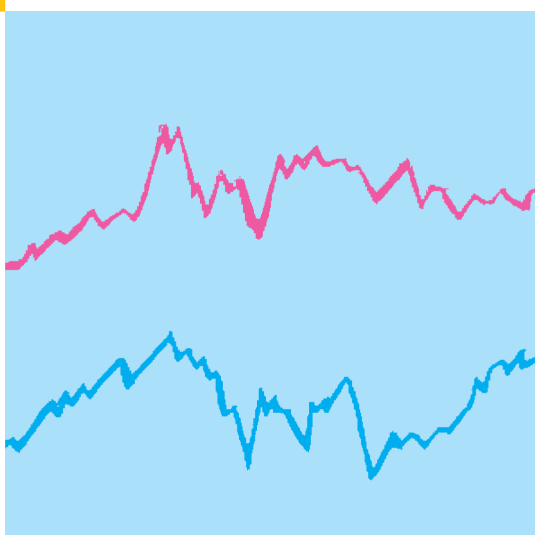
BIC'tween us

GROUP PRESENTATION | SOCIAL AND ENVIRONMENTAL RESPONSIBILITY | CORPORATE GOVERNANCE | COMMENTS ON THE YEAR | FINANCIAL STATEMENTS | INFORMATION ABOUT THE ISSUER | BOARD OF DIRECTORS | ADDITIONAL INFORMATION

REGISTRATION DOCUMENT 2011



CONTENT

Elements of the Annual Financial Report are identified in the content using the symbol AFR

Elements linked to the Corporate Social Responsibility are identified in the content using the symbol CSR

2011 Registration Document

AUTORITÉ
DES MARCHÉS FINANCIERS
AMF

This is a free translation of the registration document. The French version of the registration document was filed with the Autorité des Marchés Financiers (AMF - Paris Stock Exchange Authority) on March 27, 2012, pursuant to Article 212-13 of its General Regulations. It may be used in support of financial transactions only if accompanied by a prospectus approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

The registration document (in French) may be obtained as follows on the website of the AMF **(www.amf-France.org)** and on the BIC corporate site **(www.bicworld.com)**. A copy of this document can also be obtained, without charge, by calling Investor Relations of SOCIÉTÉ BIC, in France +33 1/45.19.52.26 or by sending a letter to SOCIÉTÉ BIC, 14 rue Jeanne d'Asnières, 92611 Clichy cedex (France).

1

GROUP PRESENTATION

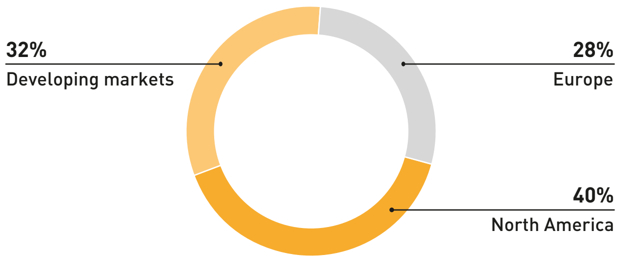
1.1. Group profile and strategy

WORLD LEADER IN ITS ACTIVITIES

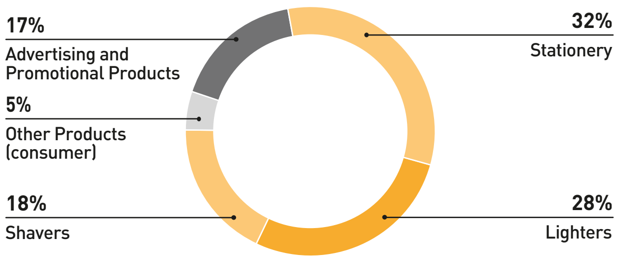
BIC is a world leader in the consumer goods markets (stationery, lighters and shavers) and in the Advertising and Promotional Products industries. For more than 60 years, BIC has provided safe, high-quality and affordable products to consumers in more than 160 countries and has become one of the most recognized brands in the world.

In 2011, BIC realized 1,824.1 million euros net sales and reached 362.4 million euros normalized IFO [(1)] (19.9% of net sales). Net income was 237.9 million euros and earnings per share 5.00 euros.

