

Management report of the Board of Directors for 2005

Ladies, Gentlemen, Dear Shareholders,

In this report, your Board of Directors presents a summary of the Group's activities during the fiscal year 2005 and discusses its prospects for the future.

BIC is a world leader in the stationery, lighter and shaver markets. Our products are sold in more than 160 countries. Channels of distribution include stationery stores, office product companies, mass-merchandisers, convenience stores, wholesalers and cash-and-carry outlets.

The Group's development strategy has three major elements, all aimed at meeting the needs and desires of today's increasingly global customers and consumers:

1. continuous improvement of our classic products, with selective expansion of the geographic areas in which they are sold;
2. development of new value-added products; and
3. sustained efforts to improve productivity.

BIC Group's reporting and operational highlights for the year 2005 can be briefly summarized as follows:

- BIC achieved sales growth of 6.5% on a comparative basis⁽¹⁾, in line with its target growth of above 6%, and delivered higher normalized Income From Operations (IFO) growth than sales growth. New products and line extensions accounted for 25% of BIC Group sales.
- In **stationery products**, BIC gained market share, growing 3.9% on a comparative basis, in a market which we estimate to be flat or slightly declining and becoming more price sensitive.
- As part of our geographic expansion strategy into the Asian marketplace, a new BIC stationery production facility was established in China in November 2005.

- In the **lighter category**, BIC remained strong in both North and Latin America, with increased sales and market share gains. However, the declining trend in Europe continued as a result of Asian competition.
- In an intensely competitive marketplace, the **BIC® shaver category** continued to show a positive sales trend. BIC's triple-blade franchise accounted for 28% of the Group's total shaver category net sales for the full year 2005, compared with 20% for the full year 2004. Our triple-blade segment grew faster than the one-piece market triple-blade segment.
- Effective January 1, 2005, BIC adopted the International Financial Reporting Standards (IFRS), a mandatory requirement for European Union listed companies. BIC had previously reported its results under French GAAP (Generally Accepted Accounting Principles).

As a result of the transition to IFRS, and in accordance with **IAS 18, Revenue**, expensed costs under French GAAP were reclassified against net sales. These costs were promotional allowances, coupon redemption and cash discounts granted to customers. These reclassified items represented a total of approximately 122 million euro for the full year 2004.

- Foreign currency fluctuations (primarily the US Dollar and the Brazilian Real) had a slightly negative impact on sales for the 1st Half of 2005 (-1.4 points). However, the strengthening of both these currencies against the euro in the 2nd Half had a positive impact on sales (+2.2 points) for the full year 2005.
- The USA restructuring plan announced in April 2004 is proceeding on schedule at the Company's facility in Milford, Connecticut, USA. Shaver production ended in September 2005 and ballpoint pen manufacturing was partially shut down in 2005 and is expected to be completed by the end of 2006. The majority of



manufacturing operations at the Sheaffer Pen facility in Fort Madison, Iowa, USA, are on schedule to shut down in May 2006, as originally planned. However, to ensure continued service to our customers, we have extended the timeline for complete closure of the Sheaffer facility. Fountain pen assembly and administrative operations will remain in the Fort Madison area, with approximately 40 employees, until such time as they can be consolidated within BIC's operations. The Group began to benefit from the cost reductions related to this restructuring in the 2nd Half of 2005. Total annualized savings, estimated at 25 million US Dollar, will be realized beginning 2007.

Around the world, BIC continues to invest in brand name development, making the most of this precious asset to strengthen its recognition and reputation among customers and consumers in both developed and emerging markets. Our goal is to produce efficiently at lower cost, either in-house with our own technologies or, to a lesser extent, by outsourcing to increase flexibility or to take advantage of new technologies. This strategy is tied closely with our commitment to achieving exceptional customer service, with increased productivity and efficiency in every aspect of our multinational operations.

Comparison of key figures: 2004 – 2005

BIC GROUP

CHANGE 2005/2004

in million euro (under IFRS)

	2004	2005	AS REPORTED	ON A COMPARATIVE BASIS ⁽¹⁾
Sales	1,264.9	1,380.8	+ 9.2%	+ 6.5%
Gross profit	624.9	674.1	+ 7.9%	+ 5.4%
Income from operations	172.6	238.4	+ 38.2%	+ 34.4%
Financial income/(costs)	4.2	(0.1)	N.S.	N.S.
Income before tax	176.8	238.3	+ 34.7%	+ 31.6%
Income tax expense	(62.8)	(81.6)	+ 30.1%	+ 28.1%
Minority interest	(0.2)	(0.1)	- 40.0%	- 19.9%
Group net income	113.9	156.5	+ 37.4%	+ 33.7%
Earnings per share (in euro)	2.15	3.11	+ 44.4%	+ 40.4%
Number of shares*	52,882,591	50,330,582		

* Average number of shares outstanding net of treasury shares.

(1) In 2005, comparative basis excludes the additional sales and results of the recently acquired companies BIC Kosaido KK in Japan (consolidated from April 1, 2004), as well as Stypen (consolidated from June 1, 2004). Comparative basis means at comparable perimeter and at constant currencies. Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.



Total Group sales were 1.381 billion euro, up 9.2% from 2004. 2005 net sales were positively impacted by foreign exchange effects, particularly the strengthening of the US Dollar and the Brazilian Real, which account for approximately 63% of the Group's total net sales. The result was a cumulative positive impact on the Group's growth as of December 31, 2005.

The three core business lines of the Group are stationery products, lighters and shavers. They represent 96% of BIC Group sales.

The change of perimeter (acquisitions of BIC Kosaido KK and Styphen in 2004) had an impact on sales growth of 0.5 points. On a comparative basis, i.e., excluding the additional sales from the integration of these companies and at constant currencies, the Group's sales increased by 6.5%.

Consolidated income from operations was 238 million euro, up 38.2% from 2004. The operating margin increased from 13.6% of sales in 2004 to 17.3% in 2005. This improvement was mainly due to the non-recurring costs of the USA restructuring, combined with lower operat-

ing expenses. As we did for the 1st Half 2005 Results, we present a normalized income from operations, which excludes USA restructuring and real estate gains. In 2005, the normalized income from operations was 241 million euro, up 17.6% from 2004. The normalized operating margin increased 1.3 points versus 2004, to 17.5% of sales.

Income before tax increased by 34.7%, from 177 million euro in 2004 to 238 million euro in 2005 (margin increase 3.3 points). Again, the non-recurring USA restructuring, of which costs were 40 million euro (7 million euro in the 1st Half, 33 million euro in the 2nd Half of 2004), is the key driver of the increase.

In 2005, the Group's effective tax rate was at 34.3% versus 35.5% in 2004.

Group net income increased from 114 million euro in 2004 to 157 million euro in 2005, a 37.4% increase over 2004, primarily due to the non-recurring USA restructuring (26 million euro after tax in 2004). Total net income before adjustment for minority interest was 157 million euro in 2005 compared with 114 million euro in 2004.

Dividends

The Board of Directors of SOCIÉTÉ BIC proposes the distribution of dividends primarily as a function of the Company's earnings, its investment policy, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this distribution policy of dividends.

The Board will propose a net dividend of 1.15 euro per share at the Annual Shareholders' meeting on May 24, 2006. The pay-out ratio would be 37% in 2005 under IFRS, 42% under IFRS in 2004 (35% if based on Normalized EPS).

The dividends paid for the last three fiscal years were as follows **under French GAAP**:

YEAR	NET DIVIDEND (in euro)	SHAREHOLDER TAX BENEFIT (in euro)	TOTAL (in euro)	NET DIVIDEND DIVIDED BY EARNINGS PER SHARE
2004	0.90	0.20	1.10	47%
2003	0.80	0.40	1.20	39%
2002	0.80	0.40	1.20	36%

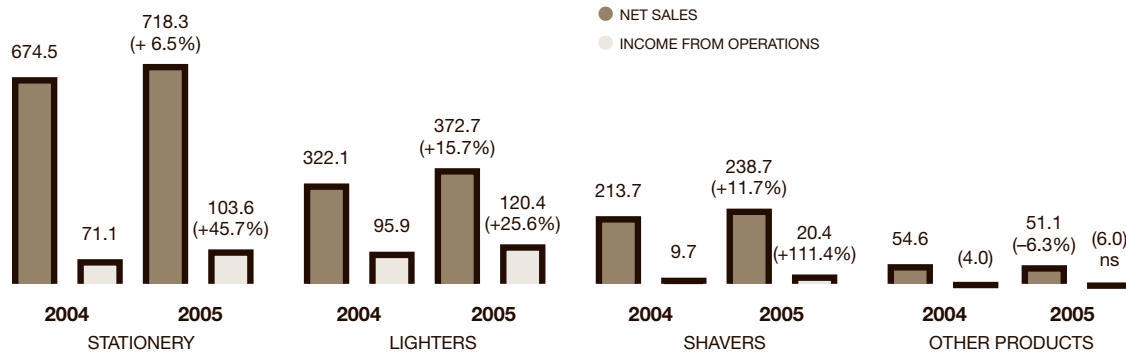
In June 2005, BIC also distributed a special dividend of 1.00 euro per share.

The Company has a strong balance sheet. After the repurchase of shares and the payment of dividend, closing cash and cash equivalents was 103 million euro in 2005, compared with 160 million euro in 2004.

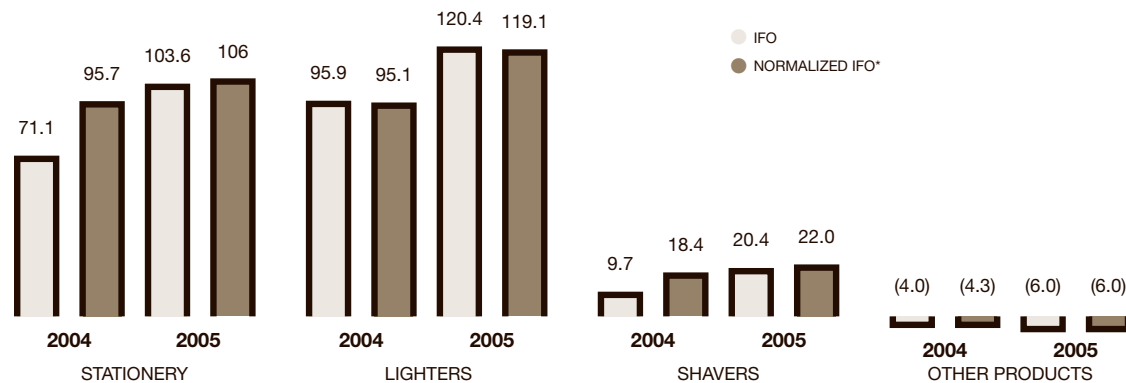
It is specified that during full year 2005, the Board of Directors made capital reductions, following share cancellations, and capital increases to take into account shares issued following the exercise of stock-options. As of December 31, 2005, the common stock was down 5.7 million euro compared with December 31, 2004.

