9 (out of 9)	He offered advice and suggestions at the Board of Directors Meeting by making use of his experience in the execution of national policies and insight gained through many accomplishments at a policy think tank. He also asked questions and stated opinions in order to clarify unclear issues.

Mr. Hideki Kato was elected as Audit & Supervisory Board Member at the 51st ordinary general meeting of shareholders held on June 26, 2012, and assumed the office. Therefore, the table shows the attendance figures of the meetings of the board of directors and audit & supervisory board held on and after June 26, 2012.

(2) Description of the agreement limiting liabilities

The Company has entered into with each of the Outside Audit & Supervisory Board Members an agreement limiting his liabilities as prescribed by Article 423, Paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.

The maximum amount of the liabilities under this agreement which each of the Outside Audit & Supervisory Board Members incurs is equal to the lowest amount of liabilities stipulated in Article 425, Paragraph 1 of the Companies Act.

IV. Accounting Auditor

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration of Accounting Auditor

(1) Remuneration for duties relating to Article 2, Paragraph 1 of the Certified Public Accountants Act to be paid by the Company	YEN 226 million
(2) Total cash and other remuneration to be paid by the Company and subsidiaries to the Accounting Auditor	YEN 619 million

(Notes)

1. Based on the audit contract between the Company and the Accounting Auditor, the remuneration paid to the auditor is not distinguished between that which relates to the audits under the Companies Act and that which relates to the audits under Financial Instruments and Exchange Act as they cannot be distinguished. Therefore, the amount given in (1) shown above is the combined total of these amounts.
2. Of the major subsidiaries of the Company, the Westec Security Group Inc. is audited by PricewaterhouseCoopers LLP and Secom Plc by KPMG LLP.

3. Non-Audit Duties

The Company pays consideration to the Accounting Auditor for services, including work for financial due diligence, in addition to the services provided for in Article 2, Paragraph 1 of the Certified Public Accountants Act.

4. Policy for Decision for Dismissal or Non-reappointment

Whenever there occurs any material event which could be a substantial hazard to the performance of audit duties of the Company, such as a case when it is deemed that the Accounting Auditor has come to fall within the purview of Article 340, Paragraph 1 of the Companies Act or the Accounting Auditor or the firm of the Accounting Auditor is subjected to the disposition of suspension of business by the supervisory authorities, the Audit & Supervisory Board will examine the situation, and, when all Audit & Supervisory Board Members have consented thereto, the Audit & Supervisory Board Member will take action for the dismissal of the subject Accounting Auditor or the subject firm of the Accounting Auditor. In such case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the reasons for the dismissal at the general meeting of shareholders convened for the first time after such dismissal.

In any other case, when there exists any situation where it is acknowledged that the Accounting Auditor is not fit to act as Accounting Auditor, a proposal will, with the consent of the Audit & Supervisory Board, be submitted to the general meeting of shareholders for the dismissal or non-reappointment of the Accounting Auditor.

V. System under which the Company's Business is Ensured to be Properly Executed

1. Basic Policy Regarding Internal Control System

The Company's basic policy regarding the internal control system, i.e. the "system under which execution of duties by Directors is ensured to comply with laws and regulations and the Articles of Incorporation, and the system under which the Company's business is ensured to be properly executed," approved by the resolution of the Board of Directors is set out below. (Last revised on April 7, 2010)

(1) General

This resolution manifests the basic policy regarding the internal control system of the Company to be specifically established by the President and Representative Director based on Article 362, Paragraph 5 of the Companies Act.

The internal control system based on this resolution shall be established urgently by officers in charge, and shall be constantly reviewed and improved.

(2) System under which execution of duties by Directors and employees is ensured to comply with laws and regulations and the Articles of Incorporation

- (i) In order to ensure even more thorough compliance with laws and regulations and the Articles of Incorporation in the execution of duties, the Company has integrated its compliance manual with *SECOM Group Code of Employee Conduct*, which sets key ethical standards to be followed, and at the same time, it has conducted a review of manuals on critical laws. *SECOM Group Code of Employee Conduct* is based on the philosophy of SECOM, which we have followed since the establishment of the business. These ethical guidelines prescribe ideals covering the official and private affairs of all executives and employees and action standards (including the blocking relationships with anti-social forces) to be followed in the execution of specific daily duties. As such, these guidelines provide the basis of all actions. The compliance management system is as follows:

(Ensuring compliance)

From the start, the compliance of laws and regulations has been an indispensable requirement of our business, and we have always sought to operate in strict adherence to this spirit. Therefore, compliance is a part of the Company's daily routines, which should not require a system in which a specific section or manager is responsible for implementation. Each and every employee is at the front line of promoting the code of conduct, including legal compliance. The implementation of guidelines is carried out by the line managers of the organization. Further control is provided by the executive officers in charge of departments under their control, with the President and Representative Director providing companywide control.

