



Creating a leader in digital security

July 2006



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Disclaimer

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Strategic rationale

Improved position to capture industry growth

- ✦ Opportunity to further accelerate SIM based solutions and enable faster development and commercialisation of high end products (e.g. multimedia cards, mobile TV)
- ✦ Combined R&D and S&M efforts are anticipated to provide stronger platform to develop new markets and pursue high growth opportunities
 - Identity, ePassport, Healthcare
 - IT and Corporate Security
 - Payments
- ✦ Expected ability to drive card based solutions for new applications
- ✦ Anticipated higher visibility to investors and capital markets

Significant expected synergies

- ✦ Higher volumes and more efficient production and supply chain
- ✦ Exchange of best practices / manufacturing process improvements
- ✦ Opportunity for global manufacturing optimization and increase in flexibility

Customer benefits

- ✦ Global footprint to facilitate better client partnerships
- ✦ Limited overlap at client level
- ✦ Strengthened client-dedicated R&D efforts for customized solutions

Transaction steps

- | | | |
|-----------------------|---|---|
| ★ December 7th, 2005 | ✓ | Announcement of combination |
| ★ January 31st, 2006 | ✓ | Axalto extraordinary shareholder meeting |
| ★ February 28th, 2006 | ✓ | Gemplus extraordinary shareholder meeting |
| ★ March 8th, 2006 | ✓ | US anti-trust authorities approval |
| ★ April 7th, 2006 | ✓ | French foreign investment approval |
| ★ May 19th, 2006 | ✓ | European anti-trust authorities approval |
| ★ June 1st, 2006 | ✓ | Reiteration of Gemplus' Board recommendation for the combination |
| | ✓ | Filing of public exchange offer on Gemplus by Gemalto |
| ★ June 2nd, 2006 | ✓ | Distribution of reserves to Gemplus shareholders (€0.26 per Gemplus share) |
| | ✓ | Contribution in kind of TPG's and Quandt family entities' aggregate 43.4% shareholding in Gemplus to Axalto |
| | ✓ | Change of Axalto name into Gemalto |
| | ✓ | Gemalto Board recomposition |

Public Exchange Offer and Next Steps

Tentative timetable

- ✦ Filing of new listing prospectus with AFM **done**
- ✦ Filing of the offer with AMF **done**
- ✦ Approval of the AFM of the listing prospectus **done**
- ✦ AMF visa **expected in the coming days**
- ✦ Offer to be open for 25 stock-exchange trading days

Share buy-back

- ✦ Shareholders meeting on May 19th, 2006 authorised share buy back of up to 10% of Gemalto share capital, to be implemented post closing of public offer

Gemalto operates as one combined group since June 2, 2006

Gemalto Q2 revenue and H1 revenue and results will consolidate one month of Gemplus activity

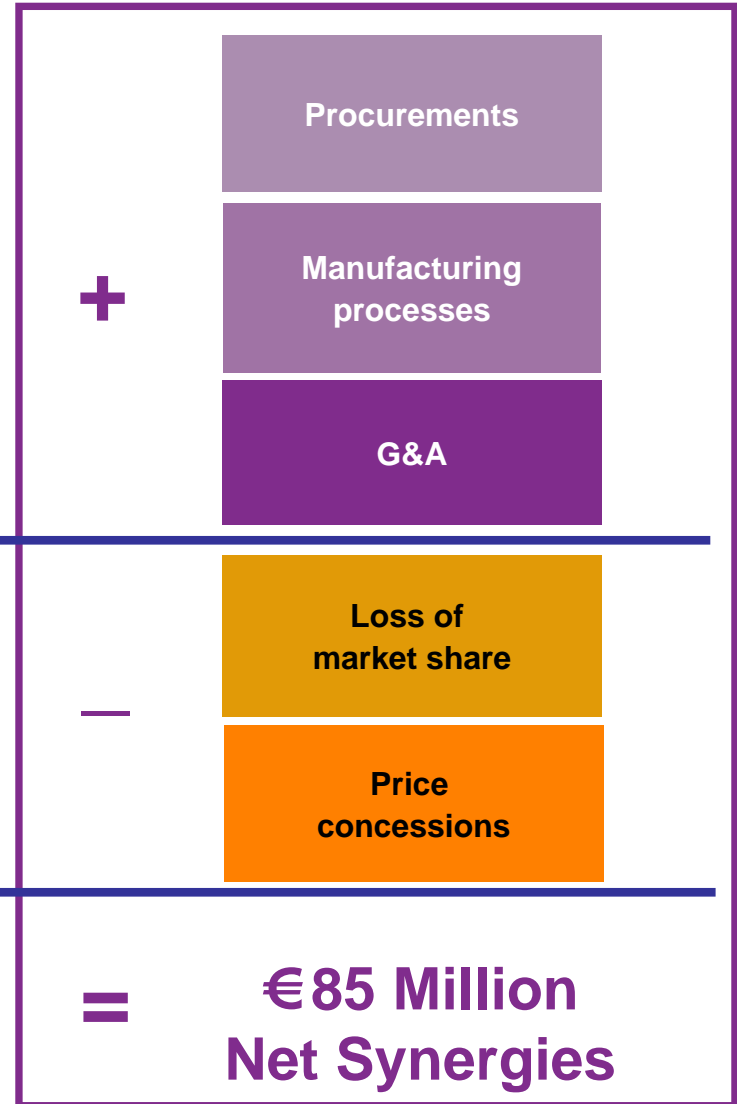
€ 85 Million of Net Synergies in Year 3

- ✦ Procurements
 - Lowest price of each companies
 - Access to new technologies
 - Volume :
- ✦ Manufacturing Processes
 - Best teams in the industry
- ✦ G&A
 - Structure
 - External expenses