Group performance by category

BIC Group net sales and income from operations by product category 2004 - 2005 (in million euro)



BIC Group income from operations (IFO) and Normalized IFO by product category 2004 - 2005



* Excluding USA restructuring and real estate gains.



STATIONERY

Stationery represents a market of over 7 billion euro (BIC's estimate at the manufacturer selling price level) that was flat to slightly declining in 2005. BIC's worldwide market share is about 10% in value terms.

As reported, sales were up 6.5%, to 718 million euro and up 3.9% on a comparative basis in value (+5% in volume).

Sales grew in every region on a comparative basis, except in Europe, with a particularly strong performance in Latin America. In addition, despite a flat to declining marketplace, both Europe and North America experienced market share gains. The category has become increasingly more price sensitive. This is due to the continued growth of private label and the price pressure from branded companies.

Growth was driven by classic and added-value ball pen segments, mechanical pencils, as well as permanent markers and BIC® Wite-Out® and Tipp-Ex® correction tape segments. Overall, BIC's new products and product line extensions accounted for approximately 25% of stationery sales.

Sales in the imprinted advertising business increased in 2005 on a comparative basis in every region. BIC continues to introduce new product lines for the imprinted advertising business, which have proven successful.

Overall, the operating margin increased to 14.4% of net sales versus 10.5% in 2004. The strong increase was mainly due to the non-recurring USA restructuring. The normalized IFO margin was 14.8%, up 0.6 points versus 2004. The imprinted business contributed favorably to the stationery category margin.

LIGHTERS

BIC's worldwide market share, in value terms, is about 35% (BIC's estimate).

As reported, sales were up 15.7% to 373 million euro. On a comparative basis, sales showed growth of 12.5% in value (+12% in volume), despite continued strong competition from low-priced and low quality Asian products, most of which do not meet ISO safety standards.

In Europe, BIC launched a communication campaign towards the trade, similar to the one done in the early 2000's in the US. The aim is to communicate the quality and the safety of BIC® lighters versus low-priced and low quality Asian imports. The first phase, May-June 2005, BIC sent an information letter to more than 250,000 retailers across Europe. Based on the positive reaction, BIC launched in February 2006 a newsletter (to be published every four months) to the same 250,000 retailers.

Sales grew at double-digit rates in North and Latin America. Performance was driven by new sleeve designs and cases, including BIC® Comfort lite™ lighter and case/BIC® Case Grip and the BIC® C2™ Metal lighter and case.

The Group continued its successful fight against counterfeit products, particularly in South America (Brazil, Argentina and Paraguay).

Total lighter profitability was driven mainly by the performance in North and Latin America. Overall, the operating margin was 32.3% of net sales, up 2.5 points over 2004. The normalized IFO margin was 31.9% in 2005.

The European Commission will adopt a Decision requiring all lighters placed on the market in the EU to be "child-resistant", following a positive opinion by Member State experts in the General Product Safety Committee. The Commission will be launching a joint project with Member States' customs and market surveillance authorities to ensure full implementation. BIC will be part of this joint project.

Ensuring full implementation is key for:

1. Consumer safety, and
2. The European lighters industry, which is fully respecting ISO 9994 and will fully respect "child-resistant" rules.

BIC has already made the necessary capital investments in this technology and is well prepared for this transition. The Group has been selling "child-resistant" lighters, in accordance with local government standards, in North America, Australia and New Zealand for several years.

SHAVERS

BIC has about 20%, in value terms, of the one-piece wet shaving market in the United States and Europe (AC Nielsen, IRI and BIC's estimate).

As anticipated, in 2005 we experienced intense competition in the triple-blade segment and aggressive increases in promotional spending by competitors. Overall, BIC® shaver sales increased by 11.7%, to 239 million euro. On a comparative basis, sales increased by 9.2% in value and 1% in volume.

Consumer preference for triple-blade shavers drove sales in this category, especially in North America where the triple-blade market share grew versus a year ago to 42% of the one-piece segment (versus 22% in Europe). BIC® Soleil® growth was very positive, aided by the addition of the new BIC® Soleil® Scent™/Twilight™ shaver launched in both Europe and the USA.



BIC® Soleil®'s shaver products appealed strongly to women, particularly in the US, which has the largest women's shaving market in the world today. The successful 1st Half 2005 launch of BIC 3™ in Europe and BIC® Comfort 3® Advance™ shaver in the U.S., combined with sales for the BIC® Comfort 3®, also drove performance in the overall category.

Triple-blade sales accounted for 28% of the Group's total shaver category sales worldwide. BIC's twin-blade franchise decreased slightly for the full year 2005, while single-blade sales continued to decline but at a lower pace.

The operating margin in this category was up 4.0 points, to 8.5% of net sales compared with 4.5% in 2004. This increase reflected the strong performance of our triple-blade shaver portfolio and the non-recurring cost of the USA restructuring. The normalized IFO margin was 9.2%, up 0.6 points versus 2004.

The manufacturing consolidation, announced in April 2004, will improve our future shaver manufacturing efficiencies from 2006.

Competitive pressure will remain strong in this category, with a relentless drive toward product innovation, particularly in design

and ergonomics. We will also continue to focus on improving our blades.

OTHER PRODUCTS

Other product sales include mainly BIC Sport sales, pantyhose sales in Greece, Austria and Ireland, and DAPE 74 Distribution sales. This also includes battery and magnet sales.

BIC Sport sales (surf, windsurf boards and kayaks) were 18 million euro, almost flat versus 2004. Kayak sales increased double-digit versus 2004. Income from operations was at break-even in 2005, in spite of the launching of this business in the United States.

BIC Sport is stronger in Europe, particularly in France. In 2005, BIC Sport launched the Yakka™, an innovative kayak that can be folded and stored in a small space for easy transport. The Yakka™ has been very well received by retailers and was recognized for its innovative design by a leading boating magazine.

The best opportunity for BIC Sport is to grow its market share in North America, which represents 80% of kayak sales worldwide. The current market share of BIC Sport in North America is 3%.

Group performance by geography

BIC Group sales by geography 2004 - 2005

(in million euro, under IFRS)	2004	2005	CHANGE 2005/2004	
			AS REPORTED	ON A COMPARATIVE BASIS
Europe	427.4	425.3	- 0.5%	- 1.9%
North America and Oceania	580.7	644.2	+ 10.9%	+ 10.2%
Latin America	173.4	219.8	+ 26.7%	+ 14.3%
Middle East, Africa and Asia	83.4	91.5	+ 9.7%	+ 8.3%
TOTAL	1,264.9	1,380.8	+ 9.2%	+ 6.5%



EUROPE

The Europe region now includes Western and Eastern Europe.

Sales in Europe of 427 million euro were slightly down (- 0.5%) as reported compared to 2004, and down 1.9% on a comparative basis (flat in volume). The difference was mainly due to the consolidation of Stypen.

The growth of the discount retail segment in this region, combined with the continued emergence of private label products in a slow economy, has caused the consumer to become increasingly more price sensitive in all three categories in which BIC operates.

However, BIC gained market share in the consumer stationery business over its competitors during the back-to-school period and also saw improved trends across Europe with its BIC® Kids and BIC® Velleda® product lines. The BIC® Kids portfolio features a complete line of felt pens, coloring pencils and crayons dedicated to children, and BIC® Velleda® items include dry wipe boards and whiteboard markers. BIC® Cristal® Gel was also the number one selling gel pen in Europe in 2005.

Lighter sales were essentially flat compared to 2004, despite the continued pressure of competition from low-priced and low quality products from Asia and the growth of the discount retail in Western Europe.

Shaver sales were flat as well. Triple-blade shaver sales growth offset the decline of single- and twin-blades. Sales of BIC® Soleil® strengthened in the region and the newest offering for women, BIC® Soleil® Scent™ shavers, also performed well. In 2005, the BIC® 3 Sensitive shaver was introduced in Europe to address consumer price sensitivity and offer “triple-blade performance at a twin-blade price.”

Our management team is addressing the challenges and growth opportunities in all three categories to bring growth back in this region.

In this region, income from operations decreased due to higher production costs, mainly as a result of material price increases.

MIDDLE EAST, AFRICA AND ASIA

Sales in Middle East, Africa and Asia, which reached 92 million euro compared with 83 million euro in 2004, were up 9.7% as reported and +8.3% on a comparative basis (+10% in volume).

Stationery products in this region include the NS Fine™ ball pen and the BIC® BU2®, a retractable ballpoint pen with a transparent

barrel. Lighter sales are mostly represented by the electronic BIC® lighters, primarily in Japan.

In November 2005, BIC opened its own stationery production facility in China. It is located in Pudong, in the export processing zone of Jinqiao, in the suburbs of Shanghai. The initial investment is approximately 3 million euro and the facility is expected to be staffed with about 100 employees. BIC's direct presence with a factory in China will allow management to better understand manufacturing in this region, as well as develop the Asian marketplace.

Income from operations in this region improved, primarily due to the sales increase and operational efficiencies.

NORTH AMERICA AND OCEANIA

The North America and Oceania region includes the USA, Canada, Australia and New Zealand.

Sales in North America and Oceania region increased 10.9% as reported, while on a comparative basis they increased by 10.2% (and +5% in volume). Sales in all three categories increased on a comparative basis. The strengthening of the US Dollar against the euro in the 2nd Half of 2005 positively impacted the Group's sales performance in this region.

The stationery consumer business was strong, driven by both classic and added-value products with BIC gaining market shares in the US in all channels, but with sales essentially flat in Canada and Oceania. The growth of private label has caused the category to become increasingly more price sensitive. This trend was most apparent during the back-to-school season in the US.

Lighter sales achieved double-digit growth due to increased distribution, visibility, improved branding and active communication and education of customers regarding BIC's long-standing reputation for quality and value. Performance was driven by the launch of new sleeve designs and case products, including the BIC® C2™ Metal lighter and case.

In our shaver category, North America once again led the market trend toward triple-blade products. The triple-blade segment had a value share of over 42% for the full year 2005 in the US compared to 22% in Europe. For 2005, growth in North America was driven by the success of the BIC® Soleil® and BIC® Soleil® Twilight™ shavers for women, as well as sales from BIC's men's portfolio, which includes the newest offering, BIC® Comfort 3® Advance™ shaver.



In this region, income from operations continued to increase due to the strong performance of the three categories.