(Executive officers in charge)

The executive officers in charge of each area are responsible for having thorough knowledge particularly of regulations related to their duties and the relationships of such regulations with their own operations. They are responsible for proposing responses to any revisions of laws to the President and Representative Director. The

Legal Affairs Department supports them, providing cross-organizational coordination.

(Inspection)

Following the orders of the President and Representative Director, the Audit and Compliance Department provides cross-organizational inspection in a timely manner, indicating how to improve morale through observance and at the same time pointing out matters that need correction. The findings of the inspection are reported promptly to the President and Representative Director.

(Whistleblower System)

When executives and employees of the Company become aware of unethical actions, they have the obligation to report such actions to the proper superior without hesitation. A “Hot Helpline” has been established to facilitate contact with the Audit and Compliance Department if corrective actions are not taken even after reporting to superiors or it is difficult to report. Such reports will remain strictly confidential, preventing any harm to the reporter and any necessary investigation and appropriate measures will be taken promptly.

(Organizational Culture Committee)

The Company establishes a standing, active Organizational Culture Committee, chaired by the President and Representative Director. The Organizational Culture Committee examines important organizational culture-related issues (including compliance-related matters), which are the cornerstone of developing and maintaining the corporate organization, and determines important official commendations and punishments.

- (ii) Revisions of *SECOM Group Code of Employee Conduct* and/or critical compliance-related matters are undertaken after discussion with the Organizational Culture Committee and subject to the approval of the Board of Directors after obtaining opinions of the Audit & Supervisory Board Members.
- (iii) Basic plans and policies concerning internal controls related to financial reporting are determined in accordance with the standards of the Business Accounting Council. Furthermore, an internal control system is being developed by reinforcing information security and through other steps.

(3) System under which information regarding execution of business by Directors shall be maintained and controlled

- (i) Documents and other information regarding execution of duties such as those concerned with decision making (hereinafter referred to as the “information on executing duties”) shall be properly maintained, administered (including destruction) pursuant to the Document Administration Regulation of the Company, which will be amended upon reviewing the operating conditions if necessary.
- (ii) Information on executing duties shall be recorded on database with necessary information protection measure so that a search system can be established to enable quick search as to whether or not the particular document exists or the condition of storage of the particular document.
- (iii) Any business related to the preceding two paragraphs shall be undertaken by officers in charge, and in particular the status of

examination and review of (i) above, and operation and management of the database of (ii) above shall be reported to the President and Representative Director, the Board of Directors, and the Audit & Supervisory Board.

- (iv) Establishment and important amendments of the Regulation regarding (i) above shall be subject to approval of the Board of Directors after obtaining opinions of the Audit & Supervisory Board Members.

(4) Regulation regarding control of risk of loss and other system

- (i) The Company’s approach to risk management is embedded in day-to-day business activities, with acknowledgement that risk management itself is the Company’s business. Executive officers in charge, under the direction of the President and Representative Director, analyze and assess business risk and fraud risk in the operational areas for which they are responsible, and revise established rules and manuals as conditions change. Rules and manuals are based on risk analysis and assessment, and stipulate preventive measures, prompt and appropriate communication and emergency preparedness when incidents occur, daily risk monitoring and other systems.
- (ii) The officer in charge shall report the President and Representative Director, the Board of Directors and the Audit & Supervisory Board on matters related to control of risk.
- (iii) Any important changes of the risk control system shall be subject to approval of the Board of Directors after obtaining opinions of the Audit & Supervisory Board Members.