2011 Net sales breakdown by geographical area



2011 Net sales breakdown by category



BIC STRATEGY

Since the creation of the company in 1945, BIC operational and financial performance has relied on several fundamental strategic pillars:

- Quality and Value product positioning;
- A large and diversified product portfolio aimed at answering consumers' needs:
  - Our classic products are functional, reliable and affordable. They are designed to serve a very precise function and they offer the best value for money,
  - Our value-added products are aimed at answering the growing demand for more sophisticated goods;
- Innovation: in 2011, BIC realized 22% of its net sales through new products [(2)];
- Recognized brands:
  - In the Consumer business: BIC®, Tipp-Ex®, Wite-Out®, Sheaffer®, BIC® Kids, BIC® Matic,
  - In Advertising and Promotional Products: BIC Graphic and Norwood PP;
- Historical international footprint in both developed and developing markets. BIC is present in more than 160 countries and developing markets accounted for 32% of 2011 net sales;
- An international, complete and solid distribution network (stationery stores, office product companies, mass-merchandisers, convenience stores, distributors, wholesalers and cash-and-carry outlets…);
- On-going and sustained productivity improvement policy. The modernization and continuous rationalization of its production plants allow BIC to maintain its worldwide competitiveness at the highest level;
- A solid balance sheet and a clear use of cash strategy, including:
  - Internal development, through focused capital expenditures,
  - External growth, through bolt-on strategic acquisitions in order to:
    - Acquire a technology not yet held by the Group,
    - Enter a new market segment,
    - Enter a new geographic area.
  - A regular shareholder remuneration.

(1) Normalized IFO: excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business for 2011.

(2) A product is considered as a new one the year of its launch and the 3 following years.

COMMITMENT TO SUSTAINABLE DEVELOPMENT

Lightweight, long-lasting products

BIC's priority is to design products with a low-impact on the environment, i.e. products manufactured with a minimum of resources while lasting a maximum amount of time. The Group has initiated an eco-design approach and started to integrate alternative solutions such as the use of recycled materials or bioplastic in the manufacturing of certain products like the BIC® Ecolutions™ pen range.

Clean and safe factories

The Group has 23 main factories of which 21 are located in developed countries (according to the HDI indicator), where are implanted environmental management systems (achieved to a rate of 95%) and health and safety management systems (achieved to a rate of 94%) have been put in place.

Historical Social Responsibility

Since the beginning, BIC supports the individual development of its employees. The Group has a complete program for the training and development of its employees' skills and employability. Our business is founded on a clear vision, a lasting philosophy and fundamental common values: Ethics, Responsibility, Teamwork, Simplicity and Ingenuity.

The BIC Sustainable Development Barometer

BIC evaluates the progress of its Sustainable development program with the BIC Barometer, which defines 10 sustainable development objectives associated with 10 performance indicators and is updated every three years.

STRONG CORPORATE GOVERNANCE

As a family controlled company, BIC Group attached importance to good practice in Corporate Governance rules. Since 2006, the offices of Chairman of the Board and the CEO are separated. In conformity with recommendations of the *AFEP – MEDEF*, more than one-third of Board members are Independent Directors (four out of ten). The Board is assisted by the Audit Committee and the Compensation and Nomination Committee. In 2011, the Board of Directors met seven times, in addition to an entire day in Athens, Greece, on May 13, and the average rate of attendance was 96.25%.

PARTNERSHIP WITH CELLO

On January 21, 2009, BIC signed a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello writing instrument business which was being carried out by 7 entities, for 7.9 billion Indian rupees. As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

Founded in 1995 by the Rathod family, Cello Pens is India's largest manufacturer and distributor of writing instruments, with a presence in Africa, Middle East and Asia. Cello Pens is a vertically integrated manufacturer with modern facilities, strong in-house research, product development and marketing capabilities. With its broad portfolio of products and countrywide distribution network, the Cello brand is one of the most recognized in India. With mid to high-single digit annual growth, India is one of the world's largest stationery markets.

On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) was completed for a sum of 3.8 billion Rupees. This proportionate share of Cello Pens net income has been accounted through the equity method in BIC Group accounts since April 1, 2009.

On January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties." BIC Group then confirmed its intention to ensure the implementation of the agreements.

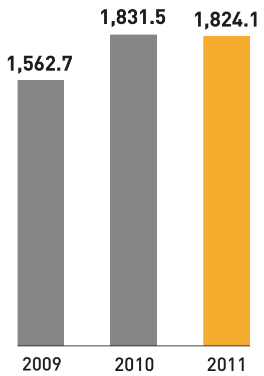
On August 4, 2010, BIC announced that it had initiated arbitration proceedings in order to enforce the full completion of the agreements, meaning the completion of the acquisition of 40% of one remaining entity, namely CPS.

On February 16, 2012, BIC Group received a favourable award from the Tribunal constituted under the Rules of the Singapore International Arbitration Center in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009 with the Cello Group. BIC intends to proceed with the share purchase in CPS.

