ANNUAL GENERAL MEETING of SHAREHOLDERS

19 May 2006

Olivier Piou
Chief Executive Officer
Disclaimer

Important information

Investors and security holders are strongly advised to read, when they become available, the prospectus/offer to exchange and related exchange offer materials regarding the business combination transaction referenced in this press release, as well as any amendments and supplements to those documents because they will contain important information. When available, the prospectus/offer to exchange and the other documents may also be obtained from Axalto Investor Relations. If required, the prospectus/offer to exchange will be filed with the U.S. Securities and Exchange Commission by Axalto. To the extent the prospectus/offer to exchange is filed with the Securities and Exchange Commission, security holders may obtain a free copy of the prospectus/offer to exchange (when available) and other related documents filed by Axalto at the Commission's website at www.axalto.com

Forward-Looking Statements

This communication contains certain statements that are neither reported financial results nor other historical information and other statements concerning Axalto, Gemplus and their combined businesses after completion of the proposed combination. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, events, products and services and future performance. Forward-looking statements are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions. These and other information and statements contained in this communication constitute forward-looking statements within the safe harbor provisions of U.S. federal securities laws. Although management of the companies believe that the expectations reflected in the forward-looking statements are reasonable, investors and security holders are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of the companies, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements, and the companies cannot guarantee future results, levels of activity, performance or achievements. Factors that could cause actual results to differ materially from those estimated by the forward-looking statements contained in this communication include, but are not limited to: the ability of the companies to integrate according to expectations; the ability of the companies to achieve the expected synergies from the transaction; trends in wireless communication and mobile commerce markets; the companies' ability to develop new technology and the effects of competing technologies developed and expected intense competition generally in the companies' main markets; profitability of expansion strategy; challenges to or loss of intellectual property rights; ability to establish and maintain strategic relationships in their major businesses; ability to develop and take advantage of new software and services; the effect of the transaction and any future acquisitions and investments on the companies' share prices; changes in global, political, economic, business, competitive, market and regulatory forces. Moreover, neither the companies nor any other person assumes responsibility for the accuracy and completeness of such forward-looking statements. The forward-looking statements contained in this communication speak only as of this communication and the companies are under no duty to update any of the forward-looking statements after this date to conform such statements to actual results or to reflect the occurrence of anticipated results or otherwise.
Key points – Year 2005

- Strong levels of activity and a reinforced financial situation
  - Axalto was able to seize the growth opportunities, and improve its earnings
  - Well balanced business portfolio and geographical presence decisive
  - Unusual seasonal pattern between first and second semester

- Key financial achievements
  - Revenue: $992 million
  - Operating margin: 8.1%
  - Net income: $59 million
  - Earnings per share: $1.41
  - Free cash flow: $73 million
  - Net cash position at year-end: $251 million

- The proposed combination with Gemplus to create a world leader in digital security, Gemalto, was strongly approved by the respective shareholders
Strong levels of activity
Breakdown of revenue in full year

**FY 2004**

- POS Terminals: 8%
- Prepaid Cards: 4%
- Financial Cards: 20%
- Public Sector, Access and others: 10%
- Mobile Communication: 57%

**Total Revenue:** $960 million

**FY 2005**

- POS Terminals: 8%
- Prepaid Cards: 4%
- Financial Cards: 20%
- Public Sector, Access and others: 10%
- Mobile Communication: 60%

**Total Revenue:** $992 million

A balanced business portfolio

Mobile Communication confirmed as main product line
Full year revenue
Mobile Communication

- Further very strong growth: +9%
  - Over 340 million SIM cards delivered in 2005 (+33%), a new record
  - Continued pressure on ASP (-19%)
  - Very strong growth in volumes of microprocessor cards sold in EMEA and NSA
  - Lower revenue in Asia due to weaker demand in China and lower growth in several South Asia markets
  - Continuous improvement in the product mix, generating growth in revenue

In USD million

<table>
<thead>
<tr>
<th></th>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>548.8</td>
<td>598.0</td>
</tr>
</tbody>
</table>

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Financial statements prepared in accordance with IFRS
Improved product mix
in Mobile Communication

In volume

- High-end
- Mid-range
- Entry level

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Financial statements prepared in accordance with IFRS
Full year revenue
Financial Cards

