

Corporate Governance

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This report has been prepared in compliance with the Directive on Information Relating to Corporate Governance issued by the SWX Swiss Exchange. Unless otherwise mentioned, the information provided in this report reflects the situation as of December 31, 2006.

1. Group structure and shareholders

1.1 Group structure

Kudelski SA has its registered offices in Cheseaux-sur-Lausanne.

The company is structured as a holding company since 1999. Its shares are listed on the SWX Swiss Exchange since August 2, 1999. From an operational point of view, the activities of the Group are divided into two sectors: Digital Television and Public Access.

The Kudelski Group is organized and managed as shown on the organization chart on the following page.

The participations in the Digital Television sector are held directly by Kudelski SA, while the participations in the Public Access sector are held by Nagra Public Access AG, which in turn is fully owned by Kudelski SA.

1.1.1 Operational structure of the Group

See following page.

1.1.2 Listed companies included in the scope of consolidation

Kudelski SA is a Swiss holding company listed on the SWX Swiss Exchange (val. No 001226836/ISIN CH0012268360) with market capitalization at December 31, 2006 of CHF 2 171 310 516. Only bearer shares of Kudelski SA are listed on the SWX Swiss Exchange.

With the exception of Kudelski SA, the companies included in the scope of consolidation are not listed.

1.1.3 Unlisted companies included in the scope of consolidation

Please refer to pages 52 and 58 of the Kudelski Group 2006 Financial Statements.

1.2 Significant shareholders

The principal shareholder of Kudelski SA is the Kudelski family pool including Mr Stefan Kudelski and Mr André Kudelski. No other shareholder holds more than 5% of the capital and there are no shareholders' agreements between the family pool and other shareholders.

At December 31, 2006

Kudelski family pool

Listed bearer shares	6 702 147
Unlisted registered shares	46 300 000
Voting rights	56.62%
Share capital held	21.82%

This shareholding structure, and in particular the control given to the family pool over the company preserves the independence of the Group vis-à-vis the main digital operators and protects the Group's customers from an unwanted take over.

1.3 Cross-holdings

There are no cross-holdings.

Kudelski SA

Digital TV

Nagravision	100%	NagraCard	100%
Nagra France	100%	NagraStar	50%
Nagra Plus	50%	NagraID	100%
Nagra Trading	100%		
Quative	100%	Leman Consulting	100%
SmarDTV	100%	Nagra Thomson Lic.	50%
Abilis Systems	100%		

Public Access

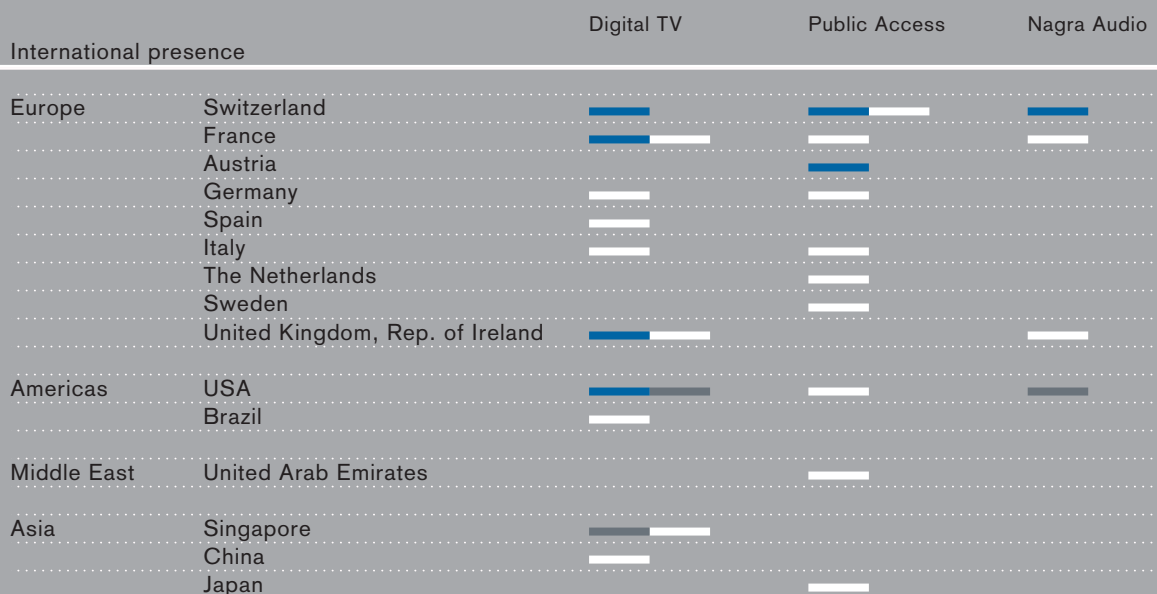
Nagra Public Access

SkiData	100%
polyright*	100%

The Nagra Audio activity is an integral part of Nagravision SA. It is under the operational direction of Charles Egli, Executive Vice President.

* At December 31, 2006, polyright was a fully owned affiliate of Kudelski SA. On January 18th, 2007, the Kudelski Group announced the acquisition by the Securitas Group of a 50% participation in polyright SA.

International presence



Head offices █
 Regional headquarters █
 Subsidiaries/offices █