LATIN AMERICA

The Latin America region includes Mexico, Central America and South America.

The increase in sales was 26.7% as reported, while on a comparative basis sales increased by 14.3% (and by 7% in volume). In 2005, we successfully focused on regaining price points lost because of devaluation in 2004.

During the year 2005, the Brazilian currency revaluated against the euro (+20%). The valuation of the Brazilian currency against the US Dollar was also strong (+21%).

Stationery, lighters and shavers all showed an increase in sales as reported and on a comparative basis in this region.

Growth in the stationery category was driven by classic BIC® Cristal® ball pen, BIC® Evolution™ pencils, correction products, coloring products and glues.

In lighters, we continued to benefit from the aggressive fight against counterfeit products in Brazil. In 2005, we introduced lighters with new sleeve designs.

Shaver growth was driven by BIC® Comfort Twin shaver, with BIC® Comfort 3® and BIC® Soleil® shaver also contributing to the positive sales trend in the region, despite an increased competitive environment.

Income from operations for this region increased, mainly driven by the performance of the stationery and the lighter categories.

Management of currency and interest rate risks

HEDGING FOREIGN EXCHANGE RISKS ON INTERNATIONAL MARKETS

As BIC has a presence in over 160 countries, business is subject to fluctuations in financial markets. Our foreign exchange (FOREX) risk management policy is to hedge transactions in foreign currencies through options and forwards contracts. The Group does not hedge against FOREX conversion variations arising in the consolidation of foreign affiliates, except for intra-group dividends. Direct and equity investments are also usually carried out in local currencies.

BIC manages foreign exchange risks in order to protect profitability and enhance liquidity and security and does not engage in any speculative transactions. Corporate Treasury is not a profit center and reports the status of its FOREX hedges to Senior Management on a monthly basis, splitting the transactions matured and non-matured, and the related FOREX results.

Since 2000, the Group has annualized FOREX hedging, permitting subsidiaries to bring their exposure close to zero while all risks are centralized at parent company level, except for non-convertible currencies. A regular reporting process common for all subsidiaries allow the identification of FOREX positions for each currency and their forward-looking evolution within the year. SOCIÉTÉ BIC consolidates subsidiaries' foreign exchange risk and hedges the residual risk on financial markets.

The most important risk remains the US Dollar-Euro rate and for 2006, the commercial flows which represent purchases and intra-group sales, are fully hedged.

As soon as a transaction is traded on the financial markets, Group Treasury qualifies the hedge in relation to its year of maturity and the nature of flows hedged, commercial or financial. All the hedging products used comply with Cash Flow Hedge qualification as defined by IAS 39. Thus, Group Treasury does not use any product with leverage or deactivate effect that could create a position at the reverse of the natural sense of the Group exposure.

The portfolio of financial instruments benefits from a specific real time survey by Group Treasury, which also provides a monthly mark-to-market evaluation of each position, in compliance with IAS 39 requirements.

All hedging contracts are set up with top-level banking institutions, making counterpart risk very low. The Long Term Standard & Poor's ratings of our counterparts are from A+ to AA.

In countries where it is not possible to centralize the risk as described above, foreign exchange exposure is coordinated by Group Treasury and local management. Such exposure is mainly concentrated in Brazil and South Africa. These subsidiaries locally produce most of the products sold on their national market, but also import some components manufactured inside the Group. Local hedging is set up, after Group Treasury approval, for 2006, with coverage at 100% for Brazil, for example.

HEDGING INTEREST RATE RISKS

The exposure to interest rates fluctuations is very limited. All the local funding needs are directly indexed on a short-term variable rate.



Borrowers' positions are absolutely non-significant at Group level, and are too timely limited to require any relevant hedging.

Investor Relations

The Investor Relations department is dedicated to answer all inquiries from individual and institutional investors alike. Shareholder and general, financial and economic information regarding SOCIÉTÉ BIC is available via the Company's internet website: <http://www.bicworld.com>

or by addressing an email to investors.info@bicworld.com or actionnaires@bicworld.com.

Over the past several years, institutional investors have taken an increased stake in the capital of BIC, clearly demonstrating the keen interest they have in our Company. Their interest is further enhanced by our more proactive financial communication policy.

Throughout the year, BIC holds meetings with analysts and institutional investors through road shows in the major financial marketplaces.

At the individual investor level, BIC has reinforced its proactive communication. In line with our objective, we issued two shareholders' newsletters in 2005, focusing on strategy, new products and results, with an updated calendar. It is a four-page document, issued twice yearly, that includes key figures, the Chairman's message, a focus on new products and details about BIC shares. In our April 2005 Newsletter, we added a specific page on transition to IFRS, presenting the key impacts. The feedback from individual investors continues to be very positive.

After initiating its first meeting dedicated to its individual investors in October 2004, BIC organized two meetings in 2005 outside of Paris: one in Lyon in June and one in Marseille in November. In total, approximately 700 individual investors attended the two meetings. We have already scheduled two meetings for 2006: one in Lille, in June 2006, and one in Paris, in November 2006.

We launched a corporate ad in the 1st Quarter of 2005 in the form of a brochure that was distributed to 168,000 individual investors to communicate BIC's international presence, BIC's strengths and to make individual investors aware that BIC is also a listed company they could invest in.

We also created a toll-free number from France for individual investors at the end of 2004: 0 800 10 12 14 and in 2005 received many more calls than in 2004, specifically as a result of the corporate ad.

BIC Group is listed in the Eurolist Euronext Paris, SBF120 index and more recently in the FTSE4Good Europe and ASPI Eurozone, two

major sustainability indexes. The listings in sustainability indexes are the result of evaluations completed at the end of 2005 by the British organization EIRIS (Ethical Investment Research Services) and the European Corporate Social Responsibility rating agency VIGEO, respectively.

The inclusion of BIC in these indexes is an acknowledgment of the Group's worldwide commitment to corporate governance, ethics, and social and environmental responsibility programs. This distinction marks a key milestone for BIC's sustainable development policy, which is an integral part of the Group's strategy.

2006 FINANCIAL INFORMATION CALENDAR

January 10, 2006:	BIC listed in two major sustainability indexes
January 19, 2006:	4 th Quarter and Full Year 2005 Net Sales
January 24, 2006:	New organization of the BIC Group
March 1, 2006:	Full Year 2005 Results
April 13, 2006:	1 st Quarter 2006 Net Sales
May 24, 2006:	Shareholders' meeting
July 20, 2006:	2 nd Quarter and 1 st Half 2006 Net Sales
September 6, 2006:	1 st Half 2006 Results
October 12, 2006:	3 rd Quarter and 9 Months 2006 Net Sales

BIC issues financial press releases at least six times per year:

- Four for quarterly net sales
- Two for earnings, 1st Half and Full Year

The Company purchases advertising space in several French economic and financial publications to ensure the largest possible distribution of its financial information.

LIST OF PRESS RELEASES REGARDING FULL YEAR 2005

April 14, 2005:	1 st Quarter 2005 Net Sales
May 19, 2005:	Shareholders' meeting
July 21, 2005:	2 nd Quarter and 1 st Half 2005 Net Sales
September 8, 2005:	1 st Half 2005 Results
October 13, 2005:	3 rd Quarter and 9 Months 2005 Net Sales
December 15, 2005:	SOCIÉTÉ BIC cancels 190,040 shares
January 19, 2006:	4 th Quarter and Full Year 2005 Net Sales
March 1, 2006:	Full Year 2005 results



Prospects for 2006 and strategy

We will continue to focus our sales, marketing, design and manufacturing expertise on developing products that strengthen the BIC® brand equity and meet the unique needs of consumers in different parts of the world.

The Group's objective for 2006 is to grow sales at approximately 4% on a comparative basis. Our goal is to grow at a rate comparable or better than today's multinational consumer product companies who compete in similar markets.

To achieve our objectives, our strategy remains focused on delivering quality and value to the consumer, as well as outstanding service to our retail customers.

Risks and opportunities

In summary, we foresee the major challenges for 2006 to be:

- the growth of private label products, particularly in the stationery category;
- a slow European economy and continued growth of the discount retail segment in this region;
- an uncertain world economy;
- foreign currency fluctuations;
- uncertainties of oil, energy and raw material prices.

While many of these issues are outside of our control, we will make every effort to minimize these risks by continuing to reduce operating expenses and improve cost efficiencies in all aspects of our operations.

As always, we believe that our greatest opportunity for growth remains the strength of the BIC® brand, illustrated by the milestone we celebrated this year by selling our 100 billionth BIC® ballpoint pen.

Our marketing teams are delivering programs, including advertising and promotional support, that speak directly to today's consumers in their local marketplaces, meeting their specific needs. Our portfolio is more diverse than ever – from the NS Fine™ ball pen made especially for the Asian marketplace, to the BIC C2™ Metal lighter and case, to the lavender-scented handle of BIC® Soleil® Scent™ shaver for women.

Research and development

Research and development functions are organized by category. In 2005, there were about 130 employees located in Europe and North America in these functions. Each year, BIC invests approximately 2% of sales for research and development of new products that will drive sales growth.

Performance goals

Sales growth, higher margins and strong cash generation are the principal indicators of the Group's performance. Our focus is to grow sales at approximately 4% on a comparative basis, while managing the challenges of raw material increases and the impact of currency fluctuations.

Share capital

As of December 31, 2005, the subscribed capital amounts to 192,413,159.34 euro divided into 50,369,937 shares of 3.82 euro each, the par value. The registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 380,720 of these shares, acquired at the average price of 45.44 euro in accordance with Articles L.225-208 and L.225-209 of the French commercial Code, which represent 0.76% of the share capital.



SOCIÉTÉ BIC owned shares

AS OF DECEMBER 31, 2005

PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	AVERAGE ACQUISITION PRICE (in euro)	% CAPITAL
Hedging of stock-options plans Art. L.225-208 and Art. L.225-209 C. com ⁽²⁾	175,970	44.69	0.35
Hedging for free shares grants	69,320	46.03	0.14
Optimization of the investments Art. L.225-209 C. com	135,430	46.12	0.27
TOTAL ⁽¹⁾	380,720	45.44	0.76

Shares cancelled in 2005 ⁽³⁾	1,808,435
Shares repurchased in 2005 (Art. L.225-209 C. com*) ⁽⁴⁾	1,633,452

The 2005 share repurchase program received the French Stock Exchange approval (visa AMF): 05-299.

(1) BIC Corporation holds in addition as of December 31, 2005, 50,060 SOCIÉTÉ BIC shares to hedge its own stock-options plans representing 0.10% of the share capital.

