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PRESS RELEASE

KUDELSKI PRICING ANNOUNCEMENT

FOR NEW CONVERTIBLE BOND ISSUE

September 6th, 2005 - Kudelski Financial Services Holding S.C.A. (the **Issuer**) is pleased to announce that today it fixed the terms of its unsubordinated bonds due 2012 (the **New Bonds**), convertible into bearer shares (the **Bearer Shares**) of, and unconditionally and irrevocably guaranteed by, Kudelski S.A. (the **Guarantor**), with Goldman, Sachs & Co. Bank acting as joint-lead manager and sole bookrunner and Zürcher Kantonalbank acting as joint-lead manager (collectively, the **Managers**).

70'000 New Bonds with a nominal value of CHF 5,000 each representing an aggregate of CHF 350,000,000 have been placed today at the following prices :

- Coupon of 1.625%, representing an annual yield to maturity of 1.625%
- Conversion price of CHF 67.76 per bearer share of Kudelski S.A. with a nominal value of CHF 10
- Conversion premium of 36.0% over the reference price of the Bearer Shares

10'000 New Bonds representing an aggregate of CHF 50,000,000 were placed as part of the Greenshoe option granted by the Issuer to the Managers.

The Issuer is issuing the New Bonds for the partial repurchase of the outstanding 2.25% guaranteed convertible unsubordinated bonds of the Issuer due 2009, for potential acquisitions and other general corporate purposes outside of Switzerland. The Issuer intends to tender for the remaining U.S. \$157,928,000 of these bonds and the tender offer is expected to be launched on 21 September 2005. The proceeds of the issue of the New Bonds will further strengthen Kudelski's financial position and support its long-term strategy.

The payment date of the New Bonds will be 5 October 2005. The 10'000 New Bonds placed in connection with the Greenshoe may, at the option of the Managers, either be subscribed from the Issuer or purchased on the market. Application shall be made to list the New Bonds on the SWX Swiss Exchange with trading expected to start on 3 October 2005. The Bearer Shares are listed on the SWX Swiss Exchange, traded on virt-x, and part of the Swiss Market Index.

The offering of the New Bonds consists of a public offering of bonds exclusively in Switzerland.

No offer is being made, directly or indirectly, in or into, the United States, and the New Bonds may not be offered for sale from or within the United States.

This press release is only for circulation to persons outside the United Kingdom, persons within the United Kingdom falling within the definition of Investment Professionals (as defined in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**)), or other persons to whom it may lawfully be communicated in accordance with the Order.

No offer is being made, directly or indirectly, to the public in the Grand Duchy of Luxembourg and this press release and the offering circular and the bond purchase agreement relating to the New Bonds or any other circular, prospectus, form of application, advertisement or other material relating to the offer are neither an offer to sell nor a solicitation to purchase the New Bonds in Luxembourg.

The offer will not directly or indirectly be made in a country or jurisdiction in which such offer would be illegal, otherwise violate the applicable laws or regulations or which would require the Companies to change the terms or conditions of the offer in any way, to submit an additional application to or to perform additional actions in relation to any governmental, regulatory or legal authority. It is not intended to extend the offer to any such country or jurisdiction. Documents relating to the offer must neither be distributed in nor sent to such countries or jurisdictions. Such documents must not be used for the purpose of offering to sell the New Bonds.

Enquiries and requests for additional information:

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This press release is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any bond or Bearer Shares. The distribution of this press release and the offer and sale of the New Bonds may be restricted by law in certain jurisdictions. Any persons reading this press release should inform themselves of and observe any such restrictions.

This press release is not an offer of securities for sale in the United States or to U.S. persons. The New Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended. The securities may not be offered or sold in the United States or to US persons absent such registration or an applicable exemption from registration.

About Kudelski

The Kudelski Group (www.nagra.com) is a world leader in digital security. Its technologies are used in a wide range of applications requiring access control and rights management, whether for securing transfer of information (digital television, broadband Internet, video-on-demand, interactive applications, etc.) or to control and manage access of people or vehicles to sites and events. Kudelski SA, the parent company of the Kudelski Group, is headquartered in Cheseaux-sur-Lausanne, Switzerland. Its bearer shares are listed on the SWX, traded on virt-x, and part of the Swiss Market Index.

Kudelski Financial Services Holding S.C.A. is a partnership limited by shares (société en commandite par actions) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, rue Guillaume Kroll, L-1882 Luxembourg and registered with the Luxembourg trade and companies register under number B.85.281.