	Risk Category	Example
Large scale calamity	(1) Large scale calamity risk	Earthquake, wind, flood, volcanic disasters, radiation leakage, etc.
Ordinary times	(2) Compliance risk	Noncompliance with “Constitution of SECOM’s Business and Operation,” “SECOM Group Code of Employee Conduct,” other internal rules and guidelines, etc., risk accompanied by establishment or changes in regulations (in the area of tax system, medical system, etc.), breach of law, etc.
	(3) System risk	Information system shut down, electronic data extinguishment, large scale blackout, wide area circuit disturbance, ICT (information and communication technology) related risk, etc.
	(4) Service providing risk	Risk incurred when providing services (Accidents related to security, fire alarm or equipment maintenance businesses, etc.)
	(5) Administrative work and accounting risk	Input error or input omission in administrative or account processing, estimation error for allowance, etc.

	Risk Category	Example
Ordinary times	(6)Others	Offence from outsiders (groundless rumor, calumination, theft, terror, etc.), risk related to M&A, risk related to new system development, other risk related to business infrastructure (fire on the Company's premises, pandemic influenza, disease epidemic, etc.), etc.

(5) System by which efficient execution of duties of Directors shall be ensured

- (i) All Directors of the Company shall carry out operation and execution of business on the basis of the “Constitution of SECOM’s Business and Operation” so that they may share the idea essential to execution of the duties such as decision making for management by the Board of Directors, decision making for execution of duties by the Directors.
- (ii) On the basis of the preceding, to implement execution of duties efficiently, the system of executive officers has been introduced so that decision making and execution of business shall be further facilitated.
- (iii) In executing duties, in order to unify the power of the entire Company, a system utilizing IT should be established and thereby, enabling information to be immediately disseminated to the entire Company to the fullest extent.
- (iv) With respect to particular decision making or execution of duties, a system utilizing IT should be established to carry out the decision making and execution immediately and definitely.
- (v) The Company will share the medium- and long-term business vision, and for the purpose of accomplishment thereof, the Board of Directors will design an annual business plan and deliberate progress of the plan each month.

(6) System under which the Company and the Company Group consisting of the parent company and subsidiaries is ensured to properly execute its business

- (i) Abiding by the “Constitution of SECOM’s Business and Operation,” each of the companies of the SECOM Group shares *SECOM Group Code of Employee Conduct*, which applies to all executives and employees. United by these guidelines, the executives and employees work to accomplish the corporate goals in an appropriate manner.
- (ii) The “Basic Rules for SECOM Group Corporate Management” provide guidelines to enhance Group synergy, leading to the achievement of the business vision by the entire SECOM Group. Covering critical decision-making by the companies, these basic rules clarify the coordination of items to be approved in prior consultation with the parent company and ensure the acknowledgement of such important items.
- (iii) Each of the companies of the SECOM Group carries out IT controls covering administration and management information in conformance

[English Translation]

with the “Basic Policy of the SECOM Group for Information Security.” The Company’s IT executive officers conduct timely inspections covering the IT management of major subsidiaries.

- (iv) The “SECOM Group Management Committee,” which is chaired by the Company’s President and Representative Director and whose members are composed of the presidents of subsidiaries and other parties appointed by the chairperson, works to ensure that appropriate operations are carried out. It accomplishes this goal by conducting discussions of issues related to the Group’s internal controls in an effort to share Group information and operating philosophy. The President and Representative Director reports the results of the Group Management Committee to the Board of Directors and the Audit & Supervisory Board.
- (v) The President and Representative Director issues orders to the Audit and Compliance Department and the supervising executive officers at Group companies to inspect subsidiaries, if necessary. The subsidiaries accept the inspection by the Company, which is the parent company, and at the same time promote the understanding of compliance-related issues by exchanging information with the Company.
- (vi) The Audit & Supervisory Board Members of the Company visit important subsidiaries and conduct audits regarding internal controls.
- (vii) A liaison meeting with Group Audit & Supervisory Board Members is established after discussion with the Audit & Supervisory Board in an attempt to share information.

(7) Matters related to employees to assist duties of Audit & Supervisory Board Members when Audit & Supervisory Board Members requests to do so

The Office of Audit & Supervisory Board Members will be established and at least two employees will be manned to assist audit duties of the Audit & Supervisory Board Members.

(8) Matters related to independence of the employees in the preceding item concerned from Directors

Transfer and evaluation of assistants in the preceding item shall be subject to the approval of the Audit & Supervisory Board.

The assistants who received necessary instruction on audit duties by Audit & Supervisory Board Members shall not be subject to any instruction or order from Directors, executive officers or employees with respect to the subject audit duties, nor be obligated to report to them.

