

Minutes of the Annual General Meeting of Shareholders of Axalto Holding N.V., 11 May 2005

(This is not a verbatim account of the proceedings)

1. Opening

Mr. John de Wit, chairman of the Board of Directors (the “**Board**”), speaking on behalf of the Board, welcomed the shareholders and all others present to the Annual General Meeting of Shareholders of Axalto Holding N.V. (“**AGM**”), held in the Crowne Plaza Hotel Amsterdam-Schiphol at Planeetbaan 2, 2132 HZ Hoofddorp, the Netherlands at 10 a.m. on Wednesday 11 May 2005. The chairman introduced to the meeting each Board member present.

The chairman welcomed Axalto Holding N.V. (“**Axalto**”)’s external auditor, Mr. F.J. Konings of PriceWaterhouseCoopers Accountants N.V. who was present, as recommended by the Dutch corporate governance code, and announced that Mr. Konings would be available to answer questions with regard to their control activities and auditor’s statements.

The chairman also welcomed Mr. F. Rosendaal, the civil-law notary of Axalto.

The chairman appointed Mrs. M. Fedida, company secretary of Axalto, as the secretary for the meeting, in accordance with article 24, paragraph 1 of the articles of association.

The chairman noted that the proceedings of the meeting would be recorded to facilitate the recording. The chairman announced that the official language meeting would be the English language.

2. Announcements:

- (i) The meeting was convened with due observance of all legal and statutory provisions. The notice to attend the meeting, including the agenda has been published in “Het Financieele Dagblad”, “Le Balo” and “The Financial Times”, on April 22, 2005. The complete agenda (including explanatory notes and information on the Remuneration Policy for the Chief Executive Officer, as well as on the new non-executive member of the Board), as well as copies of the 2004 Annual Report in English (including the 2004 Financial Statements) had been available for inspection at the Axalto office in Amsterdam, at the office of Axalto International SAS, and at the office of Credit Agricole Investor Service Corporate Trust as of April 22, 2005. Copies of the documents referred to in the preceding sentence were made available at the meeting. The notice explained the procedure for shareholders holding shares through Euroclear France S.A. who wished to attend the meeting, shareholders who elected Euroclear France S.A. to vote on their behalf, and shareholders who wished to have their shares transferred in their own name to Axalto’s shareholders’ register.
- (ii) Article 27, paragraph 1 of the articles of association of Axalto states that resolutions shall be adopted by an absolute majority of votes cast in a General Meeting of Shareholders, where at least one-fourth of the issued share capital is represented. According to the attendance list the holders of 11.257.064 shares were present or represented, who may

cast 11.257.064 votes, which was more than one-fourth of the issued share capital, so valid resolutions could be taken.

- (iii) In accordance with article 27, paragraph 1 of the articles of association of Axalto, the chairman decided on voting by acclamation. There were no objections against this decision from the meeting.
- (iv) No requests were received from shareholders to add proposals to the agenda of the meeting.

3. Annual Report of the Board

The chairman proceeded with the third item on the agenda: the Annual Report of the Board on the financial year 2004.

The financial year 2004 was an exciting and rewarding year for Axalto. The chairman expressed his thanks to the Board for its Annual Report and invited Mr. Piou as Chief Executive Officer of Axalto to present a summary of the most important developments in the financial year 2004 and the current state of affairs, and Mr. Desmartis as Chief Financial Officer of Axalto to inform the meeting on the financial affairs (for more information see the presentations, which have been put on the Axalto website).

The chairman thanked Mr. Piou and Mr. Desmartis for their clear explanation and gave the shareholders the opportunity to discuss and ask questions regarding the Annual Report.

Since none of the shareholders wished to ask any questions or make remarks, the chairman concluded this item of the meeting,

4. Adoption of the 2004 Financial Statements

The chairman proceeded with the fourth item on the agenda: the adoption of the Financial Statements for the year 2004, consisting of the balance sheet as per December 31, 2004, the profit and loss accounts regarding the financial year 2004 and the explanatory notes thereto.

The Financial Statements had been prepared in the English language due to the international structure of Axalto. Prior to the IPO, the General Meeting of Shareholders approved the preparation of the 2004 Financial Statements and future Financial Statements, as well as the Annual Reports, in the English language.

The chairman gave the shareholders the opportunity to discuss and ask questions regarding the Financial Statements. Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to adopt the 2004 Financial Statements of Axalto.

The chairman asked whether there were any abstentions or votes against the proposal, which was not the case. The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, all votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

5. Discussion on Dividend and Reservation Policy

The chairman proceeded with the fifth item on the agenda: discussion on Dividend and Reservation Policy.

