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Subscribers by Category
Year Ended March 31, 1999



- Commerce 17.6%
- Manufacturing 15.6%
- Banking and Financial Services 12.3%
- Service Industries 19.3%
- Government Agencies 9.7%
- Others 25.5%

Electronic Security Services



Percentage of Revenue

56.8%

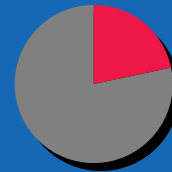
Other Security Services



Percentage of Revenue

10.8%

Merchandise, Software, Medical and Real Estate Development



Percentage of Revenue

21.7%

SERVICES

Electronic Security Services

In fiscal 1999, revenue from electronic security services, including commercial, home and large-scale proprietary security systems increased 4.6%, to ¥223.9 billion. This represented 56.8% of total revenue, compared with 66.3% a year earlier.

On-line centralized security systems, the main component of revenue and operating profit for this division, use SECOM equipment located on the subscriber's premises to monitor for fires, gas leaks, intruders, emergency situations and equipment malfunctions around the clock from a control center, which is linked via telecommunications circuits. If an alarm is triggered, staff at the control center use the system data to judge whether to take any or all the measures of dispatching a patrol team, notifying the appropriate authorities, such as ambulances or the police, and taking other measures as required.

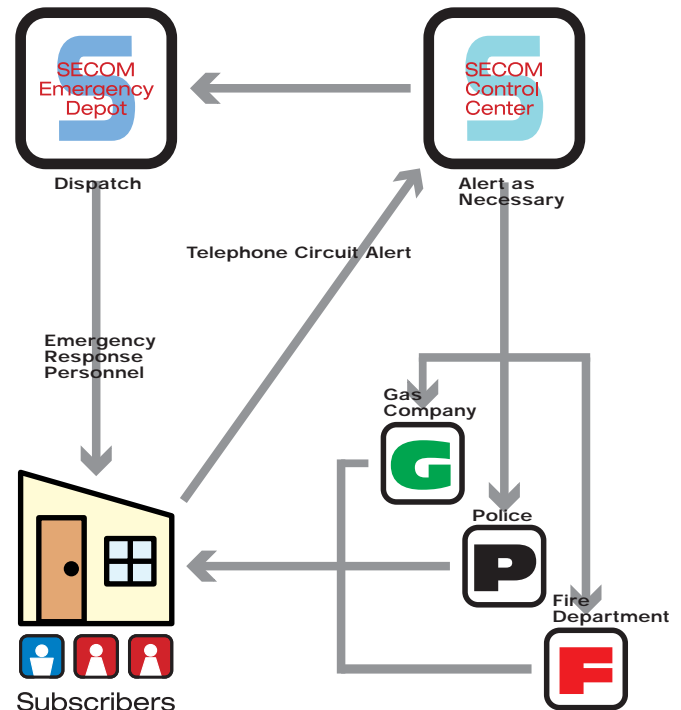
During the fiscal period, we introduced several new centralized security systems. Foremost among them is the SECOM HOME SECURITY PLUS system, which combines the standard features of our centralized security systems with lifestyle support services, such as home shopping, home banking and medical consultation, made possible by a built-in multimedia Super Terminal. We also released the SECOM AX on-line security system for corporate subscribers, which utilizes image sensors incorporating the latest image processing technology to detect unauthorized entry with high accuracy. It works by having the image sensors detect an anomaly, which is digitally reported to the control center by the SECOM AX controller. If the alarm is caused by an intruder, the image shot at the time of the trigger event and the 10 still frames shot by the monitoring camera immediately before and after the trigger event are transmitted to the control center. If the alarm is triggered by the pressing of an emergency button, an image

shot at the time of the pressing of the button and the 10 still frames shot immediately before that and ongoing images are transmitted to the control center. The images are then visually scanned by the control center staff who promptly assess the situation and take the appropriate action. The system also includes an on-site microphone, which enables our staff to monitor the sounds from the premises, as well as a speaker, which permits the staff to issue warning to the intruder.

Other Security Services

These services are chiefly centered on static guard and armored car services, which generated revenues of ¥42.5 billion, a 5.1% gain over the prior period, and constituted 10.8% of total revenue compared with 12.5% last term.

CENTRALIZED SECURITY SERVICES



MERCHANDISE, SOFTWARE, MEDICAL AND REAL ESTATE DEVELOPMENT

Revenue for this division reached ¥85.6 billion, a 37.6% advance, accounting for 21.7% of total revenue, up from 19.3% a year earlier.

Merchandise

SECOM merchandise primarily consists of access-control systems, fire-detection and extinguishing systems, and intruder detection systems that can be purchased as stand-alone equipment or incorporated into a centralized system.