(2) Of which 700 shares related to invalid options as of December 31, 2005, due to employees leaving the Group.

(3) Cf. Note 17 to the consolidated financial statements.

(4) Excluding liquidity agreement implemented in October 2004 and renewed in December 2005.

* C. com: French commercial Code (*Code de commerce*).

Share capital breakdown

To the Company's knowledge, as of December 31, 2005, the shareholders who hold more than one-twentieth, one-tenth, three-twentieths, one-fifth, one-quarter, one-third, one-half, two-thirds, eighteen-twentieths or nineteen-twentieths of the share capital and/or of the voting rights of the Company were as follows:

NAME	AS OF DECEMBER 31, 2005		
	NUMBER OF SHARES	% OF SHARES (APPROX.)	% OF VOTING RIGHTS ⁽¹⁾ (APPROX.)
MBD	12,000,000	23.8	32.7
Bich Family excluding MBD	9,354,961	18.6	25.4
Mrs Édouard Buffard	2,227,111	4.4	6.1
Silchester International Investors	5,240,000	10.4	7.1
Franklin Templeton	3,650,932	7.3	5.0

(1) As of December 31, 2005, number of voting rights amounts to 73,487,461.

Share repurchase program – cancelled shares

During the fiscal year 2005, SOCIÉTÉ BIC purchased a total amount of 1,633,452 shares at the average rate of 43.82 euro on the basis of the article L.225-209 of the French commercial Code, excluding the liquidity agreement. Shares were repurchased in order to optimize the financial and asset management of the Company.

In addition, the Board of Directors' meeting held on March 2, 2005, as authorized by the Annual Shareholders' meeting on June 3, 2004 and the Board of Directors' meetings held on May 19, 2005, July 20, 2005 and December 14, 2005 as authorized by the Annual Shareholders' meeting on May 19, 2005, decided to proceed successively to cancel 197,075 shares, 721,320 shares, 700,000 shares and 190,040 shares. 1,808,435 shares were then cancelled during the fiscal year 2005.

During the last 24 months, SOCIÉTÉ BIC cancelled 3,850,635 shares, 7.64% of the share capital as of December 31, 2005.



Senior Management Compensation

For fiscal year 2005, total compensation and benefits in kind awarded by SOCIÉTÉ BIC or by companies it controls, as defined in Article L.233-16 of the French commercial Code, to the members of the Board of Directors and Senior Management of SOCIÉTÉ BIC in accordance with their functions (including Senior Management functions) or their employment contracts were as follows:

MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	GROSS REMUNERATION AND BENEFITS IN KIND FOR FISCAL YEAR 2005					
	SOCIÉTÉ BIC (in euro)			SUBSIDIARIES (in USD)		
	BASE SALARY	BONUS	BENEFITS IN KIND	BASE SALARY	BONUS	BENEFITS IN KIND
Bruno Bich ⁽¹⁾	204,158	289,884		384,000 (€308,831)	518,400 (€416,921)	33,030 (€26,564)
François Bich ⁽²⁾	327,593	199,504				
Marie-Aimée Bich-Dufour ⁽³⁾	210,063	99,013	3,336			
Mario Guevara ⁽⁴⁾				488,500 (€392,874)	475,000 (€382,017)	19,700 (€15,844)
Gilles Péliesson	20,000					
Marie-Henriette Poinot	20,000					
Olivier Poupart-Lafarge	20,000					
Antoine Treuille	24,000					
Frédéric Rostand	25,000					
Marie-Pauline Chandon-Moët	15,000					

(1) The 2005 bonus of the Chairman/CEO was based on five criteria proposed by the Compensation Committee and authorized by the Board of Directors at the beginning of 2005: Group net sales, net income, net cash from operating activities, BIC share performance versus SBF 120 and individual objectives. In 2005, the actual bonus payout represented 90% of the bonus target. Sales target and BIC share performance versus SBF 120 had been exceeded; net cash from operating activities target has not been achieved; 83% of the individual objectives have been achieved. In 2005, Mr Bruno Bich had the following benefits: a Company car and life insurance. He was also eligible for the retirement plan dedicated to the executive managers of the Company in the United States (Supplementary Executive Retirement Plan.) In addition, Mr Bruno Bich did not receive any attendance fees for the mandates he had within the Group.

(2) The 2005 bonus was based on net sales, operating income, net income of the Group lighters category and on the Group net cash from operating activities (for a total of 70% of the bonus) and on personal objectives (for 30% of the bonus.) The personal and team objectives of the Group Lighter category had been exceeded and the actual bonus payout of Mr François Bich represented 110% of its bonus target, which reflect the lighter performance of the year. Mr François Bich was eligible for the retirement plan dedicated to the executive managers of BIC in France. In addition, Mr François Bich did not receive any attendance fees for the mandates he had within the Group.

(3) The 2005 bonus was based on Group net sales, operating income, net income and net cash from operating activities (for a total of 70% of the bonus) and on personal objectives (for 30% of the bonus.) The personal and Group objectives had been achieved according to expectations except for the net cash from operating activities. In 2005, the actual bonus payout of Mrs Marie-Aimée Bich-Dufour represented 95% of the bonus target. Mrs Marie-Aimée Bich-Dufour had a Company car and was eligible for the retirement plan dedicated to the executive managers of BIC in France. In 2005, Mrs Marie-Aimée Bich-Dufour had received stock-options and 3-year performance-based free shares. In addition, Mrs Marie-Aimée Bich-Dufour did not receive any attendance fees for the mandates she had within the Group.

(4) The 2005 bonus of Mario Guevara was based on five criteria proposed by the Compensation Committee and authorized by the Board of Directors at the beginning of 2005: Group net sales, operating income, net income, net cash from operating activities and personal objectives. In 2005, the actual bonus payout represented 95% of the bonus target. Sales, operating income, net income and personal objectives have been achieved; net cash from operating activities had not been achieved. In 2005, Mr Mario Guevara had the following benefits: a Company car, life insurance and specialized assistance for tax preparation. He was also eligible for the retirement plan dedicated to the executive managers of the Company in the United States (Supplementary Executive Retirement Plan.) In 2005, Mr Mario Guevara had received stock-options and 3-year performance-based free shares. In addition, Mr Mario Guevara did not receive any attendance fees for the mandates he had within the Group.

Amounts in US Dollar were translated into euro by using the average exchange rate for FY 2005 (1 EUR = 1.2434 USD). (See Note 1.10 to the Consolidated Financial Statements.)



Management report of the Board of Directors

The following members of the Board of Directors and Senior Management were also attributed stock-options and free shares during the financial year 2005:

STOCK-OPTIONS GRANTED TO COMPANY OFFICERS AND OPTIONS EXERCISED BY THE LATTER	BENEFICIARY	NUMBER OF OPTIONS ALLOCATED/SHARES SUBSCRIBED OR BOUGHT	AVERAGE WEIGHTED PRICE WITHOUT DISCOUNT (in euro)	VESTING DATE	PLAN NUMBER
Options granted during the financial year to each Company Officer by the issuer and by any company in the Group	Mario Guevara	15,000	50.01	Dec. 13, 2015	8
	Marie-Aimée Bich-Dufour	5,000	50.01	Dec. 13, 2015	8
Options exercised during the financial year by each Director	N/A				

FREE SHARES GRANTED TO COMPANY OFFICERS AND SHARES TRANSFERRED TO THE LATTER	BENEFICIARY	ACQUISITION CONDITIONS	NUMBER OF SHARES GRANTED/SHARES TRANSFERRED	DATE OF THE BOARD OF DIRECTORS	PLAN NUMBER
Free shares granted during the financial year to each Company Officer by the issuer and by any company in the Group (main grant)	Mario Guevara	On performance conditions, within three years	2,650	May 19, 2005	1
			2,650	Dec. 14, 2005	2
	Marie-Aimée Bich-Dufour		2,650	May 19, 2005	1
			2,650	Dec. 14, 2005	2
Free shares granted during the financial year to each Company Officer by the issuer and by any company in the Group (secondary grant)	Mario Guevara	Within seven years, under presence and shares conservation conditions	9% of main grant	May 19, 2005	1
			9% of main grant	Dec. 14, 2005	2
Free shares transferred during the financial year to each Company Officer	N/A				



GROSS REMUNERATION AND BENEFITS IN KIND FOR FISCAL YEAR 2004

MEMBERS OF THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT	SOCIÉTÉ BIC (in euro)			SUBSIDIARIES (in USD)		
	BASE SALARY	BONUS	BENEFITS IN KIND	BASE SALARY	BONUS	BENEFITS IN KIND
Bruno Bich ⁽¹⁾	207,688	255,195		384,000 (€309,054)	499,200 (€401,771)	33,030 (€26,584)
François Bich ⁽²⁾	321,169	164,921				
Marie-Aimée Bich-Dufour ⁽³⁾	190,966	84,617	3,336			
Mario Guevara ⁽⁴⁾				436,965 (€351,682)	450,000 (€362,173)	19,700 (€15,855)
Gilles Pélisson	19,500					
Marie-Henriette Poinot	22,000					
Olivier Poupart-Lafarge	22,000					
Antoine Treuille	23,500					
Frédéric Rostand	22,000					
Marie-Pauline Chandon-Moët	14,500					

(1) The 2004 bonus of the Chairman/CEO was based on five criteria (with same weight) proposed by the Compensation Committee and authorized by the Board of Directors at the beginning of 2004 : Group net sales, net income, net cash from operating activities, share performance versus SBF 120 and individual objectives. In 2004, the bonus payout represented 87% of the bonus target. In 2004, Mr Bruno Bich had the following benefits: a Company car and life insurance. He was also eligible for the retirement plan dedicated to the executive managers of the Company in the United States (Supplementary Executive Retirement Plan.) In addition, Mr Bruno Bich did not receive any attendance fees for the mandates he had within the Group.

(2) The 2004 bonus was based on Group lighters category's net sales, operating income, net income and inventory levels (for a total of 70% of the bonus) and on personal objectives (for 30% of the bonus.) The personal and team objectives of the Group Lighter category had been exceeded. Mr François Bich was eligible for the retirement plan dedicated to the executive managers of the Company in France. In addition, Mr François Bich did not receive any attendance fees for the mandates he had within the Group.

(3) The 2004 bonus was based on Group net sales, operating income, net income and inventory levels (for a total of 70% of the bonus) and on personal objectives (for 30% of the bonus.) The personal and Group objectives had been achieved according to expectations. Mrs. Marie-Aimée Bich-Dufour had a Company car and was eligible for the retirement plan dedicated to the executive managers of the Company in France. In addition, Mrs. Marie-Aimée Bich-Dufour did not receive any attendance fees for the mandates she had within the Group.