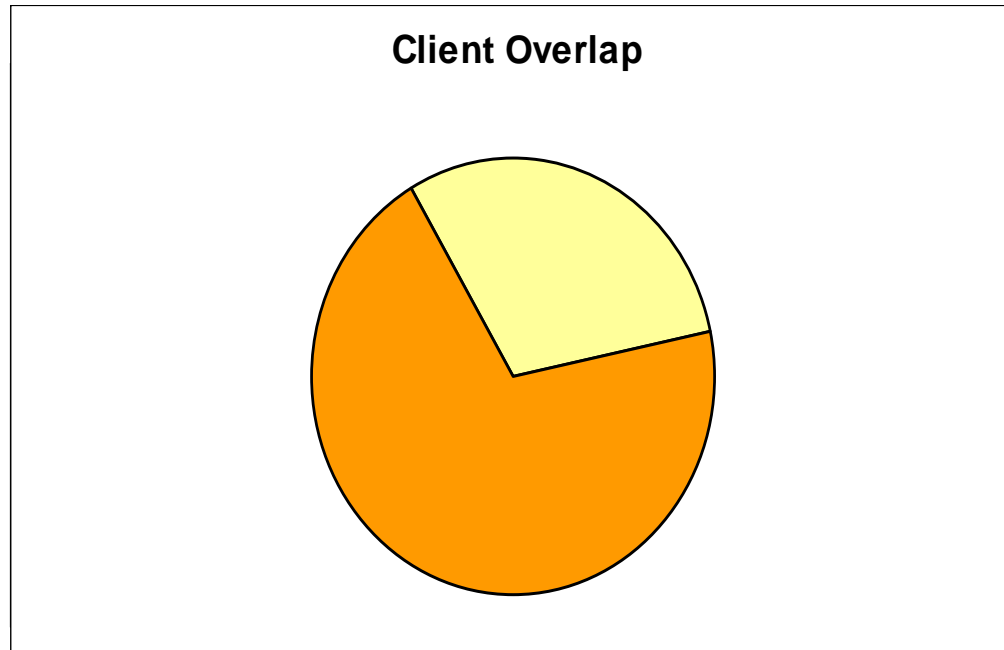
- ✦ Risk of attrition
 - Overlap only in MobileCom
 - Limited revenue attrition

- ✦ Price concessions to customers

- ➔ Synergies enabled by the combination represent ~70% of the total combined 2005 Gemalto operating income
- ➔ These synergies were not readily accessible to Axalto or Gemplus on a stand alone basis



Playing Defensive ? - Playing Offensive !



In a clean room survey pre-announcement, we had analyzed ~80% of our mobile telecom clients revenue, so representing ~50% of the 2005 total Gemalto revenue:

Results were:

54 customers made ~50% of the Gemalto revenue

No overlap for 36 of these
Some overlap for 18 others

And communicated « single digit revenue % attrition »  Playing Defensive ?

What about twice the resources and no overlap for 2/3 of clients: Growth strategy !

Immediate and longer term initiatives

Quick wins

- purchasing economies
- interoperable production and personalization
- overhead rationalization

Key initiatives

- customer centric and very large accounts programs
- product portfolio review
- new digital security initiatives
- production processes
- review IT systems

Longer term

- growth through customer intimacy initiatives
- strategic partnerships with digital security players
- optimize office locations
- implement common IT systems

GO

Gemalto has extensive experience in M&A :
Solaic, Malco, Cowels, Printer, Bull CP8, Setec

Integration is on track

- ✦ Gemalto was operational on Day 1
- ✦ Employees are motivated to address and shape their new future
 - People are already working positively for Gemalto
 - Optimism about dynamic and growing markets
 - Similar cultures: going forward, leading and setting the example
- ✦ Synergies are confirmed
 - 85 million euros (\$100 million) net synergies target **confirmed**
 - Single digit % of combined revenue attrition due to overlap **confirmed**
- ✦ New goals emerge
 - Gemalto's target : 10% CAGR revenue growth 2005-2009 despite initial revenue attrition
 - In "Year 3", i.e. 2009, 10% Operating Margin before synergies
- ✦ Creation of a world class leader in digital security
 - Ideally positioned to capture industry growth opportunities and drive innovation
 - Greater resilience to economic and industry cycles

We're already delivering on our plans and promises

Conclusion

- ✦ Creation of a world class leader in digital security
 - Ideally positioned to capture industry growth opportunities and drive innovation
 - Greater resilience to economic/industry cycles
- ✦ High value creation potential
 - Synergies potential confirmed at €85m
 - Multiple levers to adapt synergy delivery to external environment
- ✦ Integration process well under way
 - Gemalto operational from day one
 - We are delivering on our plans and promises
- ✦ Exchange offer
 - Same exchange ratio for individual shareholders as for reference shareholders
 - Gemplus Board of Directors reiterated its recommendation in favor of the exchange

Gemalto:
creating a world leader in digital security