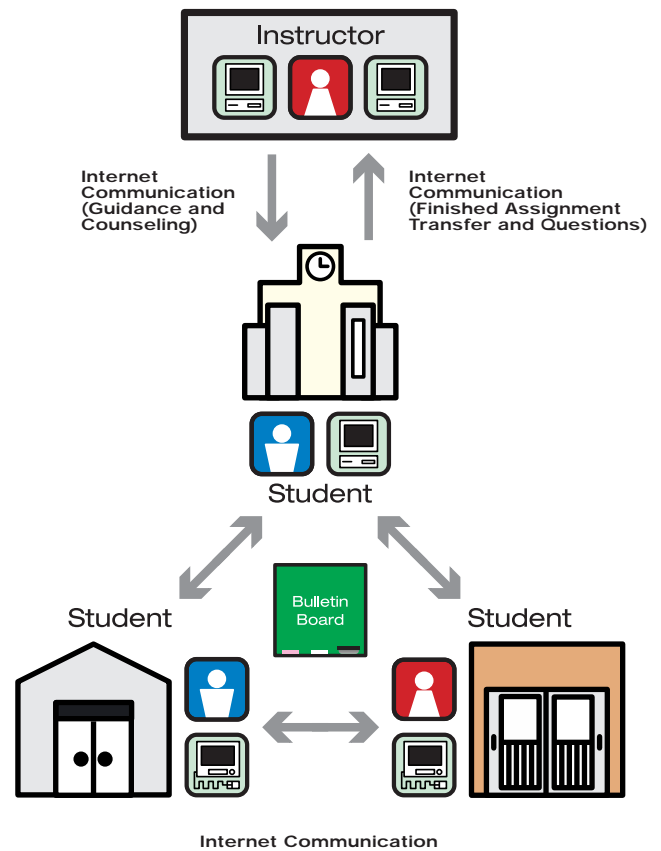
During the term, we released SESAMO-IDs, an upgraded version of this fingerprint-based access-control system that is faster and more accurate. Unlike systems using keys, cards or code numbers, fingerprint-based access-control systems are not subject to the problems of duplication, loss or inappropriate disclosure, which has positioned them as a strong selling item. However, customers have also asked for less expensive versions, to which we have responded with SESAMO-IDs. We redesigned the system to be more compact and suitable for outdoor installations, while significantly reducing the cost. As a consequence, this unit has become popular for use in ordinary offices, shops and other small facilities.

Our TOMAHAWK MACH I fire extinguishing systems and TOMAHAWK MACH II home-use models have received extensive praise for features such as an extendible hose that eliminates the need to carry the entire system around to reach a wide area, and for ease of operation, which is accomplished simply by pointing the nozzle at the base of the fire and pressing a button. We introduced updated versions of both systems during the term that are smaller, lighter and less expensive than their predecessors.

Software and Information and Communications-Related Services

We recently joined 15 Japanese companies in forming Entrust Japan as the sole distributor in Japan of PKI digital identification (ID) certification technologies developed by Entrust Technologies of the United States, a leading developer for the corporate market. We also formed an alliance with the anti-virus software giant, Trend Micro, to start a cyber security service aimed at private- and public-sector companies and organizations.

HOME EDUCATION



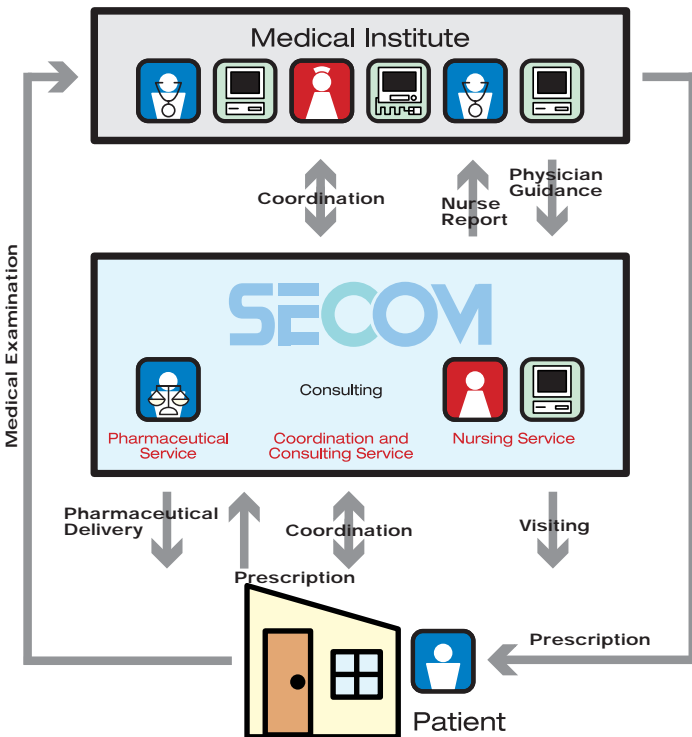
In our home education segment, Secom Lines launched sales of the Lines Sensei Denjyuku home education service, which is delivered via the Internet and CD-ROM. It also began offering the Internet Series for Schools educational software, which enables access to unsuitable sites for children to be blocked.