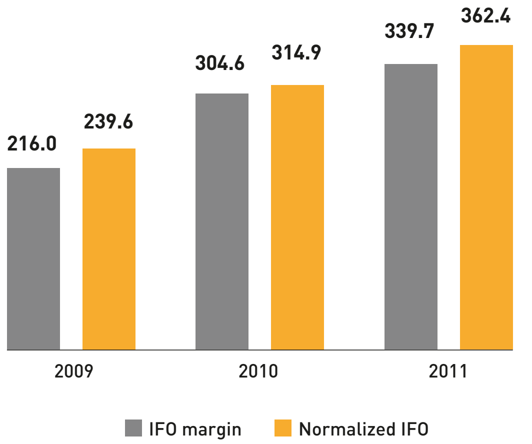
1.2. Key figures

GROUP KEY FIGURES

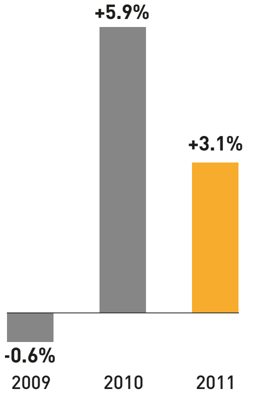
Net sales
In million euros



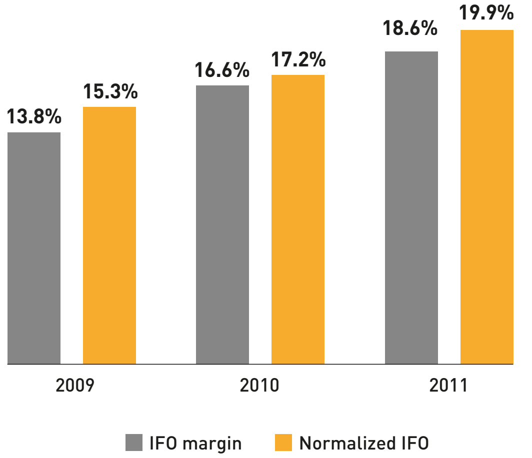
Income from operations and normalized income from operations (2)
In million euros



Net sales growth on a comparative basis (1)
In %



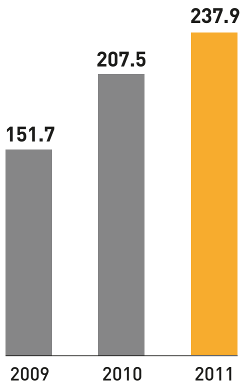
Income from operations and normalized income from operations margins (2)
In % of net sales



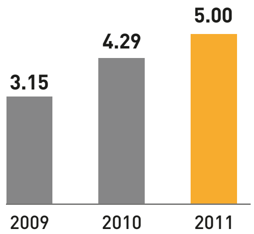
(1) *At comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposables that occurred during the current year and/or during the previous year, until their anniversary date.*

(2) *Normalized IFO: excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.*

Group net income
In million euros



Earnings per share
In euros



Production volumes trends

(in billion units)	2009	2010	2011
Stationery consumer	4.236	4.547	4.825
Lighters	1.115	1.224	1.318
Shavers	2.118	2.270	2.336

Key figures by category

(in million euros)	2010	2011	CHANGE 2010/2011 AS REPORTED	AT CONSTANT CURRENCIES [a]	ON A COMPARATIVE BASIS [b]
TOTAL CONSUMER BUSINESS					
Net Sales	1,469.0	1,522.1	+3.6%	+6.0%	+6.3%
Normalized IFO [c]	281.5	338.1			
IFO	277.2	320.3	+15.6%		
Stationery consumer					
Net Sales	580.7	588.5	+1.3%	+4.1%	+4.1%
Normalized IFO	70.3	83.5			
IFO	69.3	83.5	+20.5%		
Lighters					
Net Sales	480.8	510.8	+6.2%	+8.6%	+8.6%
Normalized IFO	174.0	199.9			
IFO	173.6	199.8	+15.1%		
Shavers					
Net Sales	307.8	328.2	+6.6%	+9.1%	+9.1%
Normalized IFO	43.6	59.8			
IFO	41.9	59.8	+42.7%		
Other products [d]					
Net Sales	99.7	94.5	-5.1%	-5.0%	-0.5%
Normalized IFO	(6.4)	(5.2)			
IFO	(7.6)	(22.8)			
BIC APP					
Net Sales	362.6	302.0	-16.7%	-13.7%	-10.4%
Normalized IFO	33.4	24.3			
IFO	27.4	19.3	-29.5%		

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) Comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date.

(c) Normalized IFO: excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.

(d) Income from operations includes other products income from operations as well as Group expenses not allocated to the other categories.

