



**GEMPLUS INTERNATIONAL S.A.**

**Société Anonyme  
Aérogolf Center  
1, Hohenhof  
L-2633 Senningerberg  
R.C. Luxembourg B 73 145  
(the "Company")**

**Report of the Board of Directors  
pursuant to article 60 of the Luxembourg Law of 10<sup>th</sup> August 1915  
to the annual shareholders meeting of April 27, 2004**

Mr. Alex MANDL has been President and CEO since September 9, 2002, and a director of Gemplus International S.A. since October 29, 2002.

Mr. Alex Mandl received during the year 2003 salary compensation, bonus and reimbursement of "Running Costs" in respect of his US residence and other employee benefits, net of social security tax, in an aggregate amount of Euros 1,709,777.60 pursuant to the terms of his Executive Employment Agreement dated August 29, 2002 and the approval of the shareholders meeting of December 19, 2002.

No new stock options have been granted to Mr. Alex Mandl in 2003.

**Report of the Board of Directors  
presented to the general meeting of shareholders  
on the compensation of the Board members**

The Board of Directors wishes to report to the annual general meeting of shareholders of Gemplus International S.A. of April 27, 2004 on the compensation granted to board members.

*(i) Mr. Dominique Vignon*

Mr. Dominique Vignon has been Chairman of the Board since June 21, 2002. For the year ending December 31, 2003, he received a compensation, net of social security tax, amounting to Euros 300,000.

*(ii) Board members*

For the year ending December 31, 2003, the Board meeting of March 10, 2003 had decided that all directors, excluding the Chairman of the Board and the CEO whose compensation basis is different, would be entitled to receive (i) Board fees amounting to Euros 40,000 each per annum, (ii) plus Euros 10,000 per annum for Committee chairmen, not including the chairman of the Board and Euros 1,000 fee per meeting for attendance for Committee members and (iii) 10,000 options to acquire shares of the Company per Board member at fair market value at the date of the grant i.e. 0.96 Euro on April 29, 2003, these options vesting over one year corresponding to the termination of the term of office of the directors at the present annual shareholders meeting. The shareholders meeting of April 29, 2003 had approved the principle of the compensation of Board members up to an aggregate gross amount of Euros 1,000,000 and 120,000 stock options.

We note that Thierry Dassault has waived his directors' fees for 2003 due to the financial situation of the Company.

Consequently the amounts actually paid to Board members for 2003 as Board fees amount to Euros 353,799.90 and 80,000 options were actually granted on April 29, 2003 which should vest on April 27, 2004, 20,000 options granted to the two directors having resigned being cancelled.