

Shareholders' newsletter



No. 6 OCTOBER 2006



CEO'S MESSAGE

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- *BIC enters into the System Shaver segment with BIC® Soleil® for women with cartridge refills.*

Ladies, Gentlemen, Dear Shareholders,

I am very pleased to be communicating with you for the first time as Chief Executive Officer of the BIC Group. I have worked side by side with Bruno Bich since 2001, defining and implementing the Group's strategy, and in particular over the last two years, when I served as Executive Vice-President and Chief Operating Officer. I am committed to continuing these efforts and to providing an optimum response to the challenges the Group is now facing.

Because of the continued development of private labels, we remain in a very competitive and price-sensitive environment. Nonetheless, sales in the 1st Half of 2006 are up in all three categories, with growth of close to 1.5% in stationery, 4% in lighters and almost 7% in shavers. In this context, our greatest advantages are the quality of our products, our capacity for innovation and the strength of the BIC® brand, which is why we have invested some 15% to 20% more to further build our brand identity in the 1st Half of 2006, compared with the same period in 2005. These expenditures, as well as the timing of certain operating expenses, had a negative effect on margins. Hence, Normalized IFO margin declined slightly, by 0.4 points, down to 17.5 % of sales. Group net income increased by 7%, to 80.4 million euros.

We maintain our targets for the full year 2006: sales growth of approximately 4% on a comparative basis, with normalized IFO growth faster than sales growth.

We recently announced the acquisition of Pimaco, Brazil's leading manufacturer and distributor of adhesive labels for office, school and home use. This acquisition is expected to be completed in the fall of 2006, and should increase BIC's sales in Latin America by over 10%.

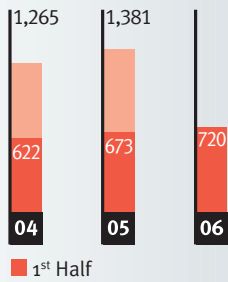
I am also very proud to announce that BIC has entered the market of system shavers (with cartridge refills). Building on our extensive experience in shavers for women, we will be launching a new BIC® Soleil® shaver for women with cartridge refills in March 2007, in the United States.

I am therefore confident about the Group's potential and want to thank you for the confidence you have shown us.

Mario Guevara
Chief Executive Officer



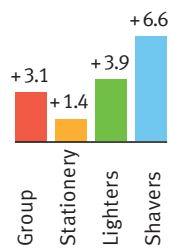
1st Half 2006 key figures



NET SALES

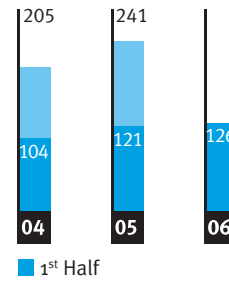
720 million euros

Net sales were up 3.1% at constant currencies in a highly competitive and price-sensitive consumer marketplace.



GROWTH OF NET SALES BY CATEGORY⁽¹⁾ (IN %)

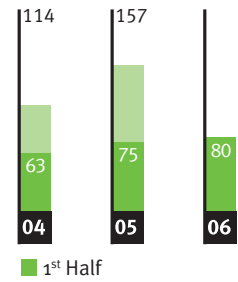
Sales were up in all three of our stationery, lighter and shaver categories.
(1) At constant currencies.



NORMALIZED INCOME FROM OPERATIONS

126 million euros

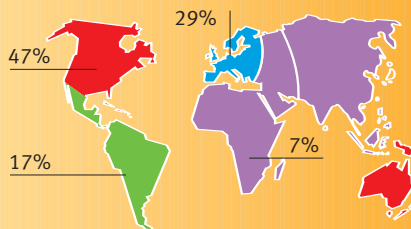
Normalized IFO is up 4.3%.



