



Axalto and CEA are creating a joint laboratory for the development of security technology

This new collaboration will develop innovative physical security solutions for electronic components and extend the scope of Axalto's Sishell™ technology.

Montrouge, France, April 7, 2005 – Axalto (Euronext: NL0000400653 – AXL), world's leading provider of microprocessor cards, is announcing the opening of a joint laboratory with CEA - LETI in order to develop security and electronic microprocessor component solutions based on Axalto's Sishell™ security technology.

The CEA - LETI is the Electronics and Information Technology Laboratory (Laboratoire d'Electronique et de Technologies de l'Information - LETI) of the French Nuclear Energy Agency (Commissariat à l'Energie Atomique - CEA). The new joint laboratory will be part of the Heterogeneous Silicon Integration Department (Département Intégration Hétérogène Silicium - DIHS).

Axalto's Sishell technology improves the security of active components for security applications, particularly smart cards, visas and electronic passports, by affixing a protective seal on the component.

Officially introduced on the CEA Grenoble website, and already operational within the DIHS, the new joint Axalto – LETI laboratory will develop physical security processes for microelectronic components, particularly chip encapsulation and sealing techniques.

This partnership is a continuation of previous close collaboration between both companies' teams. The objective is to continue to improve Axalto's technology and extend its scope of application, particularly that of MEMS's (Micro Electro Mechanical Systems), silicon microchips that combine electronics and mechanical components. Tiny MEMS chips, ranging from 10-100 microns in size, are proving to be invaluable for numerous common applications such as temperature, pressure and acceleration sensors. As LETI is internationally known for its expertise in the field of microelectronics and MEMS in particular, the idea of a partnership was quickly adopted.

"We are delighted to be able to collaborate with Axalto on this project. Its expertise in the development of smart card-based solutions merits being applied for other applications", explains Claude Massit, Director of LETI's DIHS Department. *"We plan to use this technology in other sectors and LETI has all of the resources needed to adapt it for new applications, particularly for MEMS technology."*

For Axalto, these new solutions are primarily designed for sectors that require high levels of security such as identity cards and electronic passports, pay-per-view television programming and bank applications.

"The purpose of the joint laboratory is to develop all of the technological building blocks that allow us to implement pilot studies in the planned sectors of application," states Jean-Pierre Tual, Director of Industrial Relations for Axalto. *"For sectors with high security requirements, the concept is to replace current defensive security techniques with active security techniques using components that can respond to attacks in real time, thus helping reduce vulnerability to potential fraud attempts."*

About Axalto

Axalto (Euronext: NL0000400653 AXL) is the world's leading provider of microprocessor cards (Gartner Dataquest 2004) — the key to digital networks — and a major supplier of point-of-sale terminals. Its 4500 employees come from 70 nationalities and serve customers in more than 100 countries, with worldwide sales reaching 3 billion smart cards to date. The company has 25 years' experience in smart card innovation and leads its industry in security technology and open systems.

Axalto continuously creates new generations of products for use in a variety of applications in the telecommunications, finance, retail, transport, entertainment, healthcare, personal identification, information technology and public sector markets. Microprocessor cards provide convenience, security and privacy to public and private services operators, their customers and end users.

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For more info, please visit www.axalto.com

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