Medical Services

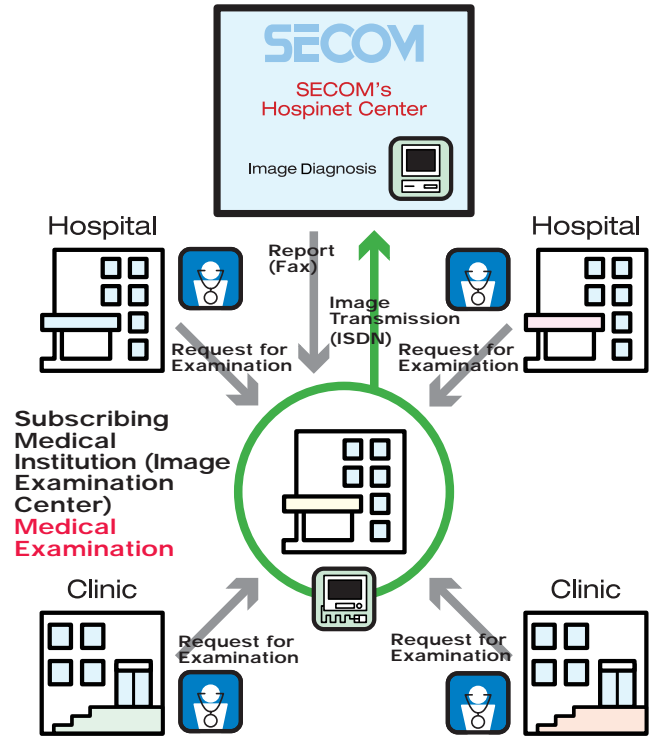
SECOM is promoting its home-based medical services as an alternative to more costly and less comfortable extended hospital sojourns. We launched the Medidata

service package as part of the Secom Home Medical System to allow patients at home to relay test results, conducted with self-administered analytical equipment rented as part of the service, to their primary physicians on-line. We also released the SECOM Group's first health and welfare product, an electronically operated artificial voice box marketed as My Voice. This device is better than previously available products because its speech synthesis produces a more natural sounding intonation and it is easy to wear and operate, and the SecomNurse Center, which operates around-the-clock

HOME MEDICAL SERVICES



HOSPINET SERVICE



throughout the year, responds promptly if the device malfunctions.

Secom Kampo System launched mail-order sales of its health food products during the year. These products are made from natural ingredients and are recommended by doctors in leading university hospitals.

We continued to promote sales of the “Hospinet” service, which enables high-speed transmission of medical data between subscribing medical institutions and SECOM’s Hospinet Center, an image diagnosis facility, via integrated services digital network (ISDN).

Real Estate Development

Subsidiary Eclairer Co., Ltd., develops and sells high-grade condominiums. Synergies between the company’s residential real estate know-how and SECOM’s comprehensive home security services are enabling the SECOM Group to offer more convenient and safer living environments.

NON-LIFE INSURANCE

Secom Toyo General Insurance, which began operations during the period, offers a wide range of innovative and affordably priced products. These include Cost-Reduced Automobile Insurance. Rates for Cost-Reduced Automobile Insurance are roughly 20% cheaper than those for conventional car insurance, regardless of the age or license class of the insured party. This product also features an emergency response feature, which enables policyholders to summon assistance from any one of SECOM’s emergency service depots around-the-clock in the event of an accident.

Secom Toyo General Insurance will continue to focus on the development and marketing of groundbreaking non-life insurance products that distinguish it from its competitors.

OVERSEAS OPERATIONS

The SECOM overseas security network now serves subscribers in 10 foreign countries: the United States,

Taiwan, the Republic of Korea, Thailand, Malaysia, Singapore, Indonesia, China, the United Kingdom and Australia. Our operations in the United States and other Asian markets have turned in steady sales increases in recent years despite a difficult operating environment. In Asia, our subsidiaries in Taiwan and the Republic of Korea have established strong presences in their local markets and listed their shares on their respective stock exchanges.

During the period, the Westec Security Group, Inc., in the United States reorganized its operations, selling off its residential customer base in order to concentrate on the commercial market with on-line security systems incorporating remote imaging functions.

