

3. Board of Directors

The Board of Directors is the highest decision-making body within the company and is responsible for monitoring the decisions taken at management level. At present, it consists of seven members elected by the General Meeting of Shareholders. The Board of Directors has an Audit Committee, a Strategy Committee and a Remuneration and Nomination Committee.

Membership is as follows:

André Kudelski
Chairman of the Board and Chief Executive Officer (CEO)

Claude Smadja
Deputy Chairman of the Board and Lead Director

Norbert Bucher

Laurent Dassault

Patrick Føetisch

Marguerite Kudelski
Since May 2, 2006

Pierre Lescure

Honorary Chairman (since May 2, 2006):
Stefan Kudelski

Secretary to the Board:
Nicolas Gøetschmann
Corporate Secretary (not member)

3.1 Members of the Board of Directors

	Year of birth	Nationality	Executive/ Non-executive
André Kudelski	1960	Swiss	Executive
Claude Smadja	1945	Swiss	Non-executive
Norbert Bucher	1931	Swiss	Non-executive
Laurent Dassault	1953	French	Non-executive
Patrick Føetisch	1933	Swiss	Non-executive
Marguerite Kudelski	1965	Swiss	Non-executive
Pierre Lescure	1945	French	Non-executive

André Kudelski

André Kudelski obtained a degree in physical engineering from the Ecole Polytechnique Fédérale de Lausanne (Federal Institute of Technology of Lausanne) in 1984. He then held the position of R&D Engineer at Kudelski SA and in the Silicon Valley, before becoming Pay TV Product Manager and then Director of Nagravision, the Pay TV division of Kudelski SA. In 1991, André Kudelski succeeded to his father Stefan Kudelski to the position of Chairman and Chief Executive Officer of Kudelski SA. He has been on Kudelski SA's Board of Directors since 1987.

André Kudelski is a member of the Board of the Edipresse Group, Nestlé, HSBC Private Banking Holdings SA (Switzerland) and Dassault Systèmes (France). He is also a member of the Swiss American Chamber of Commerce and of the Committee of economiesuisse.

André Kudelski chairs the Strategy Committee of the Kudelski SA Board of Directors.

He also holds positions on the Boards of several Kudelski Group companies: Nagravision (Chief Executive Officer), NagraCard (Chief Executive Officer) and Nagra Plus (Chairman and Chief Executive Officer). André Kudelski is also a member of the Supervisory Board of SkiData.

Claude Smadja

Claude Smadja is a graduate in political science from the University of Lausanne. After a number of years as Deputy Editor of the Information Department at Télévision Suisse Romande (TSR), the TV channel for French-speaking Switzerland, he joined the management of the World Economic Forum in 1987, a position that he held until 1992. He then returned to TSR as Information Director until 1996, when he was appointed Managing Director of the World Economic Forum. In 2001, Claude Smadja set up his own strategy consultancy, Smadja & Associates, Strategic Advisory.

Claude Smadja is a member of the Board of the Edipresse Group, Infotech and Infosys, where he also holds the position of Chairman of the Nomination Committee. In addition, he is member of the International Board of Overseers of the Illinois Institute of Technology.

Claude Smadja is Deputy Chairman of the Kudelski SA Board of Directors and Lead Director in the sense of the "Swiss Code of Good Practice in Corporate Governance" issued by economiesuisse.

He is also Chairman of the Audit Committee and a member of the Strategy Committee and of the Remuneration and Nomination Committee of the Kudelski SA Board of Directors.



André Kudelski



Claude Smadja



Norbert Bucher



Laurent Dassault



Patrick Fœtisch



Marguerite Kudelski



Pierre Lescure

Norbert Bucher

Norbert Bucher obtained a doctorate in technical sciences at the Ecole Polytechnique Fédérale de Lausanne (Federal Institute of Technology of Lausanne). He also took post-graduate management programs at the New York University, at the Harvard Business School (Cambridge, Massachusetts) and at the IMEDE (IMD Lausanne).

Norbert Bucher began his professional career with Sulzer, in Winterthur and New York, then with Syska & Hennessy Inc, Consulting Engineers in New York. He then joined Philip Morris Europe SA as Deputy Director. After eleven years as Deputy Managing Director at Interfood SA in Lausanne, he held the position of Senior Vice President of Jacobs Suchard in Zurich for seven years.