- Moderate growth: +2%
  - 78 million microprocessor cards sold in 2005, a new record
  - A more favorable geographical sales mix
  - High basis of comparison due to EMV migration in the UK in 2004
  - Migration to the EMV standard spreads to Latin America and Asia
  - 5 million Axalto contactless cards shipped in the second semester to top US banks

<table>
<thead>
<tr>
<th></th>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>In USD million</td>
<td>196.2</td>
<td>200.2</td>
</tr>
</tbody>
</table>
Full year revenue
Public Sector, Access and Other

- Lower Pay TV and patent licensing, and delays in large national public electronic passport and ID projects drives revenue down 19%
- Product line still marked by the volatile nature of this business
- Improved Access business product mix in Asia and NSA
Revenue inches down 2%

- Axalto pursues its selective strategy in a declining market
- Global volume and average selling price remains downwardly oriented in the end-of-life of this product line

FY 2004: $39.7 million
FY 2005: $39.1 million
Full year revenue
Point-of-Sale Terminals

- Strong geographic expansion almost fully offset tough comparison basis
  - Very high basis of comparison due to large deliveries of EMV compatible terminals in the UK in 2004 (48% revenue growth compared to 2003)
  - Robust growth recorded especially in India and EMEA as EMV migration spreads
  - A strong share of revenue now derived from services

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
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</thead>
<tbody>
<tr>
<td>77.3</td>
<td>75.4</td>
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</tbody>
</table>

In USD million
Breakdown of revenue by area in 2005

- NSA
  - Strongest growth in revenue, in percentage +30%, and in absolute terms: +$56 million, at $244 million in 2005

- Asia:
  - Revenue down 13% to $207 million mainly due to the weakness of the Chinese market and lower growth in South Asia

- EMEA:
  - Revenue of $542 million, up 1%, marked by strong growth in Eastern Europe and Africa

NSA region becomes the second largest region in terms of revenue
Strong performance
Net income grows despite strongly competitive environment

<table>
<thead>
<tr>
<th>Margin as % of revenue</th>
<th>2004</th>
<th></th>
<th>2005</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EBITDA</td>
<td></td>
<td>Operating income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Income before tax</td>
<td></td>
<td>Net Income</td>
<td></td>
</tr>
<tr>
<td>13.8%</td>
<td>133</td>
<td></td>
<td>89</td>
<td>117</td>
</tr>
<tr>
<td>9.2%</td>
<td>57</td>
<td></td>
<td>83</td>
<td>80</td>
</tr>
<tr>
<td>8.6%</td>
<td>59</td>
<td></td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>5.9%</td>
<td></td>
<td></td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

In USD million
### Income statement highlights:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>Evolution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>960.4 USD</td>
<td>992.3 USD</td>
<td>+3%</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>315.8 USD</td>
<td>320.8 USD</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>Gross margin (%)</strong></td>
<td>32.9%</td>
<td>32.3%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>132.7 USD</td>
<td>117.2 USD</td>
<td>(12%)</td>
</tr>
<tr>
<td><strong>EBITDA margin (%)</strong></td>
<td>13.8%</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>88.6 USD</td>
<td>80.0 USD</td>
<td>(10%)</td>
</tr>
<tr>
<td><strong>Operating margin (%)</strong></td>
<td>9.2%</td>
<td>8.1%</td>
<td></td>
</tr>
<tr>
<td><strong>Income before tax</strong></td>
<td>82.9 USD</td>
<td>82.5 USD</td>
<td>0%</td>
</tr>
<tr>
<td><strong>As a percentage of revenue (%)</strong></td>
<td>8.6%</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>57.0 USD</td>
<td>59.3 USD</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Net margin (%)</strong></td>
<td>5.9%</td>
<td>6.0%</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Net income attributable to equity holders</strong></td>
<td>56.3 USD</td>
<td>57.1 USD</td>
<td>+1%</td>
</tr>
<tr>
<td><strong>Basic Earnings Per Share</strong></td>
<td>1.40 USD</td>
<td>1.41 USD</td>
<td></td>
</tr>
</tbody>
</table>

(At historical exchange rates)

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Financial statements prepared in accordance with IFRS
Operating expenses well contained