Net Sales by geographical area

(in million euros)	2010	2011	CHANGE 2010/2011 AS REPORTED	AT CONSTANT CURRENCIES [a]	ON A COMPARATIVE BASIS [b]
Europe	524.9	517.7	-1.4%	-1.4%	-0.4%
North America	773.8	728.0	-5.9%	-0.7%	+0.4%
Developing markets	532.8	578.4	+8.6%	+9.6%	+10.5%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) Comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, and this until their anniversary date.

Main income statement information

(in million euros)	2009	2010	2011	CHANGE 2010/2011 AS REPORTED	AT CONSTANT CURRENCIES [a]	ON A COMPARATIVE BASIS [b]
Net Sales	**1,562.7**	**1,831.5**	**1,824.1**	**-0.4%**	**+2.1%**	**+3.1%**
Gross Profit	719.7	870.6	898.5	+3.2%		
Normalized Income From Operations [c]	239.6	314.9	362.4	+15.1%		
Income From Operations	216.0	304.6	339.7	+11.5%		
Financial income/(costs)	2.7	(1.8)	9.2			
Income Before Tax and non-controlling interest	218.7	302.8	348.8	+15.2%		
Income tax expense	(70.8)	(100.3)	(115.1)	+14.6%		
Income From Associates	3.8	5.0	4.1			
Group Net Income	**151.7**	**207.5**	**237.9**	**+14.7%**		
Earnings Per Share *(in euros)*	3.15	4.29	5.00	+16.6%		
Number of shares [d]	48,151,691	48,341,785	47,565,299			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) Comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, and this until their anniversary date.

(c) Normalized IFO: excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.

(d) Average number of shares outstanding net of treasury shares.

Main balance sheet items

(in million euros)	2009	2010	2011
Shareholders' equity	**1,304.3**	**1,444.6**	**1,467.1**
Current borrowings and bank overdraft	53.7	11.7	8.8
Non-current borrowings	161.5	2.8	1.6
Cash and cash equivalents - Assets	480.3	371.2	300.7
Other current financial assets	40.1	40.7	39.2
Net Cash position	**305.3**	**397.1**	**329.5**
Goodwill	215.0	219.9	211.6
Intangible assets	40.2	38.2	51.0
TOTAL BALANCE SHEET	**2,029.1**	**2,024.2**	**2,080.5**

NB: SOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating by any credit ratings agency.

Condensed cash flow statement

(in million euros)	2009	2010	2011
Cash flow from operations	247.7	302.7	340.8
Increase/(Decrease) in net working capital	92.0	(1.3)	(114.8)
Other operating cash flows	3.4	(41.2)	(25.2)
Net cash from operating activities	343.1	260.2	200.8
Net cash from investing activities	(216.9)	(37.8)	(91.9)
Net cash from financing activities	110.0	(362.1)	(176.8)
Net increase/(decrease) in cash and cash equivalents	236.2	(139.6)	(68.0)
Closing cash and cash equivalents	478.9	368.0	299.4

1.3. Business presentation

In 2011, BIC realized 83% of its sales in Consumer Goods (through its Stationery, Lighter, Shaver and Other Consumer Products categories) and 17% in the Advertising and Promotional industry.

CONSUMER BUSINESS

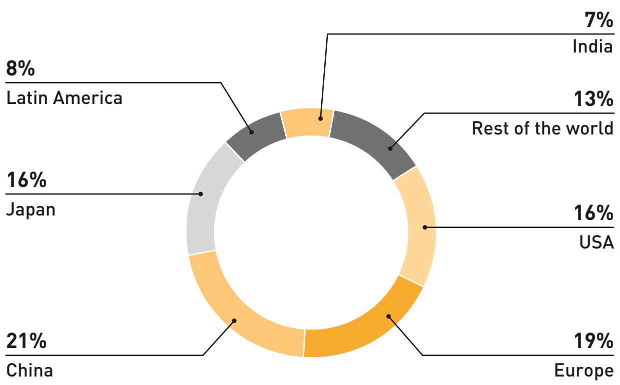
Stationery

The Stationery worldwide market is estimated at 7.0 billion euros (total supplier sales in 2010). This market is fragmented, typified by a large number of players who are often local. Only three players (BIC, Newell Rubbermaid and Pilot) hold more than 5% of the market each on a worldwide basis.