(9) System under which Directors and employees report to Audit & Supervisory Board Members and system under which any report is made to Audit & Supervisory Board Members

- (i) Regulation providing for matters to be reported to Audit & Supervisory Board Members shall be established upon discussion with the Audit & Supervisory Board, and Directors shall make reports with respect to the following matters: (1) matters resolved by the Organization Culture Committee and other committees; (2) matters likely to be materially harming the Company; (3) important matters relating to monthly business conditions; (4) important matters relating to internal audit and risk management; (5) material violation of laws and regulations or the

Articles of Incorporation; (6) condition of usage and content of the Hot Help Line; and (7) in addition, important matters from viewpoint of compliance.

- (ii) If an employee finds a fact falling within the preceding paragraph, a system by which the fact may be transmitted directly to the President and Representative Director through such means as the Hot Help Line shall be arranged and the President and Representative Director shall report to Audit & Supervisory Board Members pursuant to the preceding paragraph.

(10) System under which audit by Audit & Supervisory Board Members is ensured to be performed efficiently

- (i) The Audit & Supervisory Board shall regularly hold the meetings with the President and Representative Director and the Accounting Auditor, to exchange opinions so that audit shall be performed efficiently.
- (ii) The Company ensures that the Audit & Supervisory Board may retain attorneys-at-law at its discretion and, if necessary, have opportunities to retain and consult professional accountants with respect to their audit duties.

2. Organizations etc. Relating to Internal Control System (as of May 1, 2013)

The Company's governance system is as follows: The Board of Directors makes decisions on business execution and other company matters; executive officers led by President and Representative Director execute business; and Audit & Supervisory Board Members, including 3 Outside Audit & Supervisory Board Members, and the Board of Directors, coordinating with internal audit departments etc. audit and oversee Directors and executive officers in the execution of their duties. More details are provided below.

(1) Organizations etc. involved in business execution, auditing and supervision of the Company

- (i) Directors and Board of Directors
The Board of Directors consists of 11 Directors and is attended by 5 Audit & Supervisory Board Members (including 3 Outside Audit & Supervisory Board Members). It is convened once a month as a general rule. The Board of Directors determines management policies and business execution policies in relation to business in general, oversees the execution of duties by Directors, actively exchanges opinions and endeavors to make decisions in a precise and speedy fashion.
7 out of 11 Directors are involved in business execution, and 4 Directors (2 Supreme Advisors, 1 Chairman and 1 Director) do not engage in business execution.
- (ii) Executive Officers
The Company has an executive officer system by which decisions are made by the President and Representative Director or the Board of Directors, and business is executed by the Executive Officers. The system strengthens field divisions and enhances the service system for customers by expediting business execution and clarifying responsibilities and authority.
There are 24 Executive Officers, including 7 Directors.

- (iii) Audit & Supervisory Board Members and Audit & Supervisory Board

[English Translation]

The Audit & Supervisory Board consists of 5 Audit & Supervisory Board Members, consisting of 2 Full-time Audit & Supervisory Board Members and 3 Outside Audit & Supervisory Board Members. It is convened once a month as a general rule.

For the office of Full-time Audit & Supervisory Board Member, the Company appoints persons who are well versed in the Company's business, internal affairs and finance. For the office of Outside Audit & Supervisory Board Members, the Company appoints persons who are independent from the management, have considerable knowledge of management, legal matters, finance and other fields and are capable of providing appropriate oversight and supervision of management. Audit & Supervisory Board Members attend every meeting of the Board of Directors in addition to other important conferences, exchange opinions relating to corporate management in general, receive reports on the status of execution of duties from Directors etc. and conduct audits focusing on whether there are any facts of violations of laws, regulations, the Articles of Incorporation or shareholders' interests.

The Audit & Supervisory Board also conducts audits on operations in general within the Company as well as its subsidiaries and affiliates according to the audit plan.

