

Press Release

SkyLife and the Kudelski Group to create a Joint Venture company to deploy world leading Advanced Advertising solutions

Seoul, Korea, Cheseaux, Switzerland – January 18th, 2011 - SkyLife, the Korean Satellite & Hybrid services operator and the Kudelski Group (SIX:KUD.S) have agreed today to form a joint venture to develop world leading Advanced Advertising solutions, enabling operators to offer and monetize addressable and interactive advertising. This will enable TV advertising to become more relevant and interesting, therefore more profitable, as ads will be both interactive and specifically addressed to households.

Interactive advertising provides advertisers the opportunity to directly engage viewers with the brand and supports exchanges such as telescoping, request-for-information and even transaction commerce. Brand recall has been shown to be enhanced through the use of interactive advertising components. Addressable advertising provides advertisers the opportunity to address ads to geographic and demographic groups of households in much the same manner as direct (postal) mail and broadband/Internet ads. Addressable advertising provides the viewer with relevant, meaningful and useful advertising while providing advertisers with a service that provides greater effectiveness and efficiency and thus a higher yield.

Based on existing Kudelski Group technologies and knowhow, the Joint Venture company will develop an Advanced Advertising solution which SkyLife will deploy to its entire subscriber base. As part of the solution, each SkyLife set-top box shall have reserved hard disk space for advertising features, addressable commercials and interactive ads. The Joint Venture company will market this hard disk space in Korea and enable advertisers, agencies and broadcasters to deploy advanced advertising on the SkyLife STB footprint and subscribers base.

After successful introduction of the Advanced Advertising solution in the Korean market, the Joint Venture company will promote the solution internationally.

Mr. MR Lee, CEO of SkyLife, and Mr. Andre Kudelski, Chairman and CEO of the Kudelski Group have signed the agreement.

“We are honored to have with SkyLife the partner to create such a new business. Korea is again the world test bed for a new technology solution and an innovative business model. Deploying first our joint Advanced Advertising solutions over SkyLife’s 3.5 million households in Korea will be a major step to develop and refine these advanced technologies and business before launching world-wide.”, said Andre Kudelski. “Together with subscription, advertising is the lifeline of our industry. Developing our presence in this area is considered as a strong growth factor for SkyLife. Our mission is to allow our subscribers to receive more interesting and relevant ads and to enable the industry to make a more profitable use of their ad investment. This Advanced Advertising Joint Venture with Kudelski will also enable SkyLife to expand internationally” said MR Lee.

About SkyLife

Korea Digital Satellite Broadcasting Co. Ltd., more universally recognized under its ‘SkyLife’ brand name, is the only satellite broadcasting operator (DTH platform) in Korea providing more than 220 channels, 72 channels of which are HD channels, the most in Korea. The number of HD channels is supposed to be over 100 by the end of 2011. The expanded HD offering will rely on the launch of a new satellite (Olleh-1 launched by KT), set for Dec of 2010. SkyLife commenced its

commercial service in March 2002 and reached 2,830,000 subscribers as of the end of 2010, which accounts for around 15% of all households in Korea. As of now around 45% of the SkyLife customers subscribe to HD packages. SkyLife is aiming for 4 million subscribers by the end of next year. On 1st January, 2010, SkyLife launched a 24 hour 3D dedicated channel (“Sky3D”, channel number 1), the first satellite channel of its kind in the world. It delivers sports, events, animations and other entertainment content from some of the world’s most renowned 3D producers as well as the content produced by SkyHD, a subsidiary company of SkyLife. Please visit www.skylife.co.kr for more information.

About the Kudelski Group

The Kudelski Group (SIX: KUD.S) is a world leader in digital security and convergent media solutions for the delivery of digital and interactive content. Its technologies are used in a wide range of services and applications requiring access control and rights management to secure the revenue of content owners and service providers for digital television and interactive applications across broadcast, broadband and mobile delivery networks. The Kudelski Group is also a world technology leader in the area of access control and management of people or vehicles to sites and events. It additionally offers professional recorders and high-end hi-fi products. The Kudelski Group is headquartered in Cheseaux-sur-Lausanne, Switzerland. For more information, please visit www.nagra.com

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