(4) The 2004 bonus was based on five criteria: Group net sales, operating income, net income, net cash from operating activities and personal objectives. All objectives have been achieved. In 2004, Mr Mario Guevara had the following benefits: a Company car, life insurance and specialized assistance for tax preparation. He was also eligible for the retirement plan dedicated to the executive managers of the Company in the United States (Supplementary Executive Retirement Plan.) In addition, Mr Mario Guevara did not receive any attendance fees for the mandates he had within the Group.

Amounts in US Dollar were translated into euro by using the average exchange rate for FY 2004 (1 EUR = 1.2425 USD). (See Note 1.10 to the Consolidated Financial Statements)

STOCK-OPTIONS GRANTED TO COMPANY OFFICERS AND OPTIONS EXERCISED BY THE LATTER IN 2004	BENEFICIARY	NUMBER OF OPTIONS ALLOCATED/SHARES SUBSCRIBED OR BOUGHT	AVG. WEIGHTED PRICE (in euro)	VESTING DATE	PLAN NUMBER
Option granted during the financial year to each Company Officer by the issuer and by any company of the Group	Mario Guevara	12,000	36.76	Dec. 14, 2014	7
	Marie-Aimée Bich-Dufour	5,000	36.76	Dec. 14, 2014	7
Options exercised during the financial year by each Director	N/A				



Mandates of the Company Officers

Purchase or sale of BIC shares by members of the Board of Directors, the Management Board or the Supervisory Board: related individual declarations according to Articles 222-14 and 222-15 of the AMF's General Regulations are available on the AMF's internet website.

BOARD OF DIRECTORS

Chairman of the Board of Directors

Bruno Bich

59 years old, dual nationality, French and American

Date of election as Director: Annual Shareholders' meeting of June 2, 1986

Last mandate renewed at the Annual Shareholders' meeting of June 3, 2004, until the Annual Shareholders' meeting of 2007 for fiscal year 2006.

Main directorships:

Chairman of the Board of Directors of SOCIÉTÉ BIC since March 1, 2006

Chairman and Chief Executive Officer of SOCIÉTÉ BIC from May 27, 1993 to February 28, 2006

Other Group mandates:

- Permanent representative for SOCIÉTÉ BIC in BIC Services (France)
- Chairman and Chief Executive Officer of BIC Corporation (USA)
- Chairman and President of BIC International Co. (USA)
- Chairman of the Board of BIC Graphic Europe SA (Spain), Sheaffer (Hong Kong) Co. Ltd. (Hong-Kong), BIC Philippines Inc. (Philippines), BIC Product (Thailand) Ltd. (Thailand)
- Director of the Board of BIC Iberia SA (Spain), BIC Graphic Europe SA (Spain), BIC Portugal SA (Portugal), BIC Corporation (USA), BIC International Co. (USA), BIC Australia Pty. Ltd. (Australia), BIC (NZ) Ltd. (New Zealand), BIC Stationery (Shanghai) Co. Ltd. (China), Shanghai Sheaffer-Wingsung Stationery Co. Ltd. (China), Sheaffer (Hong Kong) Co. Ltd. (Hong-Kong), Nihon BIC Co. Ltd. (Japan), BIC Kosaido KK (Japan), BIC GBA Sdn. Bhd. (Malaysia), BIC Product (Singapore) Pte. Ltd. (Singapore), BIC Product (Asia) Pte. Ltd. (Singapore), BIC Philippines Inc. (Philippines), BIC Product (Korea) Ltd. (South Korea), BIC Product (Thailand) Ltd. (Thailand)
- Managing Director of BIC GmbH (Germany), BIC Verwaltungs GmbH (Germany)

Directorships of non-BIC Group companies:

- Member of the Board of Directors of Altadis (Spain) and Kosaido Co. Ltd. (Japan)

Chief Executive Officer and Director

Mario Guevara

46 years old, Mexican nationality

Date of election as Director: Annual Shareholders' meeting of May 22, 2001

Last mandate renewed at the Annual Shareholders' meeting of June 3, 2004, until Annual Shareholders' meeting in 2007, for fiscal year 2006.

Main directorships:

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006

Executive Vice President and Chief Operating Officer of SOCIÉTÉ BIC from March 10, 2004 to February 28, 2006

General Manager for North, Central and South America and Oceania from 2001 to March 10, 2004.

Other Group directorships:

- President and Chief Operating Officer of BIC Corporation (USA)
- President and Chief Executive Officer of Ergo Pen, Inc. (USA)
- President of BIC USA Inc. (USA), Furtuna Holding Co. Ltd. (British Virgin Islands), GLNA, Inc. (USA), Tritec International Co. (USA), Astor Blade Corp. (USA)
- Executive Vice-President and Chief Operating Officer of BIC International Co. (USA)
- Chairman of the Board of BIC de Venezuela CA (Venezuela), BIC Chile SA (Chile)
- Director of the Board of BIC Corporation (USA), BIC Sport USA Inc. (USA), BIC USA Inc. (USA), Ergo Pen, Inc. (USA), Furtuna Holding Co. Ltd. (British Virgin Islands), GLNA, Inc. (USA), BIC de Venezuela CA (Venezuela), BIC Chile SA (Chile), BIC Colombia SA (Colombia), Tritec International Co. (USA), BIC Kosaido KK (Japan)

Executive Vice-President and Director

François Bich

56 years old, French nationality

Date of election as Director: September 30, 1977 at the Annual Shareholders' meeting of May 29, 1978, last mandate renewed at the Annual Shareholders' meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders' meeting of 2006, for fiscal year 2005.

Main directorships:

Date of election as Executive Vice-President: December 15, 1988
General Manager Lighters

Other Group directorship:

- President of Société du Briquet Jetable 75 "B.J. 75" (France)

Directorship of non-BIC Group companies:

- Chairman of Supervisory Board of MBD (France)

Directors

Marie-Pauline Chandon-Moët

38 years old, French nationality

Date of election as Director: Annual Shareholders' meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders' meeting in 2006, for fiscal year 2005.

Main directorship:

General Manager Europe of Real Estate for BIC Group

Directorships of non-BIC Group companies:

- Director of Supervisory Board of MBD (France)
- Chairman of the Board of Directors of Ferrand SA (France)

Gilles Pélisson

48 years old, French nationality

Non-affiliated Director

Date of election as Director: Annual Shareholders' meeting of May 22, 2001

Last mandate renewed at the Annual Shareholders' meeting of June 3, 2004, until Annual Shareholders' meeting in 2007, for fiscal year 2006.

Chairman of the Compensation Committee

Main directorships:

Chief Executive Officer of Accor (France) since January 9, 2006

Chairman and Chief Executive Officer of Bouygues Telecom (France) from 2004 to October 2005

Chief Executive Officer of Bouygues Telecom (France) from 2001 to 2004

Directorships of non-BIC Group companies:

- Director of the Board of Accor (France)
- Chairman of Supervisory Board of ESSEC

Marie-Henriette Poinot

44 years old, French nationality

Date of election as Director: Annual Shareholders' meeting of May 21, 1997

Last mandate renewed at the Annual Shareholders' meeting of May 28, 2003, until Annual Shareholders' meeting in 2006, for fiscal year 2005.

Member of the Compensation Committee

Main directorship:

Director of Strategic planning of the Options Group (France)

Directorships of non-BIC Group companies:

- Director of the Board of Tosniop SA (France) and Ferrand SA (France)
- Director of the Supervisory Board of Options SA (France)

Olivier Poupart-Lafarge

63 years old, French nationality

Non-affiliated Director

Date of election as Director: Annual Shareholders' meeting of May 25, 2000

Last mandate renewed at the Annual Shareholders' meeting of May 28, 2003, until Annual Shareholders' meeting in 2006, for fiscal year 2005.

Member of the Audit Committee

Main directorships:

Executive Vice-President of Bouygues Group (France) since 2002

General Manager for Strategies and Finances of Bouygues (France) from 1984 to 2002

Other directorships:

- Director of the Board of Bouygues (France), Bouygues Telecom (France), Télévision Française 1 (TF1) (France), SDCM (France), Colas (France)
- Permanent representative of the company Bouygues in its affiliates Bouygues Immobilier (France) and Bouygues Construction (France)

Frédéric Rostand

43 years old, French nationality

Non-affiliated Director

Date of election as Director: Annual Shareholders' meeting of May 28, 2003

Expiration date of mandate as Director: Annual Shareholders' meeting in 2006, for fiscal year 2005.

Member of the Audit Committee

Member of the Compensation Committee

Main directorships:

Chairman of the Directory Board of Saint Louis Sucre SA (France)

Director of the Directory Board of Südzucker AG (Germany)

Directorships of non-BIC Group companies:

- Permanent representative of the company Saint Louis Sucre SA (France) as President of the "SAS" in Société Française d'Organisation et de Participation (France), Saint Louis Sucre International (France)



- Vice-President of the Supervisory Board of COFA (ex Financières Ryssen), Slaska Spolka Cukrowa SA (Poland)
- Permanent representative of Saint Louis Sucre SA in the company Société Nouvelle des Sucrieries de Châlons-sur-Saône (France)
- Director of the Board of Distillerie Ryssen (France), Raffinerie Tirlemontoise (Belgium), Eastern Sugar BV (Netherlands)

Antoine Treuille

57 years old, French nationality

Non-affiliated Director

Date of election as Director: Annual Shareholders' meeting of May 21, 1997

Last mandate renewed at the Annual Shareholders' meeting of May 28, 2003, until Annual Shareholders' meeting in 2006, for fiscal year 2005.

