

Gemalto rejects unsolicited and conditional proposal by Atos

**Gemalto, the world leader in digital security,
is best positioned to grow successfully on a standalone basis and
create long term value for its stakeholders, including its shareholders**

The Atos proposal does not form the basis for constructive engagement as it:

- **fails to provide a compelling strategy versus Gemalto's standalone prospects;**
- **significantly undervalues the Company;**
- **fails to adequately address the interests of its various stakeholders;**
- **does not offer sufficient deal certainty.**

Amsterdam, December 13, 2017 at 8:00 PM – Gemalto N.V. (the **Company**) announces that it has rejected the unsolicited and conditional proposal by Atos SE (**Atos**) for a possible recommended cash offer for all issued and outstanding shares of the Company at an offer price of EUR46 per share (cum dividend) set forth in letters received from Atos on 28 November, 8 December and 11 December 2017, and as announced by Atos on 11 December 2017 (the **Proposal**).

Gemalto, the world leader in digital security, is best positioned to grow successfully on a standalone basis and create long term value for its stakeholders, including its shareholders.

Consistent with its fiduciary duties, the Board of Directors, in consultation with its financial advisors Deutsche Bank and J.P. Morgan and legal advisors Allen & Overy and Darrois Villey Maillot Brochier, has carefully reviewed and discussed whether the Proposal is in the best interests of the Company, its business and clients, employees, shareholders and other stakeholders. After thorough consideration, the Board of Directors has unanimously come to the conclusion that this is not the case.

Philippe Vallée, Gemalto CEO commented: *"In 11 years, we have turned Gemalto into a technology Blue-Chip, recognized in over 180 countries throughout the world. In 11 years, the Company has created 5 000 jobs. In 11 years, Gemalto has become the world leader in digital security."*

We have taken the measure of the recent changes in our historical markets, taken the responsible decisions and are now focused on leveraging the many opportunities of our fast-growing markets.

We will soon be presenting to our stakeholders our ambitious and substantial development plan for the Company that will focus on the next generation of digital security for companies, governments and citizens worldwide.

Gemalto's employees, its Board of Directors, its Management team and I are fully aligned and committed to achieving the success of this plan that will benefit our stakeholders, including all our shareholders."

In its review, the Board of Directors has considered the following topics of particular relevance:

Strategy

Gemalto – the world leader in digital security – is best positioned to grow successfully on a standalone basis and create long term value for its stakeholders, including its shareholders, through its ambitious strategy.

- Gemalto's unique technology platform allows it to support clients' digital security needs across multiple high-growth markets;
- Gemalto is well advanced in its transition from traditional banking and telecom smartcard markets to fast-growing Government, Enterprise & Cybersecurity and Machine-to-Machine markets;
- The implementation of Gemalto's transition plan is already enabling the Company to be more agile and nimble and better serve its clients' needs. The Proposal is unclear as to critical elements of the combination strategy, integration and potential consequences for its stakeholders;
- Gemalto is organized to benefit from innovation across its business units and the potential break-up contemplated by Atos through the contribution of Gemalto's businesses to three separate divisions of Atos (for example the integration of the payments business into Worldline) would negatively impact Gemalto's performance and ability to best serve its clients.

Valuation

The Board of Directors considers that the Proposal significantly undervalues the Company:

- The timing of the Proposal is opportunistic: the proposed offer price represents a discount of 27.4% vs. Gemalto's last 12-month high and a premium of only 3.5%¹ vs. Gemalto's 12-month average share price. It is made at a time when Gemalto has stabilised its performance following a challenging period;
- As mentioned, Gemalto is well advanced in the transition from traditional banking and telecom smartcard markets to fast-growing Government, Enterprise & Cybersecurity and Machine-to-Machine markets. The impact of this transition is yet to be reflected in the Company's share price as its strategy and positioning around these growth segments will be detailed during the forthcoming Capital Markets Day;
- The proposed offer price of EUR46 per share does not reflect Gemalto's leadership positions in these fast-growing segments, and is well below the valuation levels of companies involved in highly strategic Government and Cybersecurity activities;
- The Proposal does not adequately reflect a fair sharing of synergies accruing from the potential combination, which Atos believes to be substantial.

¹ As of market close on 11 December 2017

Deal certainty

The Proposal does not provide adequate deal certainty, given the significant conditionality attached to it, and the likely execution risks involved in the proposed transaction. In particular, the Proposal does not contain a substantiated explanation on, and analysis of, the envisaged anti-trust, CFIUS and other clearance procedures. It lacks details on timing, risks and potential remedies that would be offered to ensure completion. In addition, the proposed merger protocol contains a number of off-market, unclear, unusual and unacceptable terms and conditions.

Stakeholders

The Proposal falls short in addressing the interests of the Company, its business and clients, employees, shareholders and other stakeholders.

The Proposal provides very limited protection for Gemalto's other stakeholders, mentioning only a small number of general topics, and falls short of actual and concrete commitments. The Proposal fails to include important non-financial commitments customary for a friendly recommended transaction of this size and nature, including, but not limited to, commitments on no-redundancies, customer approach, and the required fair dealing and protection of the interest of any remaining minority shareholders if the offer were to be declared unconditional. In addition, the proposed duration of the non-financial covenants is not specified and their enforcement is not safeguarded post potential completion and delisting, leaving the Company's stakeholders essentially unprotected.

Atos' approach

The Board of Directors also note that Atos' Proposal is not reflective of a friendly and collaborative approach as it was not preceded by customary exploratory discussions, the announcement of the Proposal was done unilaterally and Atos indicated its intention to file an offer memorandum with the AFM irrespective of whether it has reached agreement with Gemalto. The Board of Directors is concerned that this could exemplify cultural differences between the two companies.

Attached to this press release is a copy of the letter that was sent today on behalf of the Board of Directors of Gemalto to Mr Thierry Breton, Chairman and CEO of Atos.

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This is a public announcement by Gemalto N.V. pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in Gemalto N.V.

About Gemalto

Gemalto (Euronext NL0000400653 GTO) is the global leader in digital security, with 2016 annual revenues of €3.1 billion and customers in over 180 countries. We bring trust to an increasingly connected world.

From secure software to biometrics and encryption, our technologies and services enable businesses and governments to authenticate identities and protect data so they stay safe and enable services in personal devices, connected objects, the cloud and in between.

Gemalto's solutions are at the heart of modern life, from payment to enterprise security and the internet of things. We authenticate people, transactions and objects, encrypt data and create value for software – enabling our clients to deliver secure digital services for billions of individuals and things.

Our 15,000+ employees operate out of 112 offices, 43 personalization and data centers, and 30 research and software development centers located in 48 countries.

For more information visit
www.gemalto.com, or follow @gemalto on Twitter.



Mr Thierry Breton
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Amsterdam, 13 December 2017

Dear Mr Breton,

We refer to your letters dated 27 November, 8 December and 11 December 2017, as well as to your announcement of 11 December 2017.

The Board (the **Board**) of Gemalto N.V. (**Gemalto** or the **Company**) has, together with its financial advisors Deutsche Bank and J.P. Morgan and its legal advisors Allen & Overy and Darrois Villey Maillot Brochier, carefully reviewed and considered your unsolicited and conditional proposal for a possible recommended offer for all issued and outstanding shares of Gemalto N.V. as set forth in your letters and in the draft framework for a merger protocol that you sent in parallel to your letter of 8 December 2017 (the **Proposal**).

Consistent with its fiduciary duties, the Board has reviewed and discussed whether your Proposal is in the best interests of the Company, its business, employees, shareholders and other stakeholders. After thorough consideration the board has unanimously come to the conclusion that this is not the case. In the review by the Board, leading to this conclusion, the following is particularly relevant.

Strategy

We believe that Gemalto – the world leader in digital security – is best positioned to grow successfully on a standalone basis and create long term value for its stakeholders, including its shareholders. As you note in your investor presentation, we have a unique technology platform that allows us to support our clients' digital security needs across multiple high-growth markets. We are well advanced in transitioning our business towards the higher growth Government, Enterprise, Cybersecurity and Machine-to-Machine end markets. We have grown organically significant businesses in On Demand connectivity platforms for mobile operators and in Authentication as a Service platforms for online services access. The board is confident that Gemalto management will deliver the already announced transition plan and the Company is best positioned to deliver long term value given its current capabilities and positioning. Our transition plan is well underway and will allow us to be more agile and nimble and better serve our clients' needs going forward.

Your Proposal is unclear as to critical elements of the combined strategy, integration approach and impact on Gemalto, particularly because it lacks a detailed explanation of operational structuring and synergy potential. Gemalto is organized to benefit from innovation across our business units and we believe the potential break-up and contribution to three separate divisions (for example the integration of the payments business into your independent and publicly listed subsidiary Worldline) could negatively impact the propagation of our most advanced technologies and our ability to best serve our clients. Moreover, we think that there will be significant challenges in combining our businesses in the short term which are not addressed in your proposal. Finally, the synergy framework outlined in your presentation is very high level.

Valuation

The Board considers that the Proposal significantly undervalues the Company and is not reflective of the intrinsic value and prospects of Gemalto.

The timing of your Proposal is opportunistic, seeking to take control of the Company at a price that represents a discount of 27.4% vs. our last 12-month high and a premium of only 3.5%² vs. our 12-month average share price and at the time when the Company has stabilised its performance following a challenging period.

As mentioned, our business mix today is transitioning towards attractive growth activities such as Government, Enterprise & Cybersecurity and Machine-to-Machine, which together accounted for over 55% of our Q3 2017 reported revenue and grew at over 20% year-on-year. Such businesses, especially at scale, are very scarce and of high strategic value. The impact of this transition is yet to be fully reflected in the Company's share price and our strategy and positioning around these growth segments will be further detailed during our forthcoming Capital Markets Day.

Your proposed offer price of EUR46 per share corresponds to a valuation which does not reflect our leadership positions in these faster growing segments, and is well below the valuation levels of companies involved in highly strategic Government and Security activities.

In addition, we would expect any Proposal to adequately reflect a fair sharing of synergies accruing from a transaction, which you have indicated you believe to be substantial.

Deal certainty

The Board considers that your Proposal does not provide adequate deal certainty, given the significant conditionality attached to it, and given the execution risks involved in the transaction envisaged by your Proposal. In particular, your Proposal does not contain a substantiated explanation on, and analysis of, the envisaged anti-trust clearance procedures, timing, risks and potential remedies you would be prepared to offer to ensure completion of the contemplated transaction. The same applies in respect of any other regulatory clearances that may be required, such as CFIUS. In addition, your draft framework for the merger protocol contains a number of off-market, unclear, unusual and unacceptable terms and conditions, that give further serious concerns on deal certainty.

Stakeholders

Importantly, the Board concludes that your Proposal is not sufficient in addressing the interests of the Company, its business, employees, shareholders and other stakeholders.

We are continually developing our business in response to the constantly evolving needs of our customers, with whom we develop innovative solutions through trusted and long-term relationships. Our business is key to the governments and citizens that we serve in the area of data security, data privacy and confidentiality.

We put a strong focus on developing solutions that help tackle some of society's major challenges, ranging from financial inclusion to efficient and accessible health and welfare services. We continuously maintain significant commercial and technical investments, as we believe these will contribute over the long-term to the progress of the mobile and digital society for our customers and for citizens. For example our investments contribute to the continuous global interoperability of mobile telephony systems and card payment systems, as well as the global deployment of interoperable digital identity systems that people, companies and governments can trust, such as electronic ID documents and their fully digital equivalents such as trusted digital driver licenses on mobile phones.

² As of market close on 11 December 2017

Your draft framework for a merger protocol provides only for very limited protection of our stakeholders. This is not in line with market practice, and is not in line with a friendly recommended transaction. In this respect, your Proposal mentions only a small number of general topics, without mentioning actual and concrete commitments. Important non-financial covenants (NFCs) customary for a friendly recommended transaction of this size and nature are not included in your Proposal, including, but not limited to, those on no-redundancies, continued R&D, approach to customers, the employees' savings plans, the employee share option plan, and the required fair dealing and protection of the interest of any remaining minority shareholders after your offer would be declared unconditional. In addition, the proposed duration of the NFCs is not specified, and the enforcement of the NFCs is not safeguarded post-completion and delisting, leaving our other stakeholders essentially unprotected.

Your approach

We also noted that your approach in making your Proposal is not reflective of a truly friendly and collaborative approach. On 28 November 2017, your first letter on the Proposal was delivered to our CEO without customary preceding explorative discussions. Following our communication to you that we would revert on or before the 15 December 2017, on 11 December 2017 you announced the Proposal unilaterally without prior consultation. In your announcement of the Proposal you also indicated that you will proceed with filing an offer memorandum with the AFM, irrespective of whether or not you have reached agreement with Gemalto.

This sequence of events and the steps you have chosen to take, have led the Board to believe that your approach, contrary to your statements in your announcement of the Proposal, is not friendly and collaborative. Obviously, the nature of an approach and real signs of a true intention to seek the Board's support are important for the Board's consideration of any proposal. We have concerns that this could exemplify cultural differences between our two companies.

Conclusion

After its thorough and careful review, our Board has determined that your Proposal does not, from the perspective of Gemalto, have a sufficiently substantiated strategic rationale and fails to adequately address the consequences it will have for Gemalto's business. Furthermore, the Board has determined that your Proposal significantly undervalues the Company, is highly conditional and uncertain and fails to adequately address the interests of our various stakeholders. As such, your Proposal does not form a basis for constructive engagement.

Thank you for your proposal and for your interest in our Company.

Very truly yours,

Alex Mandl

Chairman of the Board

Phillipe Vallée

Chief Executive Officer