

PRESS RELEASE

The Kudelski Group acquires the Lausanne-based company Lysis International SA

- **Strategic expansion of the Kudelski Group's offering in digital television and the broadband Internet**
- **Lysis becomes a Kudelski Group company while retaining its identity**
- **Lysis has built a solid reputation in the sector of digital television and audio-visual rights management**
- **In the middle and long term, strong potential to create synergies between Lysis and NagraVision in terms of sales thanks to excellent complementary and a strong potential for future development**
- **Opportunities to create added value in the middle and long term : extended control of the digital television distribution chain will allow Kudelski and Lysis to better respond to new market needs**
- **Important potential for synergies in the middle and long term, including improvements in the cost structure**
- **Lysis management and shareholders have chosen to join the Kudelski Group for strategic reasons**
- **Lysis management is under the responsibility of Mr. Colas Overkott, 38, who will become Chairman of the Board of Lysis**
- **The acquisitions of Livewire, Ticket Corner and Lysis represent a total investment of approximately CHF 110 millions**

Cheseaux, May 17th 2001 – The Kudelski Group announces the acquisition of Lysis International SA in Lausanne. Both parties having identified a unique potential to create added value, Lysis shareholders have unanimously approved the acquisition, as opposed to other concrete financing options.

The Kudelski Group's strategic interest in this transaction is to have complete control over the technology used in the distribution of digital television programs. Today this control is becoming a key element in the sense that the protection of information must be extended to cover the full distribution chain, from copyright owners to television viewers using their smart card.

The Kudelski Group companies and Lysis have very complementary businesses. NagraVision supplies digital platform operators using cable, satellite, xDSL and other broadband networks with conditional access technology that ensures the secure distribution of television and multimedia content as well as data.

Lysis provides the same types of operators, as well as content editors and broadcasters, with software designed to create and operate value-added television services. A leader in software for Near-Video-On-Demand services, Lysis products are widely deployed throughout the world. The company has recently launched solutions for interactive television and Video-On-Demand.

The acquisition of Lysis will allow the Kudelski Group to increase the added value offered to operators, especially in the area of interactive applications, a previously announced strategic objective. Additionally, Lysis has invested a lot of effort and several tens of million dollars into research and development in order to ensure the future development of these applications.

The Kudelski Group thereby strengthens its assets in order to accompany its clients through their present and future challenges including development of high-speed IP and digital terrestrial distribution, Personal Video Recorders, interactive advertising, on-demand services and many other opportunities which will allow per subscriber revenues to increase, both for operators and the Kudelski Group.

Bringing together two companies is primarily a matter of human relations. In this respect, it is important to underline the fact that engineers of both companies have known each other for a long time and work together for common customers such as NTL in the UK, Cablecom in Switzerland and PMSI in Taiwan. The good relationships that exist on site between the teams should facilitate a closer cooperation between Lysis and the other Kudelski Group companies.

The management of Lysis will remain the same, under the responsibility of Colas Overkott, Chairman of the Board, and including Stelio Tzonis and Lien Pham, founders of Lysis, as well as Simon McGrath, founder of the Rights Management activity, shareholder and Board Member of Lysis prior to the acquisition. Mr. Overkott was an executive within the TF1 Group before becoming CEO of Lysis in 2000.

The successive acquisitions of Livewire, Ticket Corner and Lysis represent a global investment of approximately CHF 110 million. The impact of these acquisitions in the 2001 fiscal year will be approximately CHF –20 million on the Kudelski Group's net results. The positive contribution of the three new companies to the Group's net results should surpass CHF 10 million per year from 2002.

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