

## NDS BRANDS CANAL+ LAWSUIT BASELESS; PLANS COUNTERSUIT

**London, UK, March 12<sup>th</sup> 2002** - NDS today described the lawsuit filed against it by Canal Plus as outrageous and baseless and reiterated the company's long-standing commitment to eradicating piracy from the conditional access industry.

NDS has not yet been served with the complaint. The company plans to file a counterclaim once it has had an opportunity to fully review Canal Plus' suit.

NDS President and CEO Dr. Abe Peled denied his company had any involvement with the significant piracy problem Canal Plus has suffered since 1999. "That problem is due solely to the inferior nature of Canal Plus' conditional access technology, the failure of its business plan to contain measures to protect against piracy and its failure to deal with piracy once it began," Dr. Peled said. "The clear evidence is that the pirate community targeted Canal Plus early in 1998 and succeeded without any help from anyone, particularly NDS."

Dr. Peled continued: "All smart cards can be hacked if left in the field long enough, which is why NDS' business plan calls for periodic replacement of cards. NDS also designs its system to permit electronic counter measures to be sent over the air to disable counterfeit cards. Canal Plus' card has not provided effective counter measures."

The baseless nature of this lawsuit is underscored by several factors.

- Recognizing the inferiority of their own conditional access technology, Canal Plus approached NDS in December 2001 with the idea of merging the two companies, and attempted to use these baseless allegations to gain leverage in the negotiations.
- Canal Plus acknowledges that it has reversed engineered its competitors' cards.
- For the past year, Canal Plus has been trying (without success) to hire away the very employee they claim gave their code to DR7. In fact, their own lawyer has been involved in this poaching process, despite the fact that the employee is under contract with NDS. Why would Canal Plus want to hire a person they claim was involved in such activity? NDS intends to counterclaim against Canal Plus for this tortious conduct as well as tortious interference with other employment and contractual relationships of NDS'.
- As indicated in numerous published reports, there are significant differences of opinion within the Vivendi companies about the management and operations of Canal Plus.

Dr. Peled concluded: "This lawsuit is a blatant attempt by Canal Plus both to deflect criticism of its new generation card, which is not believed to be state of the art, and to shift blame for its inadequate technology and its past losses."

**About NDS**

NDS Group plc (NASDAQ/NASDAQ Europe:NNDS) is committed to digital choice, providing open conditional access software and interactive systems for the secure delivery of entertainment and information to television set-top boxes and personal computers. The company also develops secure datacasting solutions for the distribution of data and multimedia. See [www.nds.com](http://www.nds.com) for more information.

**Cautionary Statement Concerning Forward-Looking Statements**

The statements contained in this release which are not historical facts may constitute forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements relate to the plans, projections or future performance of NDS, which involve certain risks and uncertainties, including risk of market acceptance, the effect of economic conditions, possible regulatory changes, technological developments, the impact of competitive pricing and the ability of NDS and its commercial partners to develop systems and solutions which meet the needs of the broadcasting industry in a timely and cost-efficient manner, as well as certain other risks and uncertainties which are detailed in NDS' filings with the SEC. Company or product names have been used for identification purposes only and may be the trademarks or registered trademarks of their respective companies.

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