

REVIEW OF OPERATIONS

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Subscribers to Security Services by Category

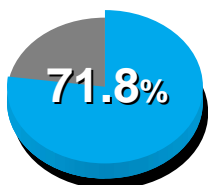
At March 31, 2000



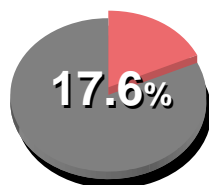
● Commerce	17.0%
● Manufacturing	15.0%
● Banking and financial services	12.3%
● Service industries	19.5%
● Government agencies	9.4%
● Others	26.8%

Percentage of Revenue and Other Income

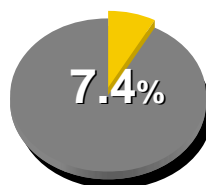
Security Services



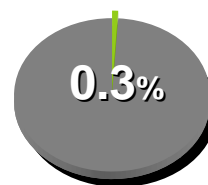
Information and Communication Related and Other Services



Insurance Services



Medical Services



SECURITY SERVICES

Electronic Security Services

In fiscal 2000, ended March 31, 2000, revenue from electronic security services, including commercial, home and large-scale proprietary security systems, rose 0.7%, to ¥225.5 billion. This accounted for 54.7% of total revenue, compared with 56.8% in the previous period.

We expanded our lineup of on-line centralized security systems, a principal component of this segment, with the introduction of SECOM IX, an interactive on-line system for commercial enterprises with late-night operating hours. SECOM IX is especially effective in preventing robberies and is intended primarily as an emergency warning-activated system comprising CCTV surveillance cameras and ISDN-based image transmission technology. It immediately transmits video images and recorded sounds from the subscriber's premises to the SECOM Video Monitoring Center when an emergency button is activated or monitoring is requested. The emergency button may be pressed, for example, by a subscriber company employee when confronted by a robbery or other crime, while requests for monitoring may be made when, for example, an employee feels insecure or uneasy. In both cases, the video images and audio signals are examined by center staff, who promptly assess the situation and take the appropriate steps, namely dispatching personnel and notifying the police. SECOM IX customers may also subscribe to an optional video patrol, which involves monitoring of the facility initiated by the control center.

Fiscal 2000 also saw the launch of SECOM MS-2, a condominium security management system combining emergency medical alert and safety monitoring functions. We also introduced SECOM MS-2N, a condominium security management system with significantly reduced rates.

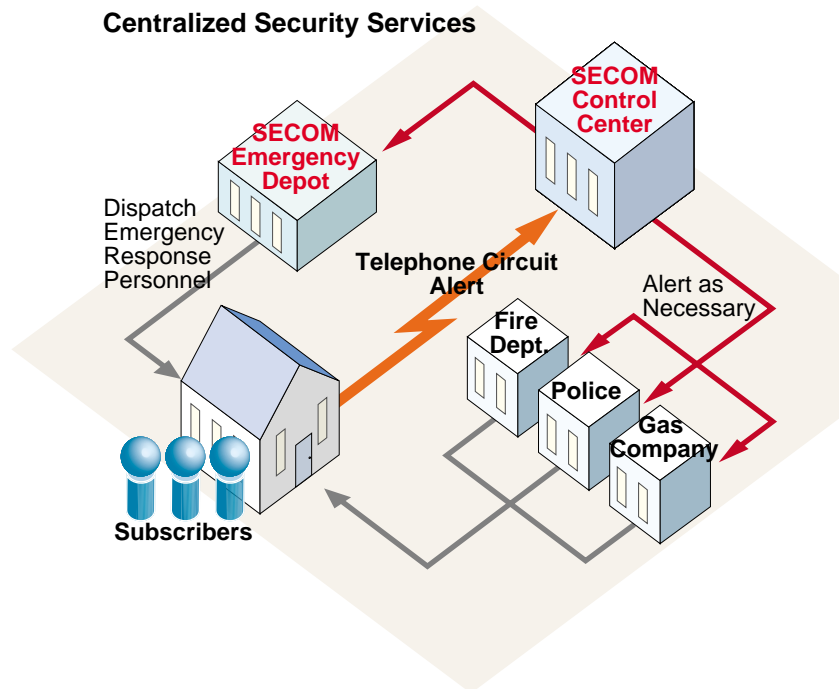
Other Security Services

Operations in this category center on static guard and armored car services. During the period under review, these services generated revenues of ¥45.2 billion, an increase of 6.5% from fiscal 1999, and accounted for 11.0 % of total revenue, compared to 10.8% in the previous period.

Sales of Merchandise

SECOM merchandise consists primarily of CCTV surveillance cameras, access control systems, automatic fire detection and extinguishing systems and intruder detection systems. Revenue from merchandise sales in fiscal 2000 slipped 6.2%, to ¥25.1 billion, and constituted 6.1% of total revenue, down from 6.8% in fiscal 1999.