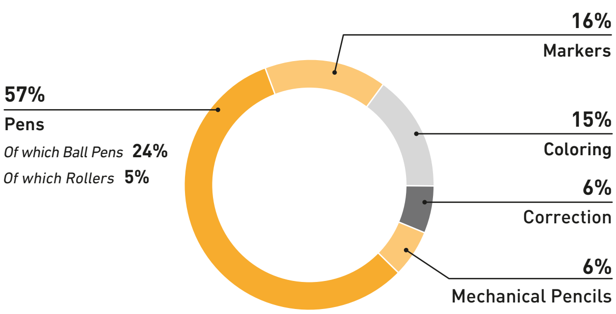
Stationery worldwide market breakdown

(2010 estimated suppliers net sales figures/in value)

By geographical area



By product segment



BIC is No. 2 worldwide with approximately 10% market share [1], No. 1 in Europe (approximately 14% market share), No. 1 in Latin America (approximately 21% market share), No. 2 in the USA (approximately 16% market share). The group benefits also a strong historical presence in Africa and Middle East.

Since the launch of the BIC® Cristal® in 1950, BIC has continuously diversified its product range. Our global stationery portfolio, which includes writing, marking, correction, coloring, drawing accessories, is divided into more than 15 products sub-segments (ball pens, rollers, fountain pens, mechanical pencils, markers, correction products, etc.).

Writing instruments and marking (ballpoint pens, gel pens, fountain pens, felt pens, pencils and mechanical pencils, permanent markers, highlighters, and dry-erase markers)

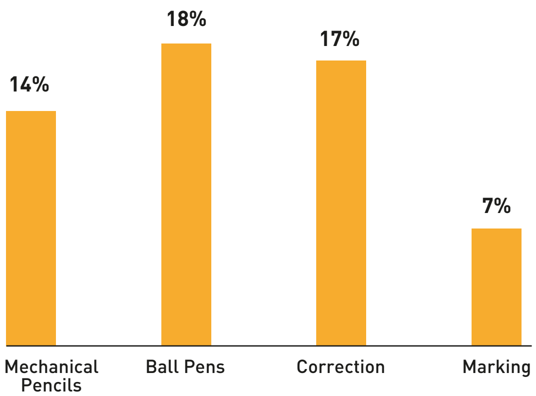
Coloring and drawing (felt pens, coloring pencils, crayons, arts and crafts kits)

Correction products (correction fluid, correction pens, correction tapes, and erasers) under the trademarks BIC® Wite-Out® and Tipp-Ex®

Adhesive labels in Latin America

BIC benefits from strong positions on major product segments:

BIC® STATIONERY WORLDWIDE POSITIONS AND MARKET SHARES IN VALUE
(BIC estimates)



BIC stationery products are sold through different channels including Office Products (contract stationers or Office Super Stores) and Retail mass market distributors in developed countries as well as traditional stores in developing markets. Our objective in the stationery category is to generate profitable growth through:

- supporting classic products by constantly improving their quality;
- permanently listening to consumers, so as to bring them new and improved products;
- fostering innovation by launching new products with higher value added;
- increasing distribution and visibility;
- further developing our presence in fast growing countries.

(1) All market shares are based on 2010 estimated suppliers net sales figures.

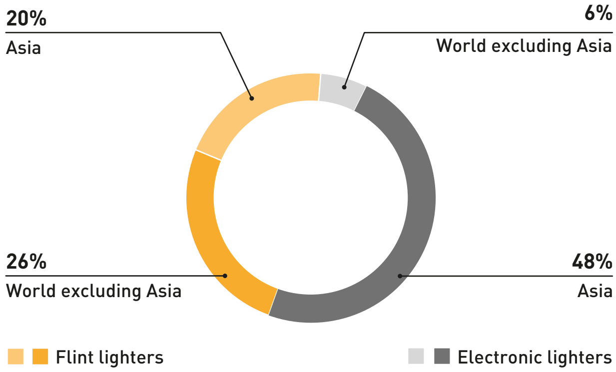
Lighters

The worldwide lighter market is estimated at 11.0 billion units (3.1 billion euros in value) [1] and broken down as follows:

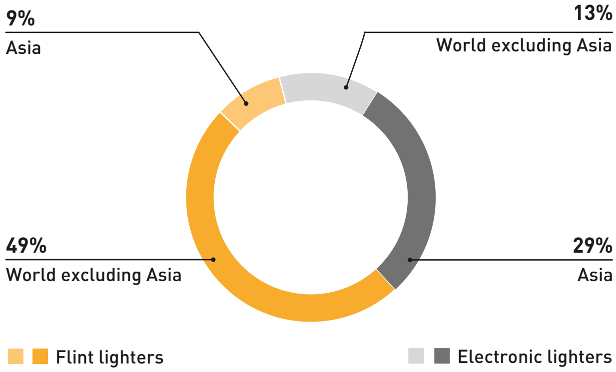
LIGHTER WORLDWIDE MARKET BREAKDOWN IN 2010

(BIC estimates)