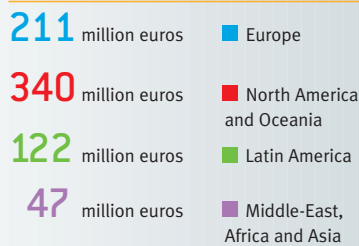
GROUP NET INCOME

80 million euros

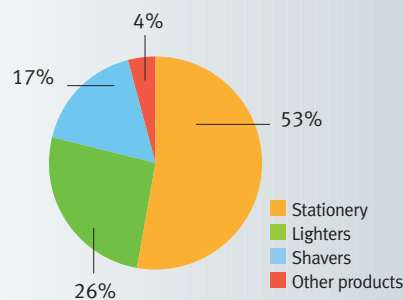
Group net income and earnings per share increased respectively by 7.0% and 8.7%.



NET SALES BY GEOGRAPHIC AREA



NET SALES BY CATEGORY



OUR PERFORMANCE

Consumers choose to purchase:

24 million BIC® stationery products

5 million BIC® lighters

10 million BIC® shavers

each day*.

* Daily sales – base: 220 days

Key events of the 1st Half 2006

These comments are based at constant currencies.

Sales are up in a heavily price-competitive environment

Group sales reached 719.5 million euros for the 1st Half of 2006, an increase of 7% as reported, and 3.1% at constant currencies. This growth is driven mainly by lighters and shavers.

Stationery sales slowed in the 2nd Quarter (-1.2%), due to price pressures from private labels and other brands, and late back-to-school shipments in the 1st Half. But even in this difficult environment, BIC continues to gain market share.

Lighter sales were up 3.9%, and continued to be driven by North and Latin America, albeit to a somewhat lesser degree. In Europe, increased competition from non-branded low cost Asian products, most of which do not respect the ISO 9994 safety standards, continues to be a concern.

Shaver sales increased by 6.6%, driven by the continued strength of triple-blade shavers, which more than offset the slight decline in single- and twin-blade shavers.

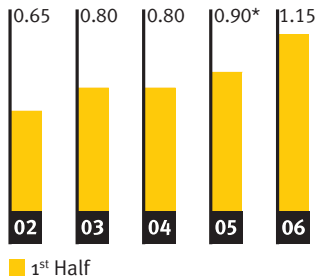
We have invested more to further build our brand identity

Normalized IFO margin (excluding non-recurring items) declined by 0.4 points, down to 17.5% of sales. This slight decline is due to heavy expenses to promote the brand, and to the timing of certain operating expenses. Increased raw materials costs were offset by price adjustments. Normalized IFO grew 4.3% during the 1st Half of 2006, coming to 125.8 million euros.

Group net income increased by 7% as reported, to 80.4 million euros, largely due to lower income tax rates. Earnings per share were 1.65 euros, up 10.9% as reported. This represents a growth rate higher than Group net income, thanks to the share repurchase and cancellation program.

Growth targets for 2006 maintained

3rd Quarter sales in 2006 were strong across all three categories, with a growth rate of 7.1% at constant currencies. Management is maintaining its target of approximately 4% sales growth on a comparative basis, as well as a normalized IFO growth faster than sales growth.

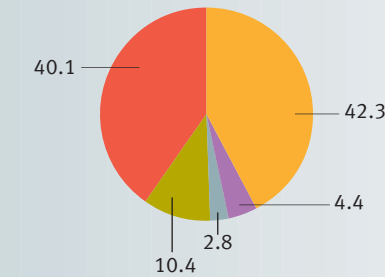


→ NET DIVIDEND

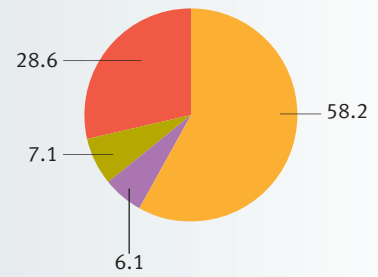
1.15 euros

The Group paid out for 2005 a net dividend of 1.15 euros per share, an increase of 27.8% compared with 2004.

