

PRESS RELEASE

IPPV AGAINST ECHOSTAR IN THE UNITED STATES : ECHOSTAR AND TWO COMPANIES OF THE KUDELSKI GROUP ARE GOING TO APPEAL

Cheseaux, July 16th, 2001 - NagraVision and NagraStar, a joint-venture between EchoStar and Kudelski, have been involved in a lawsuit opposing IPPV and EchoStar in the United States. The defense was sentenced on Friday, 13 July 2001 at 1:00pm local time (7:00pm Swiss time) by a popular jury in Wilmington, DE (USA), to pay \$15 millions to IPPV for damages; this amount could be increased up to three-fold by the judge on the basis of the popular jury's decision.

This sentence, because of its nature and the granted amounts, caused general surprise amongst the defenders of EchoStar and of the two Kudelski Group companies.

The experts mandated by EchoStar and NagraStar were and are convinced that the technical processes used by EchoStar do not infringe on IPPV's intellectual property rights. The experts base their opinion on a detailed technical analysis which demonstrates this position. However, the popular jury decided otherwise.

EchoStar, NagraVision and NagraStar will appeal the judgement.

The outcome of the lawsuit leads us to make the following comments :

- Should the conclusions of the jury even be maintained in appeal, chances are strong that the amounts will be substantially revised downwards.
- Out of the five patents considered in this procedure, the first two patents, which represented an important stake for EchoStar, were either withdrawn or rejected by the judge. Additionally, two other patents had expired before 1997 while the last patent, the only one still in effect, has only a few months left before expiration.
- A technical solution that would not fall within the interpretation made by the jury about the last applicable patent can be implemented within a short timeframe at EchoStar's without impacting on the functionalities offered to subscribers.
- Given the secondary role played by the two Kudelski Group companies next to the defendant, only part of the fine will be able to be attributed to them.

Finally, the Kudelski Group's current and future business in the United States is not affected by the jury's decision in any way.

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