Units



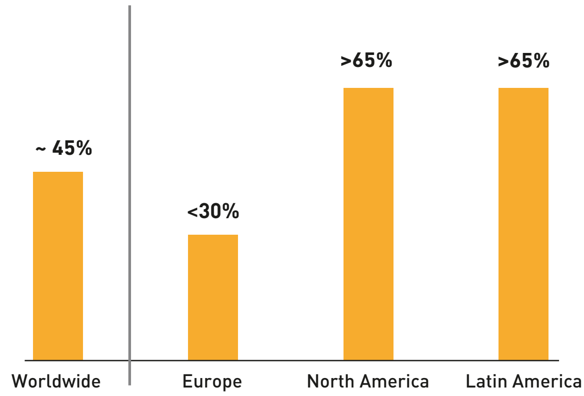
Value in euros



The lighter market is a very competitive market in which BIC benefits from the No. 1 worldwide position among branded lighters. BIC worldwide value market share (excluding Asia) in 2010 was approximately 45%. BIC is No. 1 in North America and in Latin America with more than 65% market share.

BIC® LIGHTERS MARKET SHARES IN VALUE (IN BIC'S MARKETS EXCLUDING ASIA)

(Estimated market shares/in value)



A lighter contains pressurized gas put into a plastic reservoir, in order to produce a flame. Lighters must be designed and manufactured in compliance with very strict safety, quality and performance requirements. International Safety Standards have been established in order to protect consumers from unsafe lighters.

There are two key standards for pocket lighters:

- The international lighter safety standard ISO 9994, which describes clearly the basic safety requirements for a lighter. ISO 9994 Safety Standard is the subject of legislation in major countries such Canada (1989), Russia (2000), Argentina (2003), Mexico (2004), South Korea (2005), South Africa (2006), Japan (2011), Indonesia (2011) and the 27 countries of the European Union (2006);
- Child-resistant requirements, a child-resistant lighter is a lighter purposely modified in order to make it more difficult to operate. A child-resistant lighter is a lighter that at least 85% of children under 51 months of age cannot operate. Child-Resistant legislation is the subject of legislation in major countries such as USA (1994), Canada (1995), Australia (1997), New Zealand (1999), the 27 countries of the European Union (2006) and Japan (2011).

Since the late 80's, low-price lighter models that very often fail to comply with Safety Standards and imported from Asian countries have been gaining market shares and today hold more than half of the global market (in units).

In this competitive landscape, BIC defends its position and maintains lighter safety and quality. BIC® lighters are designed and manufactured in compliance with very strict safety, quality and performance requirements. As an example, the gas reservoirs of BIC® lighters are made of Delrin®, a high technical grade resin which ensures a high resistance to impact in case of drop, while allowing for a larger amount of gas and more lights than in many other lighters thanks to the thinness of its wall. Also, BIC® lighters are filled with pure isobutane which guarantees the stability of the flame.

(1) BIC 2010 estimates.

BIC® lighters are sold either through traditional distribution channels (such as convenience stores and tobacconists) and retail mass market distribution.

BIC objective in the lighter business is to strengthen its leadership as the only branded lighter with worldwide position:

- by supporting the extension and the enforcement of international safety standards;
- by accelerating the development of value-added products (sleeves, cases and multipurpose lighters).

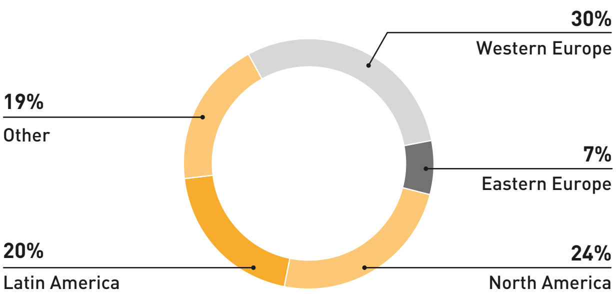
Shavers

The wet shave market generates annual sales revenue of more than 10 billion euros, and accounts for the majority (60%) of the total hair removal category.