Chairman of the Audit Committee

Main directorship:

Executive Managing Director of Mercantile Capital Partners (USA)

Other Directorships:

– Director of the Board of Eramet (France)

- President of Charter Pacific Corporation (USA)
- Director of the Board of Partex Corporation (USA) and Harris Interactive, Inc. (USA)

Executive Vice-President

Marie-Aimée Bich-Dufour

47 years old, French nationality

Date of election as Executive Vice-President: 1995

General Counsel

Other Group directorships:

- Director of the Board of BIC Services (France), BIC Portugal SA (Portugal), BIC Iberia SA (Spain), BIC Violex SA (Greece), Sheaffer (Hong Kong) Co. Ltd. (Hong Kong), Shanghai Sheaffer-Wingsung Stationery Co. Ltd. (China), BIC Stationery (Shanghai) Co., Ltd. (China), BIC India Pte. Ltd. (India), BIC Products Pte. Ltd. (India), BWI Manufacturing India Pte. Ltd. (India), Nihon BIC Co. Ltd. (Japan), BIC Kosaido KK (Japan), BIC Malaysia Sdn. Bhd. (Malaysia), Mondial Sdn. Bhd. (Malaysia), BIC-GBA Sdn. Bhd. (Malaysia), BIC Product (Singapore) Pte. Ltd. (Singapore), BIC Product (Asia) Pte. Ltd. (Singapore), BIC Product (Korea) Ltd. (South Korea), BIC Product (Thailand) Ltd. (Thailand)

Workforce information

WORKFORCE

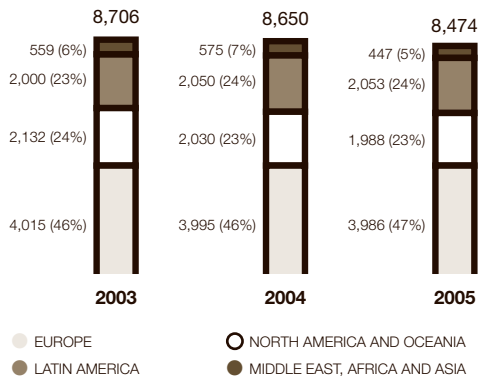
For the year ending December 31, 2005, the BIC workforce totaled 8,474 permanent and 792 temporary employees worldwide. Changes in staff numbers by region are shown below:

2005 workforce by geography

BIC GROUP	2003	2004	2005	CHANGE 2005/2004
Europe	4,015	3,995	3,986	(9)
North America and Oceania	2,132	2,030	1,988	(42)
Latin America	2,000	2,050	2,053	+ 3
Middle East, Africa and Asia	559	575	447	(128)
Total permanent workforce in full-time equivalent	8,706	8,650	8,474	(176)
Temporary workforce	687	942	792	(150)
Total in full-time equivalent	9,393	9,592	9,266	(326)

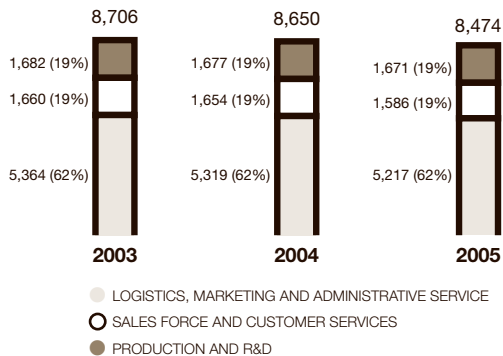


Permanent workforce by geography



In 2005, the number of permanent employees declined by 176. This decline is mainly explained by the industrial rationalization in North America (partially offset by expansion of the distribution warehouse in Charlotte, South Carolina), the reorganization of the Asian marketing subsidiaries (-79) and our unit in Botswana (Africa).

Permanent workforce by division



In the entities affected by job cuts, the Group systematically implements special plans for assistance and support for employees affected: measures to identify in-house solutions (analysis of redeployment offers within the Group, assistance with international relocation) and measures to pinpoint solutions outside the Group (measures to assist redundant employees with the search for a new job: outplacement and financial measures). For example, in the Milford-US plant, where a shaver production unit was closed in

September 2005, 60% of the employees that left the Company accepted voluntary retirement packages. For the others, the Human Resources Department created a specific program incorporating a contact plan with more than 100 local companies to identify available positions in the region, and training in interview techniques.

Permanent employees (in France, with a permanent employment contract) represent 91% of the total workforce. Temporary workers declined in 2005 at 9% of the workforce, split among temporary staff, fixed-period contracts and school and university interns. Temporary workers are located essentially in France, Greece and the US. They are employed in production (77% of temporary staff), sales support (8%) and distribution (9%), essentially as a result of the highly seasonal characteristics of BIC's activities.

Women accounted for 42% of Group permanent staff in 2005 i.e., a 2-points advance on 2004. Women account for 39% of the workforce in the Europe - Africa - Middle East area, 47% in North America and 42% in Latin America. They account for 39% of production and R&D staff and 47% in other functions.

Group

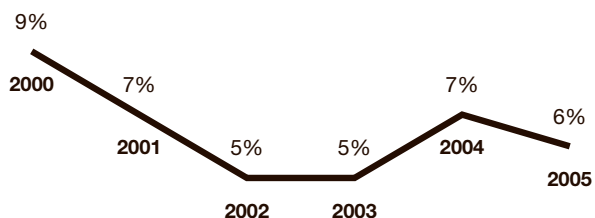


Managers account for around 22% of permanent Group staff: 27% of these managers are women (13% of directors/senior executives). For the BIC Group, the main characteristic of a manager is that he/she coordinates a range of resources for which he/she is responsible, with a degree of autonomy and responsibility necessary for achievement of objectives at least annually. Management can concern a team, a project, a process, a technique or a client or supplier portfolio. The average age of BIC managers is 41 (42 for men and 38 for women) and average service of 8 years.

Voluntary turnover in the Group workforce reached 6% in 2005, compared with 7% in 2004, 5% in 2002 and 2003, 7% in 2001 and 9% in 2000. This decline reflects staff cut-back plans in the US that incorporate specific programs encouraging voluntary departures.



Voluntary staff turnover



For recruitment purposes, over recent years the Group has developed a mobility and active internal promotion policy, which is backed by career management tools (Individual Development Plan, Succession Plan, talent accelerators, et cetera) that are used efficiently. In 2005, 82% of the four top manager levels were promoted internally, up from 80% in 2004. Development of an in-house job offer system also encouraged and increased internal candidates at all levels.

In addition, the Group recruited some 650 external candidates in 2005. No external recruitment difficulties have been encountered thanks to introduction of innovative, qualitative tools (Internet address: humanresources@bicworld.com), which enhances awareness of the Company in the international employment market, and collaboration with specialist recruitment companies with international reputations. In-house, over recent years the Group has reinforced managers' expertise in recruitment techniques and has developed a more efficient selection procedure.

ORGANIZATION OF WORK

Methods of work organization and working hours adjustment are determined on the basis of each site's projections of production requirements and customer services. BIC strives constantly to improve organization methods.

Overtime is strictly measured and managed in the establishments that have recourse to this practice.

Absenteeism (excluding on-site accidents and maternity) declined further in 2005, to a Group average of 1.7%, down from 1.9%

in 2004 and 2% in 2003. The Human Resources Department has increased the awareness of the issue among management of its companies by releasing figures at Group level providing a comparative analysis of detailed results at each company. Action plans have also been implemented; these incorporate attendance bonuses, for example.

DISABLED EMPLOYEES

In 2005 disabled workers at the Group's largest sites totaled 105 (excluding outsourced contracts). They numbered 61 in Europe, 28 in South America and 16 in North America.

REMUNERATION

The average annual cost (including payroll taxes) of each Group employee totaled 43,200 euro in 2005 i.e., a 6.5% increase on 2004. At constant exchange rates, costs rose by 5% compared with 2004. Overall, this rise reflects:

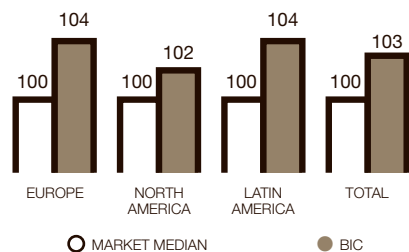
- An increase in average gross salary (up 2.2%);
- A 13% increase in variable remuneration: 2004 having improved on the preceding year, a higher bonus payout became possible;
- Higher payroll taxes, and other benefits (up 8.7%, due entirely to a new accounting standard for stock-options and shares, other expenses having declined slightly).

An essential element in the BIC Group's remuneration policy is acknowledgement of the performance of individuals and work teams. Thus, for managers, salary increases reflect individual merit, except in certain countries with legal obligations regarding general increases. Variable remuneration relating to performance represents an average of 15% of Group managers' gross base salaries.

Differing remuneration levels between employees are justifiable. They reflect responsibilities, experience, performance, and potential, and take the specifics of local markets into account.

In 2005, a complete analysis of the external competitiveness of managers' base salaries was commissioned. For the 50 countries in which BIC operates, HayGroup supplied market median data for each BIC level. Results showed that, on average, BIC managers are positioned slightly higher than their local market median, in line with Group remuneration policy.





The BIC Group values its differences and does not tolerate any discrimination such as relating to race, religion, sex or age.

PROFESSIONAL RELATIONS AND SUMMARY OF LABOR AGREEMENTS

In 2004, BIC USA Inc. announced that, in an effort to consolidate worldwide operations, the Company had made a decision to close its ballpoint pen and single-blade shaver manufacturing operations in Milford, Connecticut, USA, and to close its Sheaffer Pen facility in Fort Madison, Iowa, USA. In 2004, BIC thus negotiated and concluded a plant closure agreement with the unions representing the hourly-paid workers, United Steelworkers of America (USWA) at Milford, and United Auto Workers (UAW) at Fort Madison. In September 2005, the single-blade shaver operation in Milford has been closed. At end-2005, 111 employees (of the 400 job cuts in the entire plan) had effectively left BIC.

In these difficult conditions, management and union representatives are working together to find solutions that should be satisfactory compromises between the economic necessities of the company and BIC's responsibilities to its employees.

In Europe, the year was also marked by reorganizations in production and distribution companies. BIC announced the closure of its Greek pantyhose production unit, which concerned around 60 people. Efficient labor relations management led to redeployment of all the employees in shaver production units.

HUMAN RESOURCES DEVELOPMENT AND TRAINING

Vision and Values

In 2005, BIC decided to up-date its vision and values. A major communications and training project was launched throughout the Group:

- 140 "Values in Action" meetings have been held by 200 "ambassadors" in some 60 Group units. More than 7,300 employees attended.
- 13,000 booklets translated into 16 languages, 4,600 posters and 15,000 cards were distributed.
- BIC employees were able to meet Leadership Team members during these meetings. A video on Group values was viewed at each unit.

- BIC employees took an active part in the entire project. They were asked to describe on how these values are part of daily life in their units. On this basis, plans of action were prepared and are being implemented.
- When asked about BIC values at work, 75% of the respondents have expressed that the BIC values are applied at BIC (i.e., no gap or a limited gap between the values and what is effectively lived at work). The value of simplicity has been identified as the first improvement opportunity.
- As a consequence of these measures, specific training has been developed to help employees understand BIC's values and help them to put them into practice daily. This training will be available to managers and employees who might have identified gaps on some values for their teams.

Training and development

For BIC, the mission of the "training and development" function is:

- inculcate the entire Group with BIC's culture and values;
- improve the efficiency of BIC's operations and managers;
- detect and develop the expertise of BIC's future leaders.