Axalto's current policy is to not pay any dividends on its ordinary shares, nor to distribute any reserves, but to add those proceeds to the retained earnings. Should there be no longer reasons to add the proceeds to the retained earnings, Axalto would have to take a new decision with respect to its reserves and dividend policy, which would be brought to the Annual General Meeting of Shareholders for approval.

The chairman gave the shareholders the opportunity to discuss and ask questions. Since none of the shareholders wished to ask any questions or make remarks, the chairman concluded this item of the meeting.

6. a. Discharge of the Chief Executive Officer for the fulfillment of his duties during the past financial year

The chairman proceeded with section (a) of the sixth item on the agenda: discharge of the Chief Executive Officer for the fulfillment of his duties during the past financial year.

The chairman gave the shareholders the opportunity to discuss and ask questions.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to discharge the Chief Executive Officer for the fulfillment of his duties during the past financial year.

The chairman asked whether there were any abstentions or votes against the proposal. The company secretary, in accordance with the voting instructions issued to her by Euroclear France S.A., declared that 2.341.620 votes are against the proposal.

The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, the majority of the votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

b. Discharge of the non-executive members of the Board for the fulfillment of their duties during the past financial year

The chairman proceeded with section (b) of the sixth item on the agenda: discharge of the non-executive members of the Board for the fulfillment of their duties during the past financial year.

The chairman gave the shareholders the opportunity to discuss and ask questions.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to discharge the non-executive members of the Board for the fulfillment of their duties during the past financial year.

The chairman asked whether there were any abstentions or votes against the proposal. The company secretary, in accordance with the voting instructions issued to her by Euroclear France S.A., declared that 1.930.770 votes are against the proposal.

The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, the majority of the votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

7. Discussion on Corporate Governance

The chairman proceeded with the seventh item on the agenda: discussion on Corporate Governance.

In 2004 and early 2005 Axalto had been enhancing and improving the corporate governance structure. Axalto's corporate governance structure is based on the requirements of the Dutch Civil Code, the Articles of Association, the Dutch Corporate Governance Code and French recommendations.

Axalto had, amongst others, implemented a Code of Ethics, a Health, Safety and Environment Policy, a Code of Practice, an Insider Trading Code, a Whistleblower Code, as well as Rules and Regulations for the Board and its Committees. All these documents can be downloaded from Axalto's website at www.axalto.com.

For a detailed description of the corporate governance structure, including an overview of actual, as well as expected deviations from the Dutch Corporate Governance Code in accordance with the "apply or explain" principle, reference was made to Chapter 6 of the 2004 Annual Report.

Since none of the shareholders wished to ask any questions or make remarks, the chairman concluded this item of the meeting.

8. Adoption of Remuneration Policy for the Chief Executive Officer

The chairman proceeded with the eighth item on the agenda: adoption of the Remuneration Policy for the Chief Executive Officer.

Dutch law and Axalto's Articles of Association stipulate that the Board determines the remuneration of the Chief Executive Officer within the remuneration policy adopted by the General Meeting of Shareholders. On the chairman's invitation Mr. van der Poel explained Axalto's Remuneration Policy for the Chief Executive Officer, which Remuneration Policy was attached to the agenda of the AGM as appendix 1.

The chairman thanked Mr. van der Poel for his clear explanation and gave the shareholders the opportunity to discuss and ask questions regarding the Remuneration.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to adopt the Remuneration Policy for the Chief Executive Officer.

The chairman asked whether there were any abstentions or votes against the proposal. The company secretary, in accordance with the voting instructions issued to her by Euroclear France S.A., declared that 3.986.667 votes are against the proposal.

The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, the majority of the votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

9. Remuneration of the non-executive members of the Board

The chairman proceeded with the ninth item on the agenda: the Remuneration of the non-executive members of the Board.

Dutch law and Axalto's Articles of Association stipulate that the General Meeting of Shareholders, upon the proposal of the Board, determines the remuneration of the non-executive members of the Board.

The remuneration structure did not need to be amended with the exception of an increase of the remuneration of the Audit Committee. The Board proposed to increase the remuneration of the non-executive members of the Audit Committee as follows:

The current annual Audit Committee fee is €5,000 for members and €7,500 for the chairman of the Committee. The proposal was to increase this annual fee to €10,000 for members and €12,500 for the chairman of Audit Committee, with effect from 11 May 2005.

After review, the Remuneration Committee proposed this increase to the Board and is confident that the fee is competitive in attracting and retaining qualified Audit Committee members.

The chairman gave the shareholders the opportunity to discuss and ask questions.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to adopt the proposal to increase, with effect from May 11, 2005, the annual fee of members of the Audit Committee to €10,000 and for the chairman of the Audit Committee to €12,500.

The chairman asked whether there were any abstentions or votes against the proposal. The company secretary, in accordance with the voting instructions issued to her by Euroclear France S.A., declared that 953.780 votes are against the proposal.