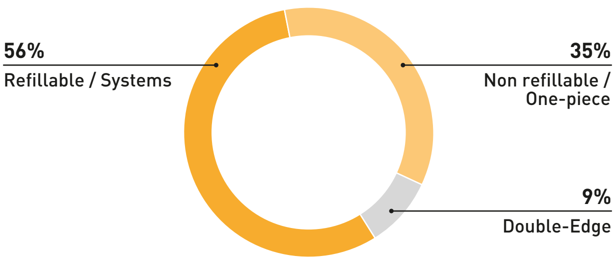
Wet shaver worldwide market in 2011

(IRI, AC Nielsen figures and BIC estimates/in value)

By geographical area



By product segment



This market can be separated into three product segments as seen above, with systems and one-piece driving the growth. Inside these two segments, new products drive most of the growth by offering ever-increasing improvements in performance; and by offering products with added features. The pace of new product activity rarely slows, so a productive new product development program is a requirement for ongoing success.

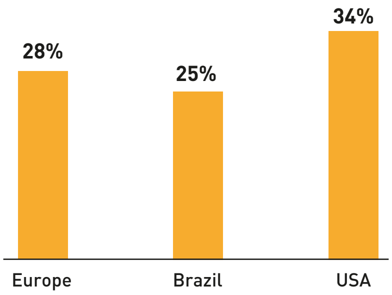
BIC's new product program has been a key driver of success, evidenced by its No. 2 global market position in the one-piece segment with an approximately 20% value market share. Most of BIC's focus in 2011 has been on the fast growing three-blade and four-blade sub-segments, where market shares are even stronger than their overall 20% share.

The category is divided among three brands (Gillette, the leader, BIC® and Schick/Wilkinson/Energizer Holding), with a private label presence as well.

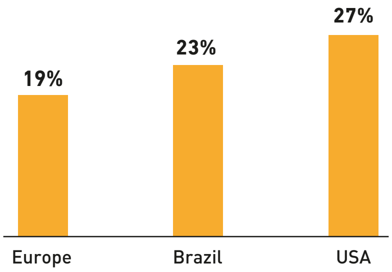
BIC market shares in the three and four blades disposable shavers segment

(Based on IRI, AC Nielsen figures and BIC estimates Dec. 2011)

In volume



In value



In the 70's, BIC revolutionized wet shaving when it launched the first one-piece shaver: the single blade "classic", which still generates sales of nearly one billion shavers per year. In recent years BIC has focused its new products, sales and marketing efforts on the higher performing three-blade and four-blade sub-segments, launching products such as:

- For Men: BIC® Comfort 3®, BIC® Easy/Hybrid 3-blade, BIC® Flex 4, BIC® Flex 3;
- For Ladies: BIC® Soleil® 3-blade, BIC® Soleil® Bella™ 4-blade.

The business results show evidence of BIC's ability to meet the expectations of increasingly demanding consumers.

Other Consumer Products

Other Consumer Product category includes various strategic and tactical activities:

- **BIC Sport:** Today, BIC Sport is one of the world leaders in surfboards and among the world leaders in wind surfboards. It has also expanded into new markets including kayaks. BIC Sport products are designed and mainly produced in Vannes (France). Sales are mainly realized through specialized stores and sporting goods superstores;
- **PIMACO business to business divisions:** in 2011, BIC disposed the PIMACO business to business divisions in Brazil;
- **DAPE 74 Distribution:** sales to tobacco shops in France;
- **A range of both BIC® and non BIC®-branded products:** such as pantyhose sales in Greece, Austria and Ireland, batteries, a line of shaving preps; all of which are designed to tactically grow the presence of the BIC® brand in key markets;
- Other Consumer Products also include the licensing revenues derived from the **BIC® Phone**, the simple cell phone 100% ready to go and refillable, launched in partnership with different telecom operators in Europe (France, Spain, Belgium). More than 780,000 BIC® Phone have been sold since the launch of the product.

ADVERTISING AND PROMOTIONAL PRODUCTS

Advertising and Promotional Products are items such as stationery products, clothing, bags, awards, and drinkware that are imprinted with a logo or advertising message to support a company's marketing and media strategy. It is cyclical and related to companies' advertising, promotions and discretionary investments. It has been strongly impacted by the recent economical crisis.

Total worldwide market size is estimated at more than 13 billion U.S. dollars (suppliers' level). The U.S and Canadian markets represent around 55% of the total, Europe approximately 30% and the rest of the world (mainly Latin America) 15%.

The promotional products business is a diverse product category. In the USA , the PPAI (Promotional Product Advertising Industry) identifies more than 20 different segments. 17 of them are included into the "Hard Goods" category which represents 51% of the total market. The other significant segment is Apparel (32% of the market), Writing instruments (9% of the market) and Calendars (8% of the market).

