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#### 4.2 Other activities and vested interests

Please refer to the individual CVs of the members of the Group management under 4.1 above.

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#### 4.3 Management contracts

There were no management contracts in place at Kudelski SA on December 31, 2006.

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### 5. Compensation, shareholdings and loans

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#### 5.1 Content and method of determining the compensation and shareholding programs

The Remuneration and Nomination Committee controls and approves the remuneration policy established by the company. It also has the responsibility of determining the remuneration of the members of the Board of Directors as well as the members of Group management.

In general, the remuneration policy of the Kudelski Group is based on the performance of the business units and of the persons individually.

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#### Members of the Board of Directors

Overall remuneration of non-executive members of the Board of Directors includes fixed annual fees as well as an allowance for the costs and other expenses incurred in connection with the performance of their duties. This remuneration is given in cash. A variable element can also be allocated in options.

The specific services rendered by members of the Board of Directors of Kudelski SA or of one of the companies in the Group are remunerated on the basis of fees, with the amount of the fees corresponding to the market rate for the same type of services.

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#### Members of Group management

The global annual remuneration of members of Group management includes a base salary and a variable element based on the individual's performance and achievement of financial, operational and qualitative objectives.

The variable element may be payable in cash or in Kudelski SA bearer shares.

Shares and/or stock options may be attributed by the Remuneration and Nomination Committee to members of Group management and/or to staff members in order to give them an interest in the long term objectives of the company.

Group management members can also participate in the share purchase plan implemented by the company in 2004.

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#### 5.2 Compensation for acting members of governing bodies

Total compensation granted directly or indirectly by Kudelski SA or by one of its affiliated companies during 2006 to members of the Board of Directors and/or members of the Group management amounted to CHF 10 637 642.

This sum breaks down as follows: CHF 10 187 476 for the executive member of the Board of Directors and for the members of the Group management and CHF 450 167 for the non-executive members of the Board of Directors.

These figures include the cash bonuses paid in relation to the financial year in question, even if they were paid at a later date.

No severance payments were made to persons leaving positions on the governing bodies during the financial year 2006.

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#### 5.3 Compensation for former members of governing bodies

A total of CHF 205 020 was paid to a former member of the Group management in 2006.

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#### 5.4 Share allotment in the year under review

During the financial year 2006, a total of 147 732 bearer shares of a nominal value of CHF 10 each were allotted to the executive member of the Board of Directors and to the members of the Group management. No shares were allotted to the non-executive members of the Board of Directors.

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#### 5.5 Share ownership

The number of Kudelski SA shares held on December 31, 2006 by the executive member of the Board of Directors

and by members of the Group management of Kudelski SA (including the members of the Kudelski family who are not part of the family pool) as well as the parties closely related to such persons was 12 743 031 bearer shares and 46 300 000 registered shares.

Excluding the Kudelski family, the number of Kudelski SA shares held on December 31, 2006 by the other members of the Board of Directors as well as the parties closely related to such persons was 1 198 392 bearer shares.

## 5.6 Options

The Kudelski Group implemented an option plan in 2003. The situation on December 31, 2006 is as follows:

Executive member of the Board of Directors and members of Group management and parties closely related to such persons:

Year of grant: 2003

Number of options	Vesting period	Maturity	Ratio	Exercise price
25 436	01.04.2006	01.04.2007	1 – for – 1	CHF 20
43 960	01.04.2007	01.04.2008	1 – for – 1	CHF 20
43 960	01.04.2008	01.04.2009	1 – for – 1	CHF 20

Non-executive members of the Board of Directors and parties closely related to such persons:

Year of grant: 2003

Number of options	Vesting period	Maturity	Ratio	Exercise price
3 000	01.04.2006	01.04.2007	1 – for – 1	CHF 20
6 000	01.04.2007	01.04.2008	1 – for – 1	CHF 20
6 000	01.04.2008	01.04.2009	1 – for – 1	CHF 20

Year of grant: 2005

Number of options	Vesting period	Maturity	Ratio	Exercise price
1 000	01.04.2007	01.04.2008	1 – for – 1	CHF 20
1 000	01.04.2008	01.04.2009	1 – for – 1	CHF 20

## 5.7 Additional fees and remuneration

The additional fees (including consulting fees and fees relating to other contracts/agreements) and other remuneration paid by the Kudelski Group for services rendered during the financial year 2006 to members of the Board of Directors and to parties closely related to them were as follows: CHF 318 227 to Mr. Patrick Fœtisch – for himself and the lawyers appointed by him – as legal advisor to the Kudelski Group.

## 5.8 Loans granted to governing bodies

At December 31, 2006, Kudelski SA had no guarantees, loans, advances or borrowings in favor of members of the Board of Directors and members of the Group management or parties closely related to such persons.

## 5.9. Highest total compensation

For the member of the Board of Directors upon whom the highest total compensation was conferred during 2006, the elements are as follows:

- Compensation: CHF 5 461 675 (in cash)
- Share allotment: 115 000 (subject to restrictions)

## 6. Shareholder participation

The provisions of the Articles of Incorporation of Kudelski SA dealing with the participation rights of shareholders are in compliance with the law as set out in the Swiss Code of Obligations. The Articles of Incorporation are available on the Kudelski Group website under the following link: [www.nagra.com/ar/statuts\\_Kudelski.pdf](http://www.nagra.com/ar/statuts_Kudelski.pdf).

### 6.1 Voting rights and representation restrictions

As per the Articles of Incorporation, there exist no restrictions on voting rights and no statutory group clauses and rules on granting exceptions.