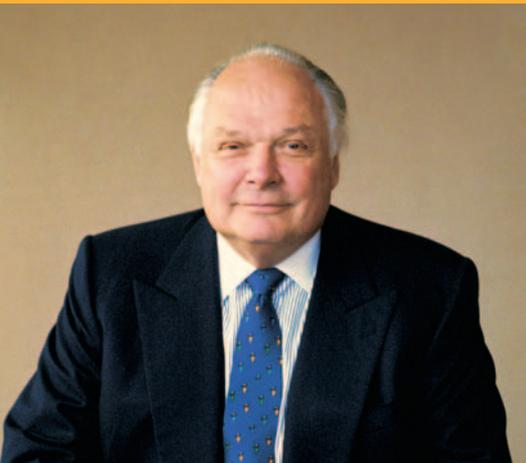


Shareholders' newsletter



No. 4 OCTOBER 2005



CHAIRMAN'S MESSAGE

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NEWS

- *Shareholders' Meeting on November 8, 2005 in Marseille*
- *The BIC® Cristal® and the BIC® lighter in the permanent collections at the MoMa (New York).*

Ladies, Gentlemen, Dear Shareholders,

You have in your hands the 4th issue of our *Shareholders' newsletter*. In line with our commitment when we published the first issue (January 2004), we will continue at a rate of two newsletters per year.

We published our results under IFRS for the first time for the 1st Half of 2005. These new accounting standards provide better visibility of our business performance. For example, part of the brand support is now deducted from revenues.

The 1st Half of 2005 has been very dynamic, with growth outpacing our level of performance in 2004 and total Group sales up by over 8% on a comparative basis⁽¹⁾.

I want to thank all the members of our teams for their efforts. They continued to deliver very good performance in all three categories and successfully drove overall market share gains: nearly 8% growth in stationery, just under 15% in lighters, and over 8% in shavers. And this growth has been achieved in increasingly complex and competitive markets, notably with the continued rise of private label products in stationery and the discount sector in Europe.

We have seen stronger growth in our Income From Operations (IFO) than in sales, reflecting a significant improvement in our IFO margin. We have also restated non-recurring items, namely the shutdown of BIC® shaver and ball pen production operations in the US, as well as the capital gains generated on real estate assets. After being restated, the Normalized IFO margin was up by over 1 point to 17.9% of sales. Group Net Income rose 18.5% to 75 million Euro, with Earnings Per Share (EPS) up 25.2%.

BIC has continued to generate a high net cash position: nearly 70 million Euro as of June 30, 2005, after share buyback and dividend payments (including the special dividend).

Our objectives remain ambitious for 2005: to achieve growth in our sales of above 6% on a comparative basis and to pursue our efforts to improve our Normalized IFO margin. We are also continuing to invest in our products and brand, as we have been doing up until now, in order to strengthen our market shares.

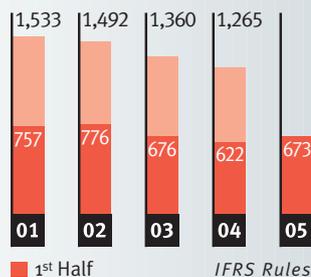
I would like to thank you for your ongoing confidence in us.

Bruno Bich
Chairman and CEO



⁽¹⁾ For a more accurate picture of our level of performance, we also report sales on a comparative basis (i.e. at constant perimeter and constant currencies).

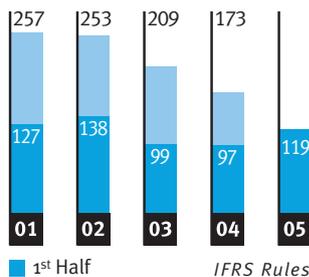
1st Half 2005 key figures



NET SALES

673 million Euro

Sales were up 8.4% on a comparative basis (at constant currencies and excluding the acquisitions made in 2004).



INCOME FROM OPERATIONS

119 million Euro

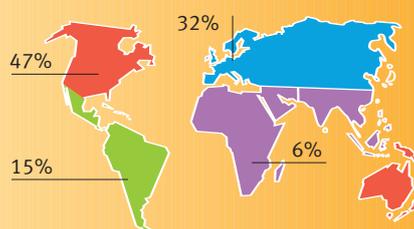
Income From Operations was up 22.7%, while the IFO margin improved 2.1 points to 17.7% of sales, compared with the 1st Half of 2004.



NET INCOME

75 million Euro

Group Net Income was up 18.5%, with EPS rising 25.2%.



NET SALES BY GEOGRAPHIC AREA



OUR PERFORMANCE

Consumers choose to purchase:

22 million BIC® stationery products
4 million BIC® lighters
11 million BIC® shavers
 each day*.

* Daily sales – base: 220 days.

OUR TARGETS

MID-TERM IFO MARGIN (IFRS rules)

Stationery	17-18%
Lighter	24-25%
Shaver	11-13%
Group	18-19%

Key events of the 1st Half 2005

These comments are based on a comparative basis and the results published under IFRS.