Major Activities in the current fiscal year

- (i) Audit & Supervisory Board Members' attendance rate at meetings of the Board of Directors: 100%
- (ii) Audit & Supervisory Board Members' attendance rate at meetings of the Audit & Supervisory Board: 100%
- (iii) Conducted interviews with Directors etc. of the Company and its subsidiaries and affiliates: 60 times
- (iv) Conducted on-site audits at business locations of the Company, its subsidiaries, affiliates, etc.: 183 locations

(2) Coordination among Organizations and Business Units

- (i) Periodic Meetings among Representative Director, etc. and Audit & Supervisory Board Members:
Audit & Supervisory Board Members hold meetings with the President and Representative Director with the presence of Chairman and Director periodically (once a month). At the meeting, Audit & Supervisory Board Members report the results of audits etc. and exchange opinions on important issues regarding management, to share mutual recognition.
- (ii) Conferences etc. among Audit & Supervisory Board Members and the Accounting Auditor:
Audit & Supervisory Board Members hold periodical meetings with the Accounting Auditor 6 times a year and have ones additionally as necessary, and exchange opinions and information. Audit & Supervisory Board Members and the Audit & Supervisory Board receive explanation and exchange opinions regarding the audit plan and audit results* from the Accounting Auditor. In addition, Audit & Supervisory Board Members present themselves as a witness during visiting audits and audit review conducted by the Accounting Auditor as necessary. (Attended 17 times in the current fiscal year)
* including the result of quarterly reviews and audit under the Companies Act.
- (iii) Cooperation with Internal Audit Division etc.:
Audit & Supervisory Board Members hold conferences with the Audit and Compliance Department periodically (once a month), are reported to on audit results and exchange opinions with them. And Audit & Supervisory

Board Members endeavor to conduct audits in an efficient manner such as requesting the internal audit division etc. to conduct an investigation as necessary.

Consolidated Balance Sheet

(As of March 31, 2013)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	542,836	Current liabilities:	247,879
Cash on hand and in banks	175,427	Notes and accounts payable, trade	43,684
Cash deposits for armored car services	56,089	Bank loans	42,350
Call loans	46,500	Current portion of straight bonds	4,487
Notes and accounts receivable, trade	106,638	Lease obligations	537
Due from subscribers	24,059	Payables – other	31,406
Short-term investments	14,723	Accrued income taxes	29,282
Lease receivables and investment in leased assets	27,569	Accrued consumption taxes	4,377
Inventories	30,840	Accrued expenses	4,571
Real estate inventories	26,292	Deferred revenue	30,880
Deferred income taxes	14,384	Accrued bonuses	14,031
Short-term loans receivable	4,158	Reserve for losses on construction contracts	1,714
Other	18,453	Other	40,554
Allowance for doubtful accounts	(2,302)		
Fixed assets:	706,241	Long-term liabilities:	237,091
Tangible assets:	361,532	Straight bonds	8,847
Buildings and improvements	155,839	Long-term loans	19,828
Security equipment and control stations	67,200	Lease obligations	3,438
Land	115,652	Guarantee deposits received	36,125
Other	22,839	Deferred income taxes	13,400
Intangible assets:	55,079	Accrued pension and severance costs	17,137
Software	11,678	Accrued retirement benefits for directors and audit & supervisory board members	2,443
Goodwill	21,765	Investment deposits by policyholders, unearned premiums and other insurance liabilities	133,627
Other	21,634	Other	2,242
Investments and others:	289,629	Total liabilities	484,970
Investment securities	189,042	<u>NET ASSETS</u>	
Long-term loans receivable	42,338	Shareholders' equity:	685,042
Long-term prepaid expenses	20,335	Common stock	66,377
Prepaid pension and severance costs	19,572	Capital surplus	83,054
Deferred income taxes	11,711	Retained earnings	609,275
Other	23,370	Common stock in treasury, at cost	(73,664)
Allowance for doubtful accounts	(16,742)	Accumulated other comprehensive income:	(16,018)
Deferred assets:	32	Unrealized gains on securities	11,783
Other	32	Deferred losses on hedges	(41)
		Foreign currency translation adjustments	(27,760)
		Minority interests in subsidiaries:	95,114
		Total net assets	764,139
TOTAL ASSETS	1,249,110	TOTAL LIABILITIES AND NET ASSETS	1,249,110