New services introduced in fiscal 2000 included the SUPER CCTV System, a surveillance system with built-in security features to sense tampering. A visual and audio alarm is triggered if the camera angle is altered, the lens is covered, the cables connecting equipment are severed, or the power supply is cut off. We also launched a digital video recorder for security systems, which offers high-resolution recording and replay functions and prevents deterioration of image quality that occurs when tapes are replayed repeatedly, thus eliminating the need to replace tapes and clean magnetic heads. Should the video or input signal be



interrupted, or any irregularity affect the hard disk, a warning appears on the monitor immediately. Linking this recorder to the SUPER CCTV System facilitates unmatched reliability.

Another new product brought to market in fiscal 2000 was TOMAHAWK-PS, an automated fire extinguishing system for mechanical automobile parking systems. Unlike conventional fire extinguishing systems, which use carbon dioxide, and are thus potentially harmful to the environment and human health, the TOMAHAWK-PS uses a new gas fire suppressant that is zero-rated for ozone-depleting substances. The TOMAHAWK-PS features smoke and heat sensors, ensuring fires are discovered and extinguished early and erroneous activation is prevented. When activated, it reacts automatically with a 10-second, intensive spray. The unit also features a space-saving design, making the TOMAHAWK-PS a winner in terms of safety, effectiveness and ease of installation.

INFORMATION AND COMMUNICATION RELATED AND OTHER SERVICES

Revenue from information and communication related and other services climbed 31.3% in fiscal 2000, to ¥72.7 billion, and constituted 17.6% of total revenue, compared with 14.0% in fiscal 1999.

Software and Information and Communication Related Services

SECOM is well positioned to respond to rising demand for cyber security services. During the period under review, we launched digital certificate authorization services, which are provided by subsidiary Secom Trust.net, and include digital certificate issuing and digital certification authority outsourcing, the latter of which is conducted on behalf of customers at the Secom Trust.net Certification Authority Center. New digital certificate issuing services include SECOM Passport for Web, which issues certificates for Web sites, and SECOM Passport for Members, which certifies the browsers and e-mail of individual members and organizations.

We also offer a variety of network monitoring and security services. These include SECOM Intrusion

Detection Service, which monitors and reports on unauthorized intrusions 24 hours a day, 365 days a year, and includes rental sensors, regular reports and casualty insurance, and SECOM Virus Monitoring Service, which encompasses antivirus protection, pattern file monitoring, regular reports and casualty insurance.

GIS Services

During the period, Pasco, Japan's leading purveyor of mapping and GIS services, joined the SECOM Group. Pasco's operations comprise land survey chart preparation; environment analysis; construction consulting, including urban, road and park planning and design; and information systems, which comprises the development and sale of GIS services based on its specialized expertise in other areas.

In line with the Social System Industry vision, we will endeavor to maximize Pasco's capabilities to offer GIS and other information services, currently marketed primarily to public-sector customers, in the private sector.

Education Services

A pioneer in computer-aided learning systems in Japan, subsidiary Secom Lines continues to offer a variety of computer-aided learning systems. During the period, Secom Lines continued to focus on elementary and junior and senior high schools by marketing the Internet Series for Schools, comprising materials designed to help schools maximize the benefits of the Internet, and the Lines Forest Series of Groupware designed for use on school computer networks to enable everyone in the class to learn while communicating on-line.

Real Estate Development

Secom Home Life, which functions as the Group's real estate development arm, continues to develop condominiums that offer built-in SECOM on-line security systems as a standard feature. Secom Home Life is also aiming to incorporate other SECOM Group services, including home medical care and home nursing, information, education and insurance, to develop and offer a range of high-value-added condominiums.

INSURANCE SERVICES

Insurance services generated revenue of ¥30.4 billion, an increase of 6.4 times from fiscal 1999, when we entered the non-life insurance business. Revenue in this category constituted 7.4% of total revenue, up from 1.2%.