He is a member of the Kudelski SA Board of Directors since 1992 and of the Audit Committee.

Norbert Bucher is also a member of the Board of Nagra Plus.

Laurent Dassault

Laurent Dassault is a business law graduate and also holds a degree from the Paris ESLSCA (School of Applied Commercial Sciences).

In 1977, he began his career at Banque Vernes in the "France – exploitation" department (from 1977 to 1982) and became Director of the banking department at Banque Industrielle et Commerciale du Marais (1983 – 1989) taking over Banque Parisienne Internationale with Paribas in 1990. He held the position of "General Management and Shareholders" at the Banque Parisienne Internationale.

In 1992, he joined the Groupe Industriel Marcel Dassault (GIMD), where he now holds important positions within its various French and foreign structures. He sits on the Board of Directors of Dassault Systèmes (France).

He thus held the following positions (as from date in brackets): Chairman and Managing Director of Dassault Belgique Aviation (1992), Managing Director of Immobilière Dassault SA (2003), member of the Board of GIMD (1992), SVE, Dassault Systèmes (1992), SOGITEC Industries SA (1992), IPS (Industrial Procurement Services) (1992). He is also Chairman of Midway Aircraft (1992).

Laurent Dassault is a member of the Board of Terramaris SA in Fribourg, Switzerland (1992), the Power Corporation in Montreal, Canada and Assicurazioni Generali SP in Italy (2004).

He is also a member of the Advisory Board of 21 Central Partners (Benetton Group) in Paris (2003) and of the Advisory Committee of Sagard Private Equity Partners in Paris (2003).

Patrick Føetisch

Patrick Føetisch graduated from the University of Lausanne as a Doctor of Law. He manages his own law office.

He is a member of the Board of Directors of Renault Finance SA, Lausanne.

He is a member of the Kudelski SA Board of Directors since 1992 and also Chairman of the Board's Remuneration and Nomination Committee.

Patrick Føetisch acts as legal counsel to the Group as and when required. He holds positions on the Board of the following Kudelski Group companies: Nagravision (Chairman), NagraCard (Chairman), Nagra Plus (member of the Board), NagraID (Chairman) and polyright (member of the Board). He is also a member of the Supervisory Board of SkiData.

Marguerite Kudelski

Marguerite Kudelski obtained a degree in micro-technical engineering from the Ecole Polytechnique Fédérale de Lausanne (Federal Institute of Technology of Lausanne) in 1991 and a PhD in Microtechnics from the same Institute in 1999. She also graduated with an Executive MBA degree from the IMD in Lausanne in 2006.

From 1991 to 1999, Marguerite Kudelski made her first professional experience at the Laboratory of Electro-mechanics and electrical machines of EPFL working simultaneously as development engineer for the Kudelski Group's Nagra Audio division.

In 1999, she was promoted Head of Research & Development at Précel SA in Neuchâtel (then a Kudelski Group company) and, in 2000, CEO and Board Member of the same company, a position that she held until end of 2002.

After completing a number of projects for NagraID in 2003, she took the responsibility of some key projects for the Kudelski Group within the Finance Department in 2004. She held this position until November 2006.

Marguerite Kudelski is a member of the Board of Directors of Kudelski SA and polyright SA since May 2006. She is also a member of the Audit Committee of Kudelski SA's Board of Directors.

Pierre Lescure

After graduating in literature and journalism and from the Centre de Formation des Journalistes in 1965, Pierre Lescure started his career working with various radio stations (RTL, RMC, Europe 1) and then turned to the television industry. He worked at Antenne 2 as news presenter from 1972. He then returned to the radio industry and became co-editor-in-chief of Europe 1 in 1974 and director of programs of RMC in 1979. In 1982-1983, he was editor-in-chief at Antenne 2 and, in 1984, worked with André Rousselet at the launch of the pay TV channel Canal+. In 1988, he was appointed Chief Executive Officer of Canal+ and, in 1993, President and Chief Executive Officer of Canal+. From 2000 to 2002, he was co-Chief Executive Officer of Vivendi Universal.