Consolidated Statement of Income

(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		765,635
Costs of revenue	504,006	
Gross profit		261,629
Selling, general and administrative expenses	153,258	
Operating profit		108,370
Non-operating income:		
Interest income	745	
Dividends income	416	
Gain on sales of investment securities	767	
Net gains from investment in affiliates accounted for under the equity method	4,024	
Gain on private equity investments	2,396	
Other	2,821	11,171
Non-operating expenses:		
Interest expenses	1,118	
Loss on sales of investment securities	259	
Loss on sales and disposal of fixed assets	2,132	
Write-off of long-term prepaid expenses	755	
Other	1,656	5,922
Ordinary profit		113,618
Extraordinary profit:		
Reversal of retirement benefits for directors and audit & supervisory board members	728	
Gain on sales of investment securities	114	
Gain on sales of fixed assets	57	
Gain on negative goodwill	5	
Other	79	984
Extraordinary losses:		
Impairment losses on fixed assets	932	
Provision for allowance for doubtful accounts	480	
Loss on sales of investment in shares of subsidiaries and affiliates	393	
Loss on sales of fixed assets	33	
Loss on revaluation of investment securities	7	
Other	776	2,623
Income before income taxes		111,980
Income taxes- current	43,211	
Income taxes - deferred	(252)	42,958
Net income before minority interests in subsidiaries		69,021
Minority interests in subsidiaries		5,363
Net income		63,658

Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Common stock in treasury, at cost	Total shareholders' equity
Balance at the beginning of the fiscal year	66,377	83,054	565,261	(73,659)	641,034
Change in the fiscal year:					
Cash dividends			(19,644)		(19,644)
Net income			63,658		63,658
Purchase of treasury stock				(5)	(5)
Disposal of treasury stock		(0)		0	0
Transfer of losses on disposal of treasury stock		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes in the fiscal year	-	-	44,013	(5)	44,008
Balance at the end of the fiscal year	66,377	83,054	609,275	(73,664)	685,042

	Accumulated other comprehensive income				Minority interests in subsidiaries	Total net assets
	Unrealized gains on securities	Deferred losses on hedges	Foreign currency translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	4,559	(28)	(37,556)	(33,026)	63,509	671,517
Change in the fiscal year:						
Cash dividends						(19,644)
Net income						63,658
Purchase of treasury stock						(5)
Disposal of treasury stock						0
Transfer of losses on disposal of treasury stock						-
Net changes of items other than shareholders' equity	7,224	(12)	9,796	17,008	31,605	48,613
Total changes in the fiscal year	7,224	(12)	9,796	17,008	31,605	92,622
Balance at the end of the fiscal year	11,783	(41)	(27,760)	(16,018)	95,114	764,139

[English Translation]

Non-Consolidated Balance Sheet

(As of March 31, 2013)

(Millions of Yen)

ITEM	AMOUNT	ITEM	AMOUNT
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets:	174,521	Current liabilities:	124,174
Cash on hand and in banks	54,136	Accounts payable	3,044
Cash deposits for armored car services	53,551	Bank loans	26,598
Notes receivable	700	Lease obligations	121
Due from subscribers	14,856	Payables – other	15,042
Accounts receivable, trade	9,691	Accrued income taxes	19,510
Receivables – other	2,528	Accrued consumption taxes	2,538
Short-term investments	1,048	Accrued expenses	726
Merchandise	5,585	Deposits received	24,131
Supplies	1,012	Deferred revenue	21,671
Prepaid expenses	2,332	Payables – construction	4,333
Deferred income taxes	5,268	Accrued bonuses	6,089
Short-term loans receivable	19,237	Other	365
Other	4,819		
Allowance for doubtful accounts	(248)		
Fixed assets:	574,796	Long-term liabilities:	26,031
Tangible assets:	117,936	Lease obligations	2,449
Buildings and improvements	17,059	Guarantee deposits received	17,859
Automobiles	521	Deferred income taxes	788
Security equipment and control stations	65,329	Accrued pension and severance costs	4,051
Machinery and equipment	288	Accrued retirement benefits for directors and audit & supervisory board members	857
Tools, furniture and fixtures	2,979	Other	25
Land	29,802		
Construction in progress	1,719	Total liabilities	150,205
Other	235	<u>NET ASSETS</u>	
Intangible assets:	9,308	Shareholders' equity:	596,206
Goodwill	2,978	Common stock	66,377
Software	4,269	Capital surplus:	83,054
Other	2,061	Additional paid-in capital	83,054
Investments and others:	447,551	Retained earnings:	520,439
Investment securities	21,583	Legal reserve	9,028
Investment in subsidiaries and affiliates	238,136	Other retained earnings	511,410
Long-term loans receivable	155,813	Reserve for system developments	800
Lease deposits	7,747	General reserve	2,212
Long-term prepaid expense	21,594	Accumulated earnings carried forward	508,398
Prepaid pension and severance costs	16,263	Common stock in treasury, at cost	(73,664)
Insurance funds	3,991		
Other	2,728	Valuation, translation adjustments and others:	2,905
Allowance for doubtful accounts	(20,307)	Unrealized gains on securities	2,905
		Total net assets	599,112
TOTAL ASSETS	749,317	TOTAL LIABILITIES AND NET ASSETS	749,317