* The Group paid out a special dividend of 1.00 euro for fiscal year 2004.



→ CAPITAL OWNERSHIP
In % as of June 30, 2006



→ VOTING RIGHTS
In % as of June 30, 2006

- Bich Family, including MBD
- Free float
- Mrs Edouard Buffard
- Silchester International Investors
- Treasury shares

→ HIGHLIGHTS

BIC acquires Pimaco, the leader in self-adhesive labels in Brazil

BIC has reached a definitive agreement to acquire Pimaco, Brazil's leading manufacturer and distributor of adhesive labels for office, school and home use. Pimaco has 300 employees, and in 2005 had sales of about 20 million euros, with an IFO margin consistent with BIC's stationery margin. Pimaco's financial statements will be consolidated at end-2006. This acquisition should enable BIC to increase its Latin American sales by 10%.

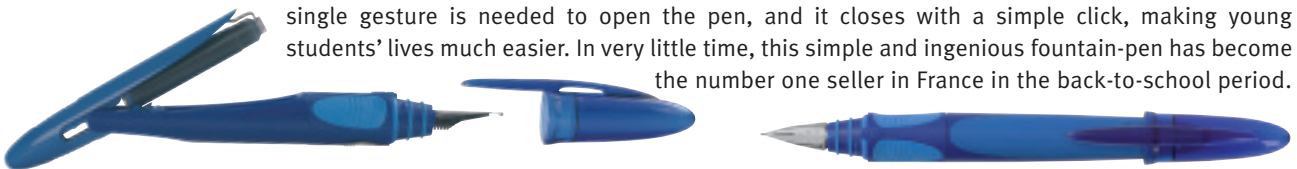
The BIC® Soleil® with cartridge refills: BIC enters the System Shaver market segment

Taking advantage of our extensive experience in shavers for women, in March 2007 BIC will be launching a new BIC® Soleil® shaver for women with cartridge refills in the United States. This innovation marks a major change in the portfolio of BIC shavers, until now uniquely based on non-refillable shavers. With performance and comfort in shaving and ease of use, this product brings together all the qualities necessary to meet the needs of female users.



EasyClic™: the number one back-to-school fountain pen in France

Innovation comes to fountain-pens with the BIC® EasyClic™. Its cartridge can be changed with a flick of the wrist. Only a single gesture is needed to open the pen, and it closes with a simple click, making young students' lives much easier. In very little time, this simple and ingenious fountain-pen has become the number one seller in France in the back-to-school period.



BIC, more in fashion than ever

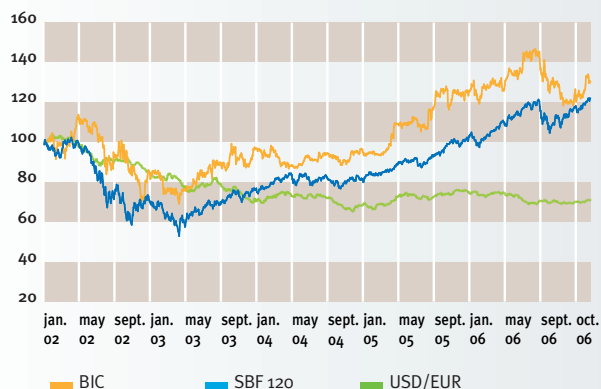
Following the new series of BIC jerseys for the Tour de France put out by Le Coq Sportif⁽¹⁾, the Italian fashion house Dolce & Gabbana has chosen to use the BIC® trademark for its collections. Its winter 2006/2007 collection will include a pair of two "vintage" T-shirts⁽²⁾ that feature advertising material used by BIC's U.S. subsidiary in 1979 to promote BIC Lady shavers – a clear demonstration of how BIC's advertising heritage and trademark image are a great asset for the Group.



(1) Sold in sports boutiques. (2) Sold in Dolce & Gabbana boutiques.