Business activity in the 1st Half of 2005

Group Net Sales rose 8.2% to 673 million Euro for the 1st Half of 2005, up 8.7% on a comparative basis.

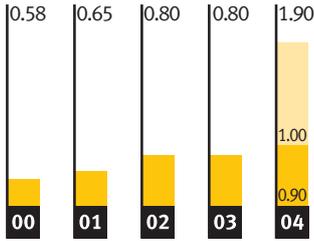
- The stationery products category – 53% of our revenue – has seen sales increase by 7.9%, compared with the 1st Half of 2004. As in 2003 and 2004, BIC has been the only major brand to gain market share. Classic and value-added ball pens, mechanical pencils and correction products were the most dynamic.
- The lighter category – 26% of our revenue – has grown 14.5%. BIC has continued to regain market shares over the last few years from Asian imports in North America and Latin America. In addition to pocket lighters, multi-purpose lighters have also seen very good levels of performance.
- The shaver category – 17% of our revenue – was up 8.4%, with growth driven by investments in developing and strengthening BIC's "triple-blade" portfolio. The BIC Comfort 3™ and BIC Comfort 3™ Advance™ triple-blade shavers for men and BIC® Soleil™ and BIC® Soleil™ Scents™/ Twilight™ for women accounted for 28% of the Group's shaver sales over the first six months of 2005.

Results for the 1st Half of 2005

Despite the negative impact of currency fluctuations, the IFO margin has improved by 2.1 points to 17.7%. This improvement partially reflects the non-recurrence of restructuring costs in the US and ongoing initiatives to bring costs under control. Excluding non-recurring items, Normalized IFO rose 16.2% in the 1st Half of 2005 to 121 million Euro, compared with 104 million Euro in the 1st Half of 2004. Income before tax was up 18.4% to 117 million Euro.

Group Net Income was 75 million Euro, representing an increase of 18.5%. EPS was up to 1.48 Euro for the 1st Half of 2005 from 1.18 Euro in the 1st Half of 2004, reflecting a 25.2% rise, with this level of growth outpacing recorded Group Net Income, as a result of the program to buy back and cancel shares.

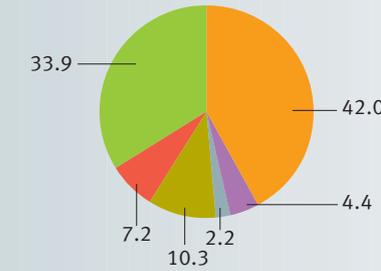
After share buybacks and dividend payments (including the special dividend), the net cash position was 69 million Euro as of June 30, 2005, compared with 81 million Euro as of June 30, 2004.



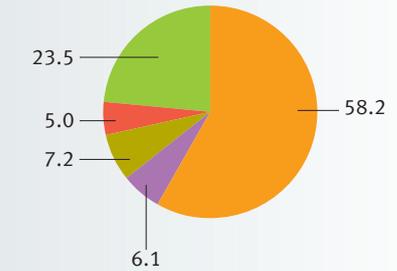
→ NET DIVIDEND

1.90 Euro

The Group paid out a net dividend for 2004 of 0.90 Euro per share and a special dividend of 1.00 Euro.



→ CAPITAL OWNERSHIP
In % as of June 30, 2005



→ VOTING RIGHTS
In % as of June 30, 2005

- Bich Family, including MBD
- Treasury shares
- Franklin Templeton Investment
- Mrs. Édouard Buffard
- Silchester International Investors
- Free float

→ HIGHLIGHTS

Ball pen sales pass the 100 billion mark

When placed one after another, what stretches to the moon and back 40 times?
 What fills the Arc de Triomphe 23 times?
 What has been sold at least 57 times per second worldwide since 1950?
 100 billion BIC® ball pens.



BIC® Cristal®: the Design Collection

Produced by Danielle Schirman, the “BIC Cristal” film is part of the Design Collection, made up of 15 films, all co-produced by Arte France, the Pompidou Centre and the production company Lapsus. By linking the art of the design to its sociological context, this collection looks back over the history of the 20th century through the products that have marked it and reflected their time while anticipating the future. “BIC Cristal” kicked off this series of 15 films on the Arte TV channel on October 1, 2005.

Launch of the BigWheel™ correction tape in the US

This is a correction tape incorporating an innovative guiding system for greater stability and a more accurate result. All users of correction tapes will discover a new user-friendly product with a fun design, easy to use at school, in the office or at home.



BIC® Duo™: a two-in-one pen

This pen, which is particularly innovative, combines a ball pen and a highlighter on the same end of the pen for the first time. Two quality BIC® products in one with a refined style, the two-in-one. Duo is also refillable. In just a quarter’s twist, you are able to switch from the ball pen to the highlighter from the highlighter to the ball pen.