Non-Consolidated Statement of Income

(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of Yen)

ITEM	AMOUNT	
Revenue		355,393
Costs of revenue	210,790	
Gross profit		144,603
Selling, general and administrative expenses	74,651	
Operating profit		69,952
Non-operating income:		
Interest income	1,812	
Dividends income	7,599	
Other	761	10,173
Non-operating expenses:		
Interest expenses	325	
Loss on sales and disposal of fixed assets	1,957	
Write-off of long-term prepaid expenses	688	
Other	818	3,789
Ordinary profit		76,336
Extraordinary profit:		
Reversal of retirement benefits for directors and audit & supervisory board members	728	
Gain on sales of investment securities in subsidiaries and affiliates	367	
Gain on sales of investment securities	114	
Other	9	1,219
Extraordinary losses:		
Provision for allowance for doubtful accounts	945	
Impairment loss on investments in subsidiaries and affiliates	77	
Impairment losses on fixed assets	22	
Loss on revaluation of investment securities	0	
Other	7	1,052
Income before income taxes		76,502
Income taxes - current	28,481	
Income taxes - deferred	(1,107)	27,374
Net income		49,128

Non-Consolidated Statement of Changes in Net Assets

(Fiscal Year from April 1, 2012 to March 31, 2013)

(Millions of Yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Additional paid-in capital	Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	66,377	83,054	-	83,054
Change in the fiscal year:				
Cash dividends				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(0)	(0)
Transfer of losses on disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes in the fiscal year	-	-	-	-
Balance at the end of the fiscal year	66,377	83,054	-	83,054

	Shareholders' equity				
	Retained earnings				
	Legal reserve	Other retained earnings			Total retained earnings
Reserve for system developments		General reserve	Accumulated earnings carried forward		
Balance at the beginning of the fiscal year	9,028	800	2,212	478,914	490,954
Change in the fiscal year:					
Cash dividends				(19,644)	(19,644)
Net income				49,128	49,128
Purchase of treasury stock					
Disposal of treasury stock					
Transfer of losses on disposal of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes in the fiscal year	-	-	-	29,484	29,484
Balance at the end of the fiscal year	9,028	800	2,212	508,398	520,439

[English Translation]

(Millions of Yen)

	Shareholders' equity		Valuation, translation adjustments and others		Total net assets
	Common stock in treasury, at cost	Total shareholders' equity	Unrealized gains on securities	Total valuation, translation adjustments and others	
Balance at the beginning of the fiscal year	(73,659)	566,727	1,031	1,031	567,758
Change in the fiscal year:					
Cash dividends		(19,644)			(19,644)
Net income		49,128			49,128
Purchase of treasury stock	(5)	(5)			(5)
Disposal of treasury stock	0	0			0
Transfer of losses on disposal of treasury stock		-			-
Net changes of items other than shareholders' equity			1,874	1,874	1,874
Total changes in the fiscal year	(5)	29,478	1,874	1,874	31,353
Balance at the end of the fiscal year	(73,664)	596,206	2,905	2,905	599,112

Certified Copy of the Accounting Auditor's Report (Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 16, 2013

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA LLC

Hiroaki Sugiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Maruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements, comprising the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of SECOM Co., Ltd. as at March 31, 2013 and for the year from April 1, 2012 to March 31, 2013 in accordance with Article 444, Paragraph 4 of the Companies Act.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control

[English Translation]

relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. and its consolidated subsidiaries for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Accounting Auditor's Report (Non-Consolidated)

[English Translation of the Accounting Auditor's Report Originally Issued in the Japanese Language]

Independent Auditor's Report

May 16, 2013

The Board of Directors
SECOM Co., Ltd.

KPMG AZSA LLC

Hiroaki Sugiura (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masakazu Hattoi (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kentaro Maruta (Seal)
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

We have audited the financial statements, comprising the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of SECOM Co., Ltd. as at March 31, 2013 and for the 52nd business year from April 1, 2012 to March 31, 2013 in accordance with Article 436, Paragraph 2, Item 1 of the Companies Act.

