

PRESS RELEASE

KUDELSKI GROUP'S NAGRAVISION PAY TV SYSTEM SELECTED BY NET SERVIÇOS, LATIN AMERICA'S AND BRAZIL'S LARGEST CABLE TV OPERATOR

Cheseaux, May 12, 2004 – Nagravision, a Kudelski Group company and the world's leading independent provider of open conditional access system and related technology solutions for digital subscription TV, announced today that NET Serviços de Comunicação, Latin America's and Brazil's largest cable TV operator, has selected Nagravision Conditional Access system for its new digital cable platform. Nagravision will also act as NET's end to end system integrator for the delivery of the new system.

Formerly known as Globo Cabo, NET Serviços is the largest multiple system operator of Pay TV in Brazil. It operates the NET brand in 44 of the country's major cities, including operations in the 4 largest cities: São Paulo, Rio de Janeiro, Belo Horizonte and Porto Alegre. The company has a subscriber base of 1,3 million connected people and its cabling network reaches more than 35 thousand kilometers, running through nearly 6,5 million homes. NET offers also Broadband Internet services through its VIRTUA brand name, as well as, data communication and multimedia services for the corporate network through its VICOM subsidiary.

NET and Nagravision will be working on implementing a state-of-the-art all digital cable system that includes Nagravision's latest conditional access system and smart card technology. Following the current American DTV market trend, Nagravision open solution will enable NET to offer numerous applications in a completely open environment. The system can offer consumers the latest in digital cable services such as new digital tier programming, advanced user interfaces, interactive applications, and DVR services. To enable advanced functionality in the home for the consumer, Nagra has selected the latest generation DOCSIS DVB compliant return path set-top boxes from leading industry manufacturer Thomson.

"This agreement to be the leading provider of cable decoders to Net-Brazil reaffirms Thomson's global leadership position in cable," commented Frédéric Kurkjian, General Manager, Broadband Cable, Worldwide, Thomson. "By leveraging our digital technology expertise, Thomson will provide cable subscribers in Brazil the opportunity to experience the most advanced capabilities that the current Thomson product line affords. We are pleased to work with Net-Brazil and the other companies to deliver a quality cable entertainment experience."

"NET has ambitious plans for expanding their cable network and increasing the services which can be delivered to subscribers' homes. Nagravision has shown that it has a reputation for pioneering advances in cable network technology through new product innovations and global implementations," says Pierre Roy, COO of Nagravision. "Amongst the many advantages of an all digital platform, Nagravision's open solutions will also enable NET to reduce set-top box prices, which translates into lower capital costs as NET introduces new digital services while offering consumers the benefit to watch all channels in a state-of-the-art digital format."

"NET's decision to move from an analog to a digital programming distribution platform is significant from both the business and the operational perspective. As the first Brazilian Pay TV company, NET will take advantage of its new digital cable system to deliver the most advanced products to its customers and counter competition from satellite operators" says Francisco Valim, General Director of NET. "We were looking for a company to help us grow our cable network substantially. Nagravision's undisputed track record in securing high value content proved that they don't just have the technology but also the implementation knowledge and unrivalled support. Thus we are confident that Nagravision will provide us with broad expertise to help us increase the scope of our offering."

Nagravision's solutions have been selected by many of the leading broadcasters in South America. In Brazil this includes TVA, ACOM and TV Show.

About Nagravision

Nagravision is the world's leading independent supplier of open conditional access, advanced management tools and integrated solutions for cable, satellite, terrestrial and MMDS, FTTH and xDSL operators. These advanced solutions provide digital TV and content providers with the tools to operate and manage a wide range of pay TV offerings including pay-per-view, on-demand and interactive applications on multiple digital platforms. Nagravision digital and analog conditional access technologies are currently being utilized by more than 120 leading operators worldwide representing over 40 million digital and analog subscribers.

Nagravision is a division of the Switzerland-based Kudelski Group and has offices in the United States, Singapore, Shanghai, India, Brazil, Spain, the UK and Switzerland. The Kudelski Group (SWX "KUD") is part of the Swiss Market Index, which includes the top 26 blue chip companies in Switzerland. Kudelski stock is also listed on the Morgan Stanley Capital International Index. See <http://www.nagra.com> for more information.

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