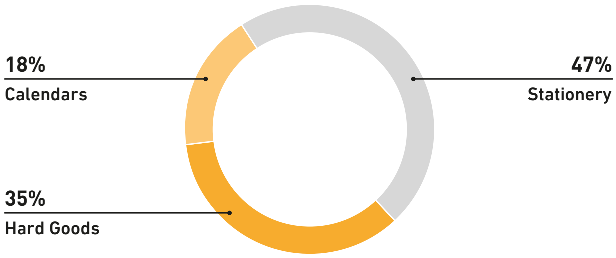
This industry is very fragmented at all levels, with a large number of suppliers and distributors. Advertising and Promotional industry suppliers sell their products to numerous large, mid-size and small distributors.

Through its BIC Graphic business, BIC has been involved in Advertising and Promotional Products since the late 60's, mainly in writing instruments, and has always been recognized for its excellence in customer service, printing quality and delivery.

Several strategic acquisitions have been made in recent years, beginning in 2007 with Atchison® bag brand in the USA. The acquisitions of Antalis Promotional Products and Norwood Promotional Products in 2009 have significantly strengthened BIC position as a worldwide leading Advertising and Promotional Products supplier [(1)]. BIC APP is the No. 2 supplier in the USA, in Europe and benefits from a significant presence in Latin America, Australia, Africa and Asia (through its sourcing activities).

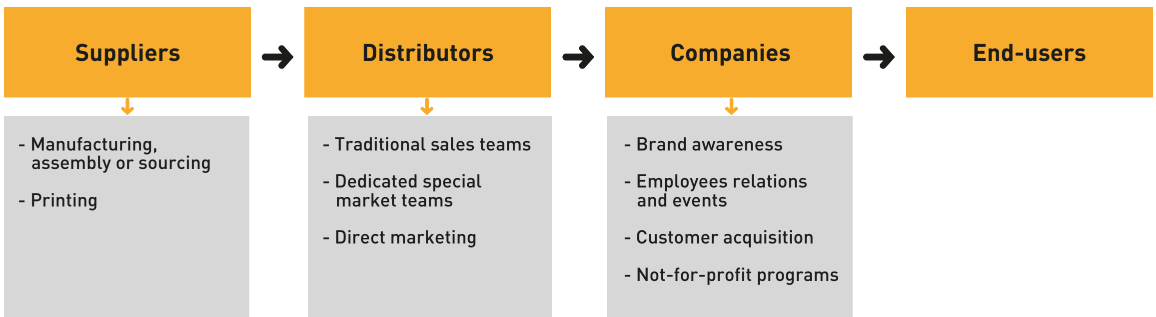
BIC APP offers a large and diversified range of product to its more than 30,000 distributor clients, from stationery products to hard goods such as drinkware and small electronics.

2011 BIC APP NET SALES BREAKDOWN



BIC APP realizes 18% of its net sales in the calendar business and, with approximately 13% market share, is the leader of promotional calendars in the USA. The calendar market is a highly seasonal activity, with 90% of the sales shipped in the second Half of the year.

ADVERTISING AND PROMOTIONAL INDUSTRY ORGANISATION



(1) Non apparel.

RESEARCH AND INNOVATION

Since the creation of the company in the early 50's, BIC has formulated a clear vision: "Offer simple, inventive and reliable products, for everyone, everywhere, every time". Since then, BIC has been dedicated to making available and affordable everyday products for everyone and, as a consequence, research and innovation are part of the BIC DNA.

In 2011, there were approximately 150 employees located in Europe and North America in the research, development and innovation functions. In 2011, BIC invested approximately 1.3% of sales in research and development of new products; new products and line extensions accounted for 22% of BIC Group sales.

Research, development and innovation functions are organized by category. Each business manages its own factories, its own R&D and its own marketing teams, which are also responsible for innovation.

- In Stationery, BIC continuously innovates to bring state-of the art writing technology to its consumers and offers an average of 20 new products to consumers every year. The Stationery R&D department is organized around two sections: design which focuses on the mechanical properties of products and Ink Systems whose focus is inks' improvements. Very specific in the stationery industry, all the components of our products are developed and produced internally, up to the moulds and machines that will be used for production. This allows us to have the full control of the quality and reliability of the products we produce to offer consumers maximum satisfaction.
- In Lighters, conception of new products as well as product and process innovation in the gas lighters field are under strict constraints linked to the potentially dangerous nature and widespread uses of the product. For BIC, every development step must fulfill the imperative requirement of safety as a BIC® lighter must be – and remain – safe during its full life time for a normal use or even a reasonably foreseeable misuse. Product developments are supported by several patent and model applications.
- In Shavers, research is organized around multi-disciplined project/product development teams that are composed of members from blade, design, engineering, packaging, quality and industrialization. Fifteen to twenty new products are developed each year, from line extension to new product launches. BIC is using internal and