Management's Responsibility for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgement, including the

[English Translation]

assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of SECOM Co., Ltd. for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Other Matter

Our firm and engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Certified Copy of the Audit & Supervisory Board's Report

[English Translation of the Audit & Supervisory Board's Report Originally Issued in the Japanese Language]

Audit Report

May 17, 2013

Mr. Shuji Maeda
President and Representative Director
SECOM Co., Ltd.

Audit & Supervisory Board of
SECOM Co., Ltd.

Seiji Sakamoto (Seal)
Audit & Supervisory Board
Member (Full-time)

Katsuhisa Kuwahara (Seal)
Audit & Supervisory Board
Member (Full-time)

Ken Tsunematsu (Seal)
Outside Audit & Supervisory
Board Member

Kohei Yamashita (Seal)
Outside Audit & Supervisory
Board Member

Hideki Kato (Seal)
Outside Audit & Supervisory
Board Member

The Audit & Supervisory Board has received the audit reports of the performance of duties of the Directors during the 52nd business term from April 1, 2012 through March 31, 2013 from each of the Audit & Supervisory Board Members. After deliberating such reports, we have prepared this Audit Report and report as follows:

1. Method and Details of Audit Performed by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board has established the audit policy and audit plan for the current fiscal year, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of execution of duties from Directors, etc. and the Accounting Auditor, and requested explanations when necessary.

Each of the Audit & Supervisory Board Members, in accordance with the audit policy, audit plan, etc. of the current fiscal year set up by the Audit & Supervisory Board, worked to communicate with Directors, the internal audit division and other employees, etc., and made efforts to gather information and establish the audit environment, in addition to attending the meetings of the Board of Directors and other important meetings, receiving reports from the Directors and other managers, etc. on their duties, requesting explanations when necessary, inspecting documents concerning matters such as important decisions, and investigating the conditions of the business and financial conditions at the head office and the principal offices. Also, the Audit & Supervisory Board Members, on a regular basis, received from Directors and employees, etc. reports on the establishment and operation of the system (internal control system) based on the

[English Translation]

resolution of the Board of Directors as stipulated in Article 100, Paragraph 1 or Paragraph 3 of the Companies Act Enforcement Order to ensure the execution of the duties of Directors as described in the Business Report complies with laws and regulations and the Articles of Incorporation and to ensure appropriate company operation, obtained explanation from them, and expressed opinions when necessary.

Furthermore, we received reports from Directors, etc. and the Accounting Auditor on the status of discussions between them and the status of evaluation and audit of the internal control on financial reporting, and requested their reports as necessary.

We worked to communicate and exchange information with the Directors and Audit & Supervisory Board Members, etc. of subsidiaries and received reports on operations from subsidiaries.

On the basis of the forgoing procedures, the Audit & Supervisory Board has considered the Business Report and supplementary schedules.

Furthermore, in addition to monitoring and examining whether the Accounting Auditor maintained an independence and performed auditing appropriately, we received reports from the Accounting Auditor on the execution of their duties and requested explanations when necessary. In addition, we received notice from the Accounting Auditor that “The systems for ensuring the proper execution of duties” (set forth in each Item of Article 131 of the Ordinance for Corporate Accounting) is organized in accordance with the “Standards for Quality Control of Audit” (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations when necessary. Based on the above methods, we examined the financial statements (balance sheet, statement of income, statement of changes in net assets and related notes), supplementary schedules and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and related notes) for the current fiscal year.

2. Result of audit

(1) Result of audit of business report etc.

- i) The Business Report and supplementary schedules fairly represent the condition of the Company in accordance with laws and regulations and the Articles of Incorporation of the Company.
- ii) We have determined that there were no serious occurrences of misconduct or violations of any laws or regulations or the Articles of Incorporation of the Company by any of the Directors in carrying out their duties.
- iii) We believe the contents of the resolution of the Board of Directors regarding the internal control system are appropriate. We found no matters to note regarding the execution of duties of Directors regarding the internal control system, as well as the internal control system regarding financial reporting.

(2) Result of audit of financial statements and supplementary schedules

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

(3) Result of audit of consolidated financial statements

In our opinion, the audit procedures and audit results of the Accounting Auditor KPMG AZSA LLC are appropriate.

End