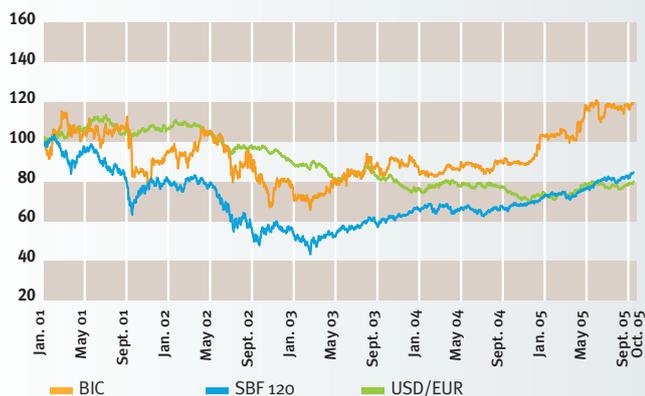
Triple-blade shavers

In just two years, BIC has successfully managed to become a significant player in the one-piece triple-blade segment, which accounted for 28% of our shaver sales over the 1st Half of 2005. Following BIC Comfort 3™ for men launched in 2003 and BIC® Soleil™ for women in 2004, this year BIC has launched two new products: BIC Comfort 3™ Advance™ for men and BIC® Soleil™ Scents™/Twilight™ for women.



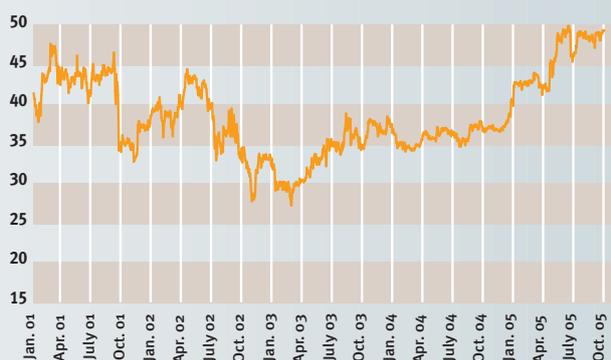
Information on the share

→ BIC SHARE PRICE VS. SBF 120 AND USD/EUR REBASED 100 AT JANUARY 2001



This graph, rebased 100 as of January 2001, shows the correlation between the BIC share price, the SBF 120 and the USD/EUR fluctuations.
Financial data as of early October 2005.

→ BIC SHARE PRICE



The share price saw an increase at the beginning of 2005 following the announcement of our sales results for 2004. The market then amplified this increase when Gillette's takeover by Procter & Gamble was announced in the US. The confirmation of a sales growth target of over 6% for 2005 and the announcement of the 1st Half results also pushed up the share price.

→ BIC SHARE

As of June 30, 2005

- **Capital:** 195,077,013.42 Euro
- **Number of common stocks:** 51,067,281 shares at 3.82 Euro face value
- **Quoted on Euronext Paris:** Euronext Paris
- **ISIN Code:** FR 0000120966
- **Average daily volume** (in the 1st Half 2005): 65,327 shares
- **Index:** SBF 120 et CAC Mid100

→ KEY DATES FOR SHAREHOLDERS

November 8, 2005

- Shareholders' Meeting in Marseille

January 19, 2006

- Full Year 2005 Net Sales

March 1, 2006

- Full Year 2005 results

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If you want to receive BIC Shareholders' newsletter, please contact us.

→ OUR ANSWERS TO YOUR QUESTIONS

2% of sales are invested in R&D. Is that really enough to innovate?

Today, we believe that this amount is sufficient. Indeed, it represented nearly 25 million Euro in 2004. It is also interesting to note that this budget is not split equally between our three categories. In fact, the budget for Lighters is significantly lower than for other categories. R&D expenditures have increased for Stationery. For example, new chemists have joined BIC's research team to work specifically on ink and lead development for our writing instruments and mechanical pencils. However, the Shaver category has seen the strongest overall increase in R&D expenses.

What is happening with BIC's projects in Asia?

Following the acquisition of our distributor in Japan – Kosaido – in 2004, we have been pursuing our development projects in this region. BIC is about to open its first factory in China. Production will initially be dedicated to writing instruments. We are planning to reintegrate part of the production that is currently being done for BIC by local contract manufacturers. We will then be able to start producing for the local market.

Why does BIC not have a strong presence in Africa?

BIC has been present in Africa since the mid 1960's and the BIC® brand is very well recognized there. In fact, we have a subsidiary in South Africa, as well as a major network of local distributors. Some of these distributors also assemble BIC® pens and shavers for their own markets. Our product offerings for these markets are adapted to the lower purchasing power, while maintaining BIC's promise of exceptional quality and value for the money.

What does Sustainable Development mean for BIC, a producer of disposable products?

We have published our first sustainable development report this year, fulfilling our commitment in this area. A 25-person strong international team has also been created in order to draw up an action plan and work on its implementation. We have defined a list of objectives, such as minimizing the impact of our products on the environment, maintaining clean and safe factories, and training our employees. In this way, we are progressively incorporating an "ecodesign" approach into our Research and Development process. This approach represents a long-term commitment, and each year, our sustainable development report will take stock of progress made. We would like to invite you to read this report so that you can gauge the extent of our commitment.