The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, the majority of the votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

10. Appointment of new non-executive member of the Board

The chairman proceeded with the tenth item on the agenda: the appointment of a new non-executive member of the Board.

Pursuant to article 12, paragraph 1 of Axalto's Articles of Association, the Board shall consist of such number of members, as may be determined by the General Meeting of Shareholders. Axalto's Articles of Association further provide that members of the Board are appointed by the General Meeting of Shareholders, upon the proposal of the Board.

Prior to the IPO, the General Meeting of Shareholders approved setting the number of members of the Management Board at 7. Due to the resignation of Mr. Singer, the Board had resolved to propose Mr. K. Atkinson as new non-executive member of the Board as per May 11, 2005 for a period ending at the end of Axalto's Annual General Meeting of Shareholders to be held in 2009. Mr. K. Atkinson was proposed to be appointed as non-executive member of the Board, because of his expertise in finance and experience as a non-executive director of listed companies.

Upon appointment, Mr. K. Atkinson would be a member of the Company's Audit Committee and would act as the chairman of that committee.

The Board had chosen not to use its right to make a binding nomination. Therefore, the resolution to appoint Mr. Atkinson should be adopted by an absolute majority of the votes cast, without a quorum being required.

The chairman gave the shareholders the opportunity to discuss and ask questions.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to appoint Mr. K. Atkinson as non-executive member of the Board as per 11 May 2005 for a period ending at the end of Axalto's Annual General Meeting of Shareholders to be held in 2009.

The chairman asked whether there were any abstentions or votes against the proposal, which was not the case. The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, all votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted and congratulated Mr. Atkinson.

The chairman concluded this item of the meeting.

11. Extension of the authorization of the Board to repurchase shares

The chairman proceeded with the eleventh item on the agenda: the extension of authorization of the Board to repurchase shares in the capital of Axalto.

This is a matter that is commonly included on the agenda for Annual General Meetings of Shareholders of Dutch public listed companies. It was intended to extend the authorization of the Board, such that the Board may cause Axalto to acquire up to the maximum as permitted under Dutch law for an eighteen-month period ending on 11 November 2006, on such dates and in such tranches as the Board may deem appropriate. All in accordance with applicable provisions of Dutch law and the Articles of Association of Axalto, and against payment of a consideration per share which shall not be less than the nominal value and not be more than 110% of the average

closing share price per share in Axalto on the Premier Marché of Euronext Paris S.A. in the 5 business days preceding the date on which the shares concerned are acquired by Axalto.

The chairman gave the shareholders the opportunity to discuss and ask questions.

Since none of the shareholders wished to ask any questions or make remarks, the chairman proposed to the meeting to authorize the Board as from 11 May 2005 to cause Axalto to acquire, whether as on or off financial market purchase, shares in the share capital of Axalto up to a maximum as permitted under Dutch law for a period of eighteen-months ending on 11 November 2006, on such dates and in such tranches as the Board may deem appropriate. All in accordance with applicable provisions of Dutch law and the Articles of Association of Axalto, and against a purchase price per share which shall not be less than the par value of the shares to be repurchased and not be more than 110% of the average closing share price per share in Axalto on the Premier Marché of Euronext Paris S.A. in the 5 business days preceding the date on which the shares concerned are acquired by Axalto.

The chairman asked whether there were any abstentions or votes against the proposal. The company secretary, in accordance with the voting instructions issued to her by Euroclear France S.A., declared that 115.000 votes are against the proposal.

The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, the majority of the votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

12. Re-appointment of external auditor

The chairman proceeded with the twelfth item on the agenda: re-appointment of the external auditor.

In line with the Dutch Corporate Governance Code, the Audit Committee had conducted an evaluation of the performance of the external auditor over the financial year 2004. The evaluation focused on independence (level of audit services vs. non audit services) of the external auditor, the provision of information to the Audit Committee, and the planning and control of the audit.

Since none of the shareholders wished to ask any further questions or make remarks, the chairman proposed to the meeting to re-appoint PricewaterhouseCoopers Accountants N.V. as external auditor.

The chairman asked whether there were any abstentions or votes against the proposal, which was not the case. The chairman concluded that, together with the voting instructions issued by Euroclear France S.A. to the company secretary, all votes were cast in favour of the proposal. The chairman recorded that the proposal was adopted.

The chairman concluded this item of the meeting.

13. Any other business

The chairman asked the shareholders whether there were any questions with respect to items that had not previously been discussed.

Since none of the shareholders wished to ask any questions or make remarks, the chairman concluded this item of the meeting,

14. Adjournment

The chairman thanked everyone on behalf of the Board for their attendance and contribution to the discussion at this first AGM and closed the meeting.

Signed,

Chairman
Date:

Secretary
Date:
