



GEMPLUS INTERNATIONAL S.A.
Société Anonyme
46A, Avenue J.F. Kennedy
L-1855 Luxembourg
R.C.S. Luxembourg B 73 145
(the "Company")

Chief Executive Officer Compensation Summary

Subject to shareholder approval, the Board of Directors proposes to be authorized to extend the compensation terms of the current Executive Employment Agreement with Mr. Alex Mandl, dated August 29, 2002 (the "Agreement"), approved by the shareholders meeting of December 19, 2002, which Agreement expires on September 9, 2006, for a period of up to one year from such expiration date, as a precautionary measure only in the event that all approvals and conditions of the proposed Gemalto combination have not been obtained and satisfied by September 9, 2006, in accordance with the following principles:

First, Mr. Mandl would serve as the President and Chief Executive Officer of the Company with a base salary of six hundred thousand euros and an annual performance bonus of up to 120% of his base salary. The Company would also provide Mr. Mandl with benefits comparable to those generally made available to senior Company executives.

Second, if Mr. Mandl's employment were terminated by the Company without Good Cause, by Mr. Mandl for Good Reason (as defined in the Agreement, including if Mr. Mandl were not permitted to sell shares of the Company or a successor company which he owns, directly or through vested options, in connection with a sale of more than 50% of the shares of the Company after September 9, 2006 other than in connection with the proposed Gemalto combination) or due to his death or disability, the Company could agree to pay him (or his estate) an amount equal to up to one year's base salary, incentive bonus and benefits. If Mr. Mandl voluntarily terminated his employment with the Company or were terminated for Good Cause, the Company would pay him his base salary and annual incentive bonus through the date of termination. In the event Mr. Mandl were subject to any excise tax pursuant to Section 280G of the Internal Revenue Code (due on certain severance payments made after a change of control of the Company), the Company would pay Mr. Mandl a gross-up payment equaling such amount.

Finally, Mr. Mandl would agree to be bound by a confidentiality agreement, an intellectual property agreement, a non-competition and non-solicitation agreement and an arbitration clause.