Information on the share

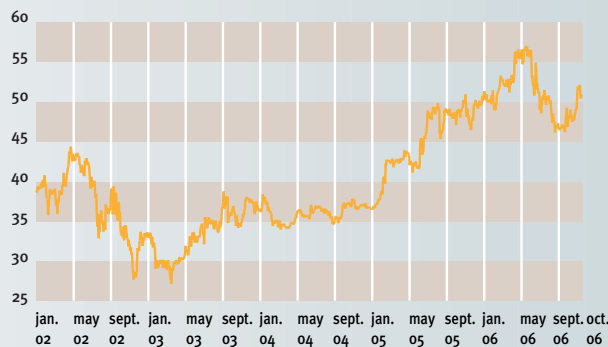
→ BIC SHARE PRICE VS. SBF120 AND USD/EUR REBASED 100 AT JANUARY 2002



This graph, rebased 100 as of January 2002, shows the correlation between the BIC share price, the SBF 120 and the USD/EUR fluctuations.

Financial data as of mid-October 2006.

→ BIC SHARE PRICE



The market price of the BIC share rose strongly in the 1st Half of 2006, when 2005 net sales then annual results were published. The trend reversed from May 2006.

→ BIC SHARE AS OF JUNE 30, 2006

- **Capital:** 193,213,155.20 euros
- **Number of common stocks:** 50,579,360 shares at 3.82 euros face value
- **Quoted on:** Euronext Paris
- **ISIN code:** FR 0000120966
- **Average daily volume** (in 1st Half 2006): 63,161 shares
- **Indexes:** SBF 120, CAC Mid100, FTSE4Good Europe and ASPI Eurozone

→ KEY DATES FOR SHAREHOLDERS

NOVEMBER 6, 2006

- Shareholders' Meeting in Paris

JANUARY 18, 2006

- Full Year 2006 Net sales

MARCH 8, 2006

- Full Year 2006 Results

→ CONTACT

SOCIÉTÉ BIC – Investor Relations
14, rue Jeanne d'Asnières
92611 Clichy Cedex – France
www.bicworld.com
e-mail: actionnaires@bicworld.com
Tel.: + 33 (0)1 45 19 52 26

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→ OUR ANSWERS TO YOUR QUESTIONS

What is BIC doing in fuel cells?

BIC has alliances with electronics manufacturers and is also working with associations and regulators around the world to develop cartridges for fuel cells. BIC brings its experience in design and fuel reservoir production for lighters. In a few years, fuel cells will begin to replace lithium batteries, now used to power such portable electronic equipment as computers and cell phones. Fuel cells provide greater independence and are easier to use.

How can BIC fight against private labels in stationery?

Today, private labels are well-established in Europe and on the rise in North America. They serve to complicate negotiations with retail chains – both in terms of price and shelf-space – and also sharpen consumers' price sensitivity. Our response is constant quality in the millions of articles we produce every day, the development of more value-added products and a strengthening of our promotional activities. The strength of the BIC® brand is our greatest asset. This is why we are currently investing to reinforce it further.

How will BIC resist the inroads of producers of low-cost lighters now that "child-resistant" lighters will be required in Europe beginning next March?

BIC should rely on the quality advantages of its lighters:

- quality/safety: BIC® lighters respect or even go beyond the requirements of the ISO 9994 safety standard. Most imported lighters, on the other hand, when tested by official and independent European laboratories, are regularly declared to be not in conformity with the standard.
- quality/efficiency: BIC® lighters are produced with quality plastics, which enables them to hold twice as much gas and offer twice as many lights as an imported lighter of the same size.

Each BIC® lighter undergoes 50 automatic tests during production.

BIC works with both EU authorities and authorities in the 25 EU Member States to ensure that the 3 key points of the European Decision on lighter safety are respected. These are: prohibition of novelty lighters; the obligatory nature of "child-resistant" standards, with strict procedures guaranteeing that a lighter meets these standards; the obligatory nature of safety standard ISO 9994.