Pierre Lescure is member of the Supervisory Board of the Lagardère group and of the newspaper Le Monde. He is also member of the Board of Directors of Thomson and of Havas.

3.2 Other activities and vested interests

Please refer to the individual CVs of the members provided under 3.1 above.

3.3 Cross-involvements

André Kudelski and Claude Smadja sit on the Board of Edipresse.

André Kudelski and Laurent Dassault sit on the Board of Dassault Systèmes (France).

3.4 Elections and terms of office

The members of the Board are appointed by the General Meeting for a term of one year. They may be re-elected. The term of office ends on the day of the Ordinary General Meeting. The Board of Directors organizes itself by appointing a Chairman and a Deputy Chairman. The Secretary may be elected from outside the Board of Directors. He or she is not a member of the Board.

	1 st election to the Board	Last election	Expiry date of the appointment
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André Kudelski	1987	02.05.2006	24.05.2007
Claude Smadja	1999	02.05.2006	24.05.2007
Norbert Bucher	1992	02.05.2006	24.05.2007
Laurent Dassault	1995	02.05.2006	24.05.2007
Patrick Fœtisch	1992	02.05.2006	24.05.2007
Marguerite Kudelski	2006	02.05.2006	24.05.2007
Pierre Lescure	2004	02.05.2006	24.05.2007

3.5 Internal organizational structure

3.5.1. Allocation of tasks within the Board of Directors

With the support of its three Committees, the Board of Directors exercises inalienable and non-transferable functions pursuant to the law (Art. 716 CO).

The Chairman is responsible for conducting the discussions at the General Meeting of Shareholders and at Board meetings, informs the members of the Board of the development of the business and the biannual accounts as well as represents the company in respect of administrative and judicial authorities.

The Board of Directors currently consists of seven members, six of whom are non-executive. It meets at least four times a year, but as often as the good conduct of business requires.

In the absence of contrary provision of law, the management of the company is delegated to the Chief Executive Officer (CEO).

In his management activities, the CEO acts on the basis of directives issued by the Board of Directors, and safeguards the interests of the company. He presents the accounts of the company to the members of the Board of Directors every six months. He also presents a report covering the substantive aspects of business development.

The Lead Director convenes and manages autonomously a meeting of the independent members of the Board of Directors if the interests of the company require such independent discussion. He ensures a performance appraisal process for the Chairman and Chief Executive Officer of the Board of Directors.

The Lead Director sees to the independence of the Board of Directors vis-à-vis the Chairman and Chief Executive Officer, as well as vis-à-vis the company; he chairs the Board of Directors in case of conflict of interests of the Chairman and Chief Executive Officer. In the current Group structure, the functions of Chairman and Chief Executive Officer are exercised by the same person, which is an advantage because of the rapid evolution of the Kudelski Group's activity sector which requires a very fast decision-making process both operationally and strategically. Control mechanisms exist, inter alia the Lead Director function, in order to balance this situation. This plurality of functions is very frequent in companies operating in the Kudelski Group's activity sector.

3.5.2. Members list, tasks and area of responsibility for each Committee of the Board

Each Committee is governed by a charter defining its purpose, its obligations and its composition. The Committees of the Board also meet as often as is necessary and report regularly to the Chairman of the Board of Directors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee oversees the remuneration policy implemented by the company. It likewise examines, together with the Chairman of the Board of Directors, the remuneration of the members of the Board of Directors and of the key officers of the company.

It ensures that remunerations are aligned to the level of similar companies in the same sector, as well as in the regions where employees and executives carry out their work.

It also ensures that remunerations encompass an important variable part for executives having significant influence on the business.

It submits to the General Meeting of Shareholders proposals for appointment of members of the Board of Directors.

It reviews, at the Chairman of the Board of Directors' request, the applications for management positions and may therefore receive the necessary documents and meet with the candidates. The Committee may consult outside experts in the preparation of its recommendations and decisions.

It is composed of at least two non-executive members of the Board of Directors.

Audit Committee

The Audit Committee provides effective and regular supervision for the financial reporting processes of the company in order to ensure the integrity, transparency and quality of such processes. It ensures the compliance of the accounting methods with applicable regulations on the subject and the constant updating and provision of financial information to the company.