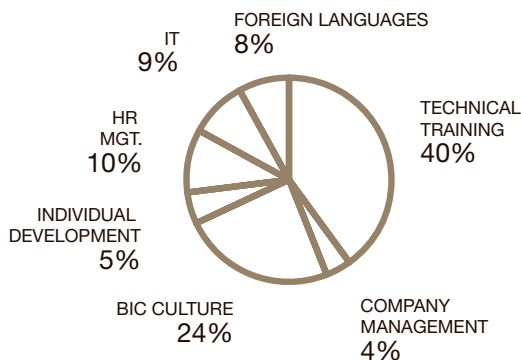
These objectives are achieved through the active involvement of managing directors and operating management in the personnel management process, and through BIC University.

Training: improve the operating capacity of teams and their managers with BIC University.

BIC University, the corporate training center created in 1998, aims to develop strong leadership skills, in line with BIC values, to facilitate more effective team work across geographies and functions and to bring managerial and technical tools to support BIC's business. BIC University's program offers trainings in 3 continents, on a global and local basis.

In 2005, more than 13,000 days of training were provided within the Group, against a reported total of 10,300 in 2004.

Training themes in 2005



Individual development: identify and train tomorrow's leaders

BIC strongly encourages the development of employees' talents and skills, with a stated desire to favor internal promotion (82% of the positions in the three management staff levels are filled internally). Close attention is paid to "high potential", a critical resource for the company's future. In 2006, a new process will be launched to record the skills and know-how of BIC's key employees, following which a plan of action will be drawn up to ensure long-term retention of these skills. At the same time, a new "Individual development plan" process will be launched, focused on employees' values and competencies, with the objective of boosting their performance in the short term and, thus, their "employability".

CHARITIES

In 2005, BIC donated 1.3 million euro to its French subsidiaries' charities, as defined in article R432-2 of the Labor Code.

Environmental Data

BIC AND THE ENVIRONMENT

Ethical conduct toward our employees, consumers, customers, suppliers and shareholders is a fundamental and pervasive operating principle within the BIC Group. Accordingly, BIC has maintained a long-standing commitment to protecting the environment, as well as safeguarding the health and welfare of our employees, neighbors and consumers.

We recognize that nearly every aspect of a manufacturing business, including the production, distribution, and end disposal of a product and its packaging, has the potential to impact the environment, human health or safety.

It is clearly our responsibility to minimize those impacts. The challenge is to develop solutions that protect people and the environment and allow us to maintain the product quality and value that consumers demand. BIC accepts this responsibility and this challenge.

Our approach is to collaborate with our employees, suppliers, customers and consumers to identify, assess and minimize the environmental, health and safety impacts resulting from our manufacturing operations, our products, and our product packaging.

This is the second year BIC has published a sustainable development report.

SCOPE AND CHOICE OF INDICATORS

SOCIÉTÉ BIC has chosen to broaden the scope of this report beyond that outlined in Article 116 of the Law on New Economic Regulations, which prescribes the environmental data required from publicly traded companies.

In order to supply pertinent information in conformity with the law, BIC supplies worldwide consolidated data whenever it is available and relevant.

Indicators were chosen to provide greater clarity for all data provided. Indicators were selected to reflect the Group's activities and the impact of those activities on the environment.

The information presented here represents consolidated data from all subsidiary factories, French and foreign, unless only local data is available, or if this data is more relevant than consolidated data. This report includes all industrial plants of the BIC Group that manufacture finished or semi-finished products for sale to the general public, our engineering companies and the main BIC warehouses.

COMPANY INTERNAL ENVIRONMENTAL MANAGEMENT. CAPACITIES FOR REDUCING ENVIRONMENTAL RISKS

BIC's overall approach to environmental protection is outlined in a document entitled "Environmental, Health and Safety policy for the BIC Group" signed by BIC's Chairman and Chief Executive Officer in April 2005.

Among other commitments, this policy obligates all BIC factories to implement environmental management systems. The BIC Group has prepared a detailed set of requirements for a management system that meets the unique needs of our factories, but is purposely designed to achieve continuous improvement of environmental performance. The Group has also developed a formal guidance program to assist our plants that do not currently have a management system in successful design and implementation.

Four BIC factories with no formal environmental management system were chosen as pilot sites during 2005 and are currently "test-driving" the Group environmental management system and guidance program.

The feedback and results from these pilot facilities is being used to refine the BIC Group requirements and guidance program. After these final improvements, BIC will begin implementation of environmental management systems at all BIC-owned facilities around the world in 2006. Completion is expected by December 2007.

ENVIRONMENTAL EVALUATION OR CERTIFICATION

The BIC Group has directed all BIC factories to establish an environmental management system compliant with an internal Group standard. Individual factories are free to exceed this Group standard, where appropriate, as long as they maintain a focus on continuous improvement of environmental performance.

ISO 14001 certification is not implemented in the whole Group but only for selected factories that have chosen this way to make progress. However, we do not promote nor forbid the usage of this certification.

MEASURES TAKEN, WHERE APPLICABLE, TO ENSURE THAT OPERATIONS ARE IN CONFORMITY WITH APPLICABLE LAWS AND REGULATIONS CONCERNING THE ENVIRONMENT

The plants maintain routine and periodic controls intended to ensure compliance with local regulatory requirements. These controls are carried out internally, or with the assistance of an independent external company. An action plan is established to correct any identified compliance issues.

The implementation of the Group environmental management system will further assist plants with regulatory compliance.

CONTINGENCY PLANS SET UP TO DEAL WITH POLLUTION ACCIDENTS WITH CONSEQUENCES OUTSIDE OF THE PLANTS

Emergency prevention and response plans have been established in locations where there is an identified risk of an accident with consequences outside plant boundaries.

In particular, our SEVESO plants have a "*Plan d'Opération Interne*." Outside of France, many plants have equivalent emergency plans. For example, our plants in the United States and New Zealand maintain an "Emergency Response Plan."

For our high-threshold SEVESO plant, we have a major hazard prevention policy and have implemented a safety management system to prevent major accidents, in conformity with the ministerial decree of May 10, 2000, transposition in French law of the European Council directive 96/82/EC.

TRAINING AND INFORMATION ON THE ENVIRONMENT AND SAFETY

In 2005, BIC launched a campaign to raise employee awareness of its sustainable development program. This included presentations to site management and the distribution of brochures printed in national languages. Presentations were given jointly by members of site management teams and members of the sustainable development Committee. Newly hired employees also learn about sustainable development through the "Welcome to BIC" orientation program given by BIC University. The new BIC Group Environmental, Health & Safety (EH&S) policy was communicated to all factories.

The BIC Group does not maintain an independent measure of training-days devoted to EH&S issues at our plants. EH&S training is integrated into the 5,292 man-days of technical training completed in 2005.

EXPENSES FOR PREVENTING CONSEQUENCES TO THE ENVIRONMENT

Investment budgets related to the environment are an integral part of the annual budgets of all factories.

PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS

The Company has insurance to cover its installations for potential civil liability. The Company has environmental liability and civil liability insurance in the event of injury or damage to third-parties. In addition, the Company carries mandatory insurance for its employees, as well as property damage and business interruption insurance for its buildings and business personal property.

In particular, our high-threshold SEVESO plant has constituted the financial guarantees with banking act of guarantee, according to regulations.

COMPENSATION PAID DURING THE FISCAL YEAR UNDER COURT ORDER

None.



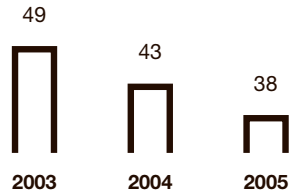
ACTIONS TAKEN TO REPAIR DAMAGE TO THE ENVIRONMENT

No significant activities were necessary in 2005.

CONSUMPTION OF WATER RESOURCES

Annual water consumption normalized to production

BIC Group (cubic meters/tonne)



Total water consumption for the BIC Group decreased between 2004 and 2005, despite a significant increase in reported production. Water-use efficiency, represented by consumption per tonne of production, has decreased by 23% since 2003.

The 2005 reduction is due to a more efficient use of cooling water by one of our main water-consuming plants. This one plant's consumption represents 65% of the total water consumption for the BIC Group. Since most of the water is used only for cooling, the environmental impact is very low.

Most BIC facilities achieved significant improvements in water-use efficiency as a direct result of programs implemented to reduce their water consumption. Examples of 2005 initiatives included: the use of treated sanitary wastewater or the collection of rainwater for irrigation of outside gardens, as well as the use of closed loop cooling systems to reduce water consumption.

CONSUMPTION OF RAW MATERIALS

We are committed to optimizing the quantity of raw materials necessary to manufacture and sell our products.

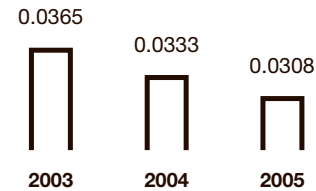
In 2005, we initiated an ecodesign method for stationery products. This is a preventive approach that enables us to integrate environmental concerns, beginning with the product design stage.

Whenever feasible, our R&D teams explore alternate scenarios for minimizing environmental impact by varying the materials used, production processes, manufacturing location, or by optimizing the product profile. As a result, BIC® pens offering several design options will be ecodesigned using this process.

WASTE

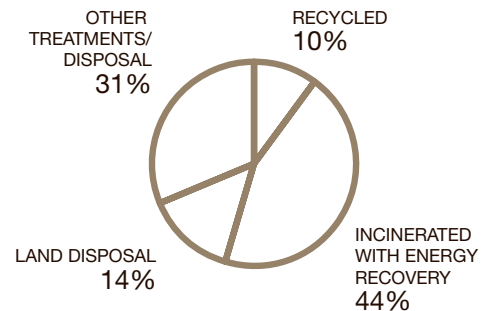
Annual production of hazardous waste normalized to production

BIC Group (tonne/tonne)



2005 hazardous waste treatment

BIC Group (% of total expressed in tonne)



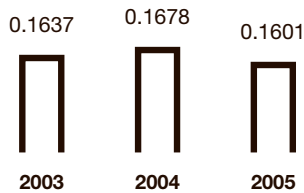
Note: "Other treatments/Disposal" represent all other forms of waste treatment, including incineration without energy recovery.

The amount of hazardous waste generated per tonne of production decreased by approximately 15% since 2003. This is a result of local initiatives. For example, our factory in Spain improved the efficiency of a pickling process, which significantly reduced the generation of resulting hazardous waste.



