



Axalto Adds U.S.-based Smart Card Microelectronics Module Production at its Maryland Advanced Card Center

High-technology investment significantly bolsters U.S. presence

AUSTIN, Texas – March 31, 2005 Axalto (Euronext:NL0000400653 AXL), the world's leading provider of microprocessor smart cards, today announced that the new microelectronics module fabrication operation at its Advanced Card Center production facility outside Baltimore, Maryland, has achieved full qualification in keeping with the company's highest standards for quality and productivity. This marks the first time in the United States that all of the smart card production technologies will be integrated into a single production process.

The new production line will supply smart card modules, the high-value core of Axalto's products. Modules contain the microprocessor, memory and other software and security features that power these tiny, mass-produced computers. Smart cards deliver secure, portable and convenient access to personalized services while protecting each user's privacy and identity.

"As the smart card leader in the mobile communications, banking, public sector - especially with the US government - and enterprise markets, Axalto needs to make the investments in innovation and production technology necessary to meet the rapidly expanding smart card market requirements in the region. This state-of-the-art facility is the embodiment of our commitment to high-volume, leading-edge production capacity. It positions us to bring groundbreaking Axalto innovations first introduced in the Americas to the world market," said Paul Beverly, Axalto president for the Americas.

A number of industry watchers have stated that the area is the fastest growing regional smart card market in several sectors, and Axalto's recently announced results attest to that outlook. The Americas achieved full-year revenue growth of 29%, the strongest increase among Axalto's regions.

The clean room based fabrication is now operational, and the company plans to ramp capacity up to full production capability by mid-year. The new microelectronics line is already producing modules for North and South American customers.

The microelectronics module fab is contained in a new high-tech "clean room" and uses some of the industry's most advanced production technologies and techniques. The operation starts with integrated circuits delivered in bulk from semiconductor manufacturers on eight inch round wafers, each containing thousands of these microchips. A series of high volume electronics production processes transform each tiny individual chip into a module, which is the heart of the company's smart cards, tokens, electronic

passports and other form factors. A wide variety of Axalto developed smart card software is then added by loading features such as secure operating systems, applications and security keys, along with customized graphical and security elements incorporated into the body of each card.

“We made the commitment to manufacture these semiconductor-based modules in the United States to reduce our overall production cycle time and to increase our local value add for the anticipated market requirements in the Americas,” said Beverly.

Axalto uses a world class production model called “Lean Sigma,” combining two world class manufacturing processes called Lean Manufacturing and Six Sigma. Lean Manufacturing centers on improved efficiency throughout the production value stream and Six Sigma on continuously improving production process quality. The Axalto plant in Maryland has been producing secure cards continuously since 1964.

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

Contacts:

Axalto

Media

Odile Bibollet

T : + 33 1 46 00 73 97

M : + 33 6 24 40 27 48

obibollet@axalto.com

Investor Relations

Stéphane Bisseuil

T : + 33 1 46 00 70 70

M : + 33 6 86 08 64 13

TBWA\CORPORATE

Emlyn Korengold

T : + 33 1 49 09 66 51

M : + 33 6 08 21 93 74

emlyn.korengold@tbwa-corporate.com