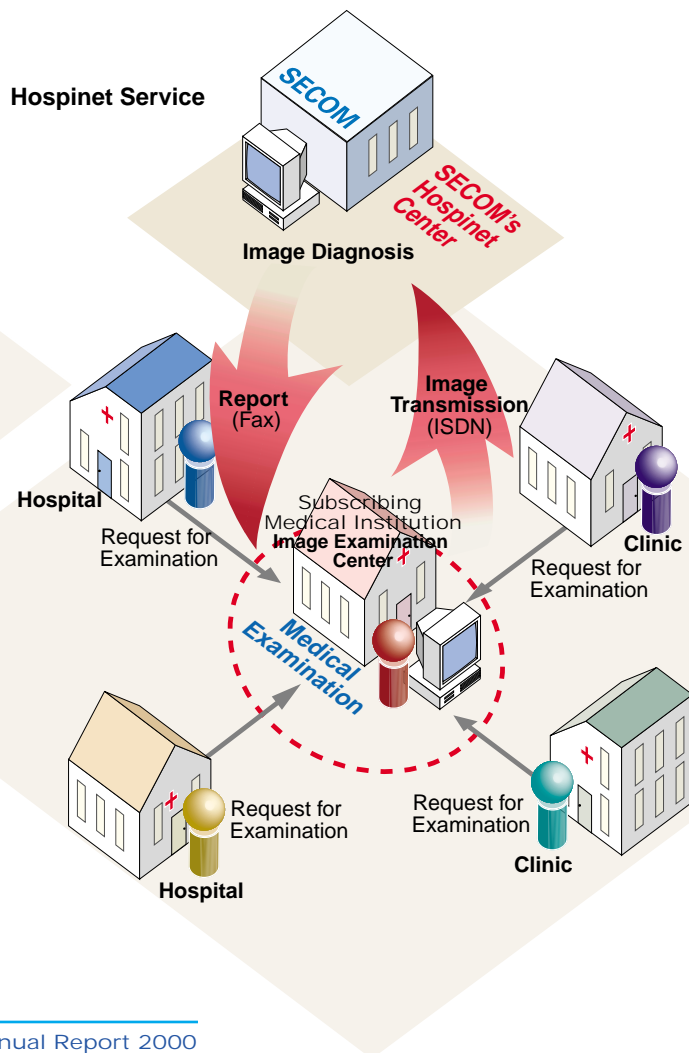
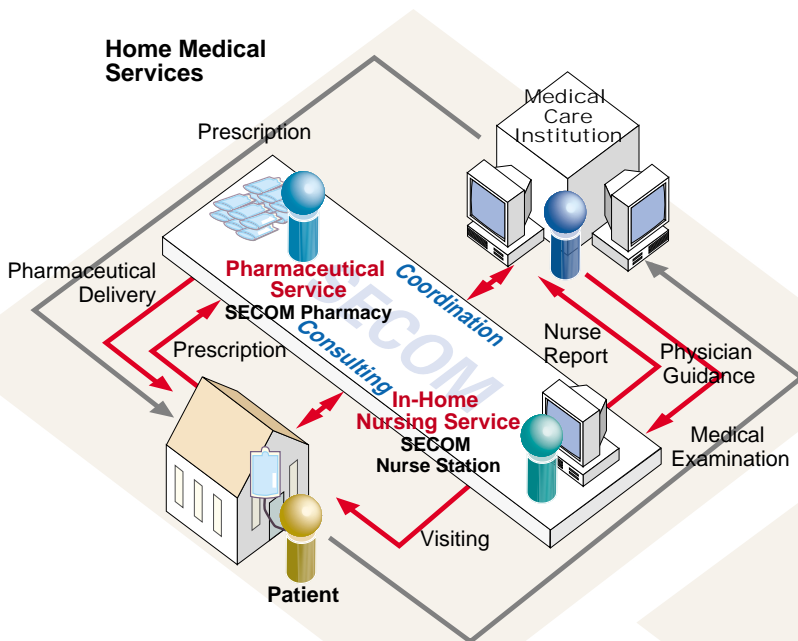
Our non-life insurance subsidiary, Secom General Insurance, is focusing its efforts on the development of attractive and innovative products, such as Secom My Car Insurance, an automobile policy offered directly to the public at lower prices than conventional broker-vended policies, and services, such as a discount on its fire insurance policy for SECOM security systems subscribers. During the period under review, the company added two products to its lineup: Anshin L Rich, a high-return casualty insurance policy, and Anshin New

Double, a comprehensive insurance policy that pays back the principal in full upon maturity. Consumers continue to respond positively to the additional peace of mind offered by the guaranteed principal and attractive returns of both policies.

MEDICAL SERVICES

Revenue from medical services totaled ¥1.3 billion, an increase of 23.3% from fiscal 1999, and represented 0.3% of total revenue, on a par with the previous period.

Subsidiary Secom Home Medical System provides comprehensive in-home medical care, encompassing dispensary services and professional private nursing services, as well as Medidata, an on-line, in-home



medical treatment support system that includes the rental of testing equipment. During fiscal 2000, Secom Home Medical System took advantage of regulatory change permitting the opening of Medical Care Insurance- and Long-term Care Insurance-approved visiting nurse stations, to establish several of these stations, thereby enhancing its ability to provide effective services and counseling under doctor supervision, as well as around-the-clock accessibility.

We also offer the Hospinet service, a remote image diagnosis support service. When a subscribing institution requests diagnosis of an MRI or CT scan, the image data is sent via ISDN from the examination center to the SECOM Hospinet Center for analysis. Diagnosticians at the center then advise the institution.

OVERSEAS OPERATIONS

In line with its belief that people everywhere need safety and peace of mind, SECOM made its first direct investment overseas by establishing a joint venture with Taiwan Secom Co., Ltd., in 1978. Since then, SECOM has earned solid praise for its distinctive on-line electronic services in many countries overseas. Today, we serve subscribers in 10 countries and states: the United States, Taiwan, the Republic of Korea, Thailand, Malaysia, Singapore, Indonesia, the People's Republic of China, the United Kingdom and Australia. In Asia, our subsidiaries in Taiwan and the Republic of Korea enjoy a strong presence in their local markets. Both have also listed their shares on their respective stock exchanges. In the United States, the Westec Security Group, Inc., offers on-line security systems incorporating remote imaging functions.

We will continue to capitalize on our expertise in the security field to enhance services offered overseas, as well as strive to expand our presence in countries with markets for SECOM-style security services.