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<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research and development</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a % of revenue</td>
<td>6.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td><strong>Sales and marketing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a % of revenue</td>
<td>11.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a % of revenue</td>
<td>5.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong> (excluding other income, net)</td>
<td>24.1%</td>
<td>24.2%</td>
</tr>
</tbody>
</table>

- Effectiveness of the Group’s tight costs controls
- Increase in general and administrative expenses as a publicly listed company in line with IPO-time anticipations
## Net Return on Sales increases to 6%

### Operating Income

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### Net Income attributable to equity holders

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- Operating margin at 8.1%
- Strong financial result, reflecting successful currency risk management policy and strong financial income
- Tax rate: 28.2% compared to 31.2% in 2004
- Net income rises 4%
- Return On Sales increases to 6%
Strong cash generation

Net cash generated (consumed) by operating and investing activities

In USD million

<table>
<thead>
<tr>
<th>Year</th>
<th>Net income, amortization, depreciation and other adjustments</th>
<th>Change in Working Capital, other assets and liabilities</th>
<th>Investment and others</th>
<th>Free cash flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>106</td>
<td>84</td>
<td>22</td>
<td>73</td>
</tr>
<tr>
<td>2005</td>
<td>(33)</td>
<td>73</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Strong free cash flow generation: $73 million
- Further improvement in working capital management
- Cash flows from investing activities: $36 million, i.e. 3.7% of 2005 revenue
## Key Metrics

<table>
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<tr>
<th>(in million USD)</th>
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<td><strong>Net Income</strong></td>
<td>56.3</td>
<td>57.1</td>
</tr>
<tr>
<td><strong>EPS (basic) on average number of shares</strong></td>
<td>1.40</td>
<td>1.41</td>
</tr>
<tr>
<td><strong>EPS (fully diluted)</strong></td>
<td>1.38</td>
<td>1.38</td>
</tr>
<tr>
<td><strong>Capital Employed, net (as period average)</strong></td>
<td>522.9</td>
<td>487.7</td>
</tr>
<tr>
<td><strong>Return On Capital Employed (on NOPAT basis)</strong></td>
<td>11.7%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

USD 1 = EUR 0.809 0.798
2006 Q1 Revenue
Key points of Q1 2006

- Quarterly activity
  - Q1 2005 represented strong basis of comparison for Q1 2006
  - Highly competitive environment in mobile communications
    - Strong price pressure
    - Reallocation by certain clients of their supply sources
  - Significant ASP decrease, compounded by higher proportion of Asia in sales mix
  - Patent revenue increase

- Business environment highlights
  - 3G field trials start in China
  - Contactless deployments continues in the U.S.
  - Passport programs now underway
    - Portugal, Czech Republic, France
Q1 breakdown of revenue

**Q1 2005**
- POS Terminals: 9%
- Mobile Communication: 57%
- Prepaid Cards: 5%
- Public Sector, Access and others: 11%
- Financial Cards: 19%

$237 million

**Q1 2006**
- POS Terminals: 8%
- Mobile Communication: 53%
- Prepaid Cards: 3%
- Public Sector, Access and others: 15%
- Financial Cards: 20%

$209 million

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Financial statements prepared in accordance with IFRS
Conclusion
Axalto in 2005

- Axalto created and seized opportunities in its main businesses with winning products and services
- Unusual seasonal pattern
- Excellent performance in field operations
- A leaner and stronger balance sheet
Axalto in 2006

- A defined set of growth opportunities
- Innovative products and local presence to seize them
- A healthy balance sheet to finance these opportunities
- Expect return to a traditional seasonal pattern, favoring the second half
- Preparing for the success of Gemalto
Gemalto, creating a world leader in digital security

- Gemalto will be in a strong position to address the growth in core markets and new applications.
- Gemalto will bring enhanced R&D and Sales & Marketing to serve combined client base with customized products, stronger local support and more rapid innovation deployment.
- Strong governance, shared and strengthened management team.
- Robust financial situation with sound balance sheet and significant identified synergies.
- Combination of equals overwhelmingly approved by both Axalto and Gemplus extraordinary General Meetings of shareholders.
- Two step transaction: contribution in kind followed by a voluntary exchange offer.
- Working with competition review authorities.
Thank you for your attention