This Committee supervises the internal reporting processes and the work of the external auditors. It ensures that the recommendations of the latter are followed up and safeguards their independence.

It supplies regular recommendations and reports to the Board of Directors on the adequacy, efficacy and truthfulness of the accounting processes.

The Audit Committee meets four times a year in principle. It reports to the Board of Directors on its activities. The Committee may call on independent experts and consultants as it deems fit in the accomplishment of its tasks.

The Committee is made up of at least three members who are non-executive members of the Board of Directors. At least one of the members of the Committee must have proven experience in the field of accounting. All members must have knowledge or practical experience of financial management. The members are appointed by the Board of Directors.

Strategy Committee

The task of this Committee is to constantly review and define the strategy of the Group. It drafts strategic development options with the goal of ensuring the long-term enhancement of the competitive position of the Group and its shareholder value.

To this end the Strategy Committee monitors the development of the markets and the competitive position of the Group, drafts future development models and safeguards the development of the Group by means of investments, disinvestments and reorganization.

In order to define strategic choices, the Strategy Committee relies upon information gathered from the management, the Board of Directors and, if needed, external counsels.

The Strategy Committee periodically reviews the adequacy between the Group's objectives, its structure and the organization in order to meet the strategic objectives.

The Strategy Committee submits proposals to the Board of Directors, which remains the decisional organ for strategic matters.

The Strategy Committee is made up of three members of the Board of Directors, including the Chairman and Deputy Chairman. It meets at least twice a year.

	Audit Committee	Strategy Committee	Remuneration and Nomination Committee
André Kudelski		■	
Claude Smadja	■	■	■
Norbert Bucher	■		
Patrick Fœtisch			■
Marguerite Kudelski	■		
Pierre Lescure		■	■

Chairman ■
Member ■

3.5.3 Work methods of the Board of Directors and its Committees

In 2006, the Board and its Committees met as follows:

Board of Directors	6 times
Strategy Committee	3 times*
Audit Committee	3 times
Remuneration and Nomination Committee	3 times

*of which 2 were held with the entire Board.

Average attendance at Board meetings exceeded 90%. Most meetings lasted between 3 and 4 hours. The Board took a three-day trip to the United States to visit NagraStar and the operator EchoStar, a Kudelski Group customer.

3.6 Definition of areas of responsibility

The Board of Directors has delegated co-ordination of the day-to-day operations of the Group's companies to the Chief Executive Officer. The internal organizational structure and the definition of the fields of responsibility of the Board of Directors and the Committees of the Board are set out in the By-laws. This document is available on request from the General Secretary of the Kudelski Group.

3.7 Information and control instruments vis-à-vis Group management

The Board of Directors is informed periodically of the Group's business situation. This information is made available to Board members in various ways:

- The Chief Executive Officer provides the Board, before every meeting of the Board, with reports about the situation of the Group's various entities and activity sectors.
- Members of the Management or experts in specific fields are regularly requested to make presentations about particular topics to the members of the Board.
- The Group has implemented risk management processes enabling the systematic identification of key business risks, their potential impact and proposed measures. The processes cover market, strategic, operational and financial risks. The Board of Directors is periodically informed through presentations of the situation regarding the principal risks incurred by the Group.
- The Controlling Unit provides ad hoc financial and operational analyses targeted at identifying relevant risks along the value chain and devising opportunities for improvement. A segregation of duties between Controlling and Accounting ensures that appropriate controls are in place. In specific core areas, ad hoc units are in charge of ensuring appropriate internal controls: thus, for example, the Chief Security Officer and a Security Committee provide appropriate controls of the Group's core security activities. The Audit Committee can request more detailed risk assessments in specific areas of interest.
- The Group is continuously developing its Information Management System, further enhancing the detail level and efficiency of its reporting by combining financial information and numeric information whilst taking into account the various stages of the sales process. This allows a regular review of revenues by unit for the upcoming quarters. In this perspective, an expert team within the Controlling Unit is dedicated to analyzing the Group's performance and delivering an analytical service platform designed for the Group management and the operational units. Key performance indicators are defined for all operational activities on the value chain and are automatically available from the information system.