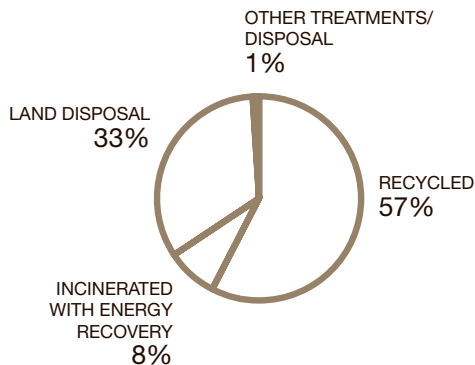
Annual production of non hazardous waste normalized to production

BIC Group (tonne/tonne)



2005 non hazardous waste treatment

BIC Group (% of total expressed in tonne)



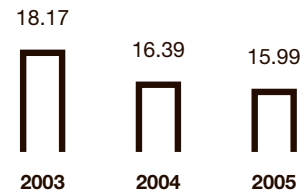
Note: "Other treatments/Disposal" represent all other forms of waste treatment, including incineration without energy recovery.

In 2005, there was a slight decrease in the generation of non-hazardous waste as normalized to production. Recycling programs have been a useful tool to manage non-hazardous waste at many BIC plants. For example, starting in 2005 in Brazil, cardboard boxes and wood pallets that were used to pack incoming raw materials are returned to suppliers so they can be reused.

CONSUMPTION OF ENERGY RESOURCES INCLUDING, IF APPLICABLE, MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY SOURCES

Annual energy consumption normalized to production

BIC Group (Giga joule/tonne)



The BIC Group has achieved a 12% reduction in energy consumed per tonne of production compared to 2003.

Some examples of plant initiatives in 2005 to reduce energy consumption included: more efficient use of air compressors and air-conditioning systems in one of our American facilities, the substitution of a continuous-duty electric boiler with an on-demand natural gas boiler and the installation of a programmable controller for the office heating system at our plant in Spain.

CONDITIONS FOR USE OF GROUNDS

In Europe and the USA, as part of the industrial restructuring resulting in the closing of factories, BIC has ensured that the plants involved were cleaned up appropriately.

Between 1999 and 2005, BIC carried out studies of the soil and subsoil, although most plants were not subject to any such compulsory examination.

Such studies of longtime European plants demonstrate that our business does not have a significant impact on soil and subsoil.



For French plants subject to specific regulatory requirements, the policy for preventing the risk of soil pollution is an integral part of the BIC operating plan.

AIR, WATER AND SOIL RELEASE THAT SERIOUSLY AFFECTS THE ENVIRONMENT. MEASURES TAKEN TO LIMIT THE EFFECTS ON BIOLOGICAL BALANCE, NATURAL HABITATS, AND PROTECTED ANIMAL AND PLANT SPECIES

The nature of our manufacturing operations, primarily molding and assembly of plastic products, should result in a relatively low local environmental impact as compared to what many think of as typical “heavy” manufacturing. Nevertheless, our sustainable development program is requiring all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

NOISE AND ODOR IMPACT

The odor impact is not considered significant in our activities.

As far as noise impact is concerned, measures are taken within the property limits in the context of local regulations. In the event that noise pollution is identified, we will assess the situation and implement appropriate corrective actions.

SUBCONTRACTING AND THE MANNER IN WHICH THE COMPANY MAKES SURE ITS SUBCONTRACTORS AND ITS SUBSIDIARIES RESPECT THE FUNDAMENTAL INTERNATIONAL LABOR ORGANIZATION CONVENTIONS

BIC derives 90% of its sales from products manufactured in its own factories.

As a leading global consumer products company, BIC is committed to conducting its range of business activities from manufacturing to marketing and sales in a socially responsible manner. The BIC Group Code of Conduct is a set of business and social principles describing our commitment to work with contract manufacturers who share a commitment to these principles.

The major BIC plants are located in Brazil, France, Greece, Mexico, South Africa, Spain and the United States.

All BIC factories conduct their operations in a manner which is consistent with the business and social principles that are formalized

in our BIC Group Code of Conduct. This commitment is being monitored by a self-assessment process in our factories.

BIC expects its contract manufacturers to commit to the same Code of Conduct. Although BIC derives only 10% of its sales from outsourced products, mainly in the stationery business, BIC has implemented a specific program to monitor how the Code of Conduct is actually implemented by contract manufacturers.

Since 2000, BIC has established a Corporate Social Responsibility Program that is an integral part of the qualification process for our new products manufactured by contract manufacturers. Participation in BIC’s Social Responsibility Program – which includes compliance with BIC’s Code of Conduct for Contract Manufacturers and factory assessments by an independent external monitoring agency – is mandatory for all BIC contract manufacturers. In 2005, the BIC Group CSR Program has been expanded to local and regional contract manufacturers which manufacture BIC® products for local markets only.

BIC views Corporate Social Responsibility as a partnership with its contract manufacturers to further shared values. We develop this partnership by motivating improvement, setting goals and seeking commitment to improvement rather than termination. BIC seeks to work with those contract manufacturers who show a commitment by responding promptly and providing a detailed and honest plan for improvement.

Principles of BIC Code of Conduct

- Safe and Healthy Work Environment
- Fair Wages and Reasonable Working Hours
- No Child Labor
- No Forced Labor
- No Discrimination
- Freedom of Association
- Legal Compliance
- No Animal Testing
- Environmental Responsibility
- Publication



SUBSIDIARIES AWARENESS OF THE IMPACT OF THEIR BUSINESS ON REGIONAL DEVELOPMENT AND LOCAL POPULATIONS

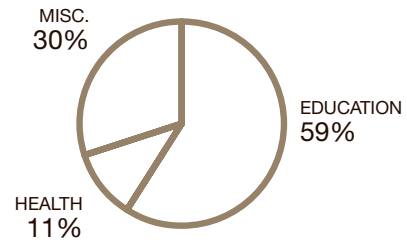
In the vast majority of cases, BIC subsidiaries initiate local community involvement programs and activities. This guarantees better understanding of local needs and the most efficient use of BIC contributions. Most importantly, this approach is a direct, pragmatic way to improve the quality of life in regions where BIC employees live and work. In 2005, more than 100 community activities and programs were undertaken in the countries where BIC has operations.

Contributions in the form of product donations are attractive to local community organizations. In response to basic needs, such as writing and personal hygiene, BIC® products are often considered basic commodities for the disadvantaged people or people caught in a state of emergency.

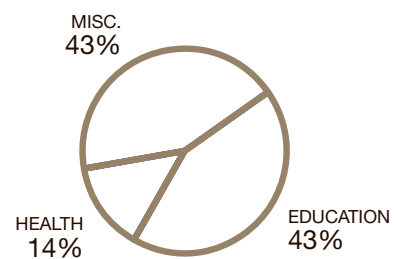
Some BIC Group subsidiaries also demonstrate corporate citizenship through financial support and active employee participation in philanthropic organizations.

Themes for activities supporting local communities

Distribution according to an internal estimation of the value of activities



Distribution according to the number of activities



Assessment of activities in 2005 among 15 subsidiaries:

TYPE OF PROGRAM	NUMBER OF ACTIVITIES	EXAMPLES OF ACTIVITIES AMONG BIC GROUP SUBSIDIARIES
Product donations	107	<ul style="list-style-type: none"> • France: donation of writing and shaving products for some 50 initiatives to meet local philanthropic humanitarian goals: support for schools, aid for the homeless, support for development projects in Africa • South Africa: within the framework of the bilateral operation of the Department of Education, annual donations of writing instruments to disadvantaged children • Romania: thousands of shavers donated to hospitals, Carol Davila and Cantacuzino • BIC Graphic Europe: 19 activities worldwide involving product donations and support of local or international NGOs including UNICEF: Latin America, Myanmar, Malawi, Senegal, Western Sahara, The Gambia, Equatorial Guinea
Financial aid for philanthropic organizations	27	<ul style="list-style-type: none"> • USA (BIC Corporation): financial support to more than 50 organizations since 1997. The Milford United Way, part of an international network of local organizations for emergency aid, was the main beneficiary in 2005. • USA (BIC Corporation): sponsorship and organization of the summer games cycling event for Special Olympics, Connecticut on the BIC Corporation campus in Milford • USA (BIC Graphic): financial support through the Pinellas Education Foundation. Employees participated in the Susan B. Komen "Race for the Cure" breast cancer 5 km running to raise funds for the fight against breast cancer • Canada: financial support for United Way Toronto, and Kids Help Phone, a program to help adolescents in difficulty
Public relations for philanthropic or educational programs	11	<ul style="list-style-type: none"> • Canada: "Be Incredibly Creative" program whose goal is to stimulate the creative writing skills of schoolchildren. More than 85% of teachers involved said that the program was scholastically beneficial for their students. • Argentina: visits to 200 schools and distribution of products • Spain: organization of a joint promotion: for each lighter specially marked for the occasion, a donation of 0.07 euro was made to the NGO WWF/ADENA
Employee volunteer work	10	<ul style="list-style-type: none"> • Mexico: complete renovation of a retirement home for women undertaken by 120 employees • Guatemala: following Hurricane Stan, a food and clothing drive was organized to help the victims • USA (BIC Corporation): through employee participation in the "Penguin Plunge" a winter swimming event, funds have been raised to benefit Special Olympics Connecticut for the past six years. • USA (BIC Corporation): through the Community Service Volunteer fund, food and clothing were collected and distributed
Other	6	<ul style="list-style-type: none"> • Ecuador: financing for the reconstruction of a school in a disadvantaged neighborhood • Guatemala: organization for the annual presentation of the ballet, The Nutcracker Suite, with the national ballet of Guatemala, with free admission for orphans and disadvantaged families



Annexe of the management report of the Board of Directors

AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF 2005 FINANCIAL YEAR

SOCIÉTÉ BIC has, at December 31, 2005, the following authorizations which were granted by the Annual Shareholders' meetings:

(in million euro)	MAXIMUM AMOUNT	DATE OF THE AUTHORIZATION	TERM AND LIMIT DATE OF VALIDITY	USE OF THE AUTHORIZATION
I – Authorization of capital increase with the shareholders' pre-emptive right of subscription Shares or various securities or share warrants	50	June 3, 2004	26 months Aug. 2, 2006	Not used
II – Authorization of capital increase without the shareholders' pre-emptive right of subscription Shares or various securities or share warrants	50	June 3, 2004	26 months Aug. 2, 2006	Not used
III – Authorizations of capital increase in favour of employees and Company Officers Free grant of shares' subscriptions' options	Legal limitations	May 19, 2005	38 months Jul. 18 2008	Not used
Issue of shares as part of an employee savings	3% of the share capital	June 3, 2004	5 years June 2, 2009	Not used
Options of subscription of shares	Legal limitations	May 28, 2003	38 months July 27, 2006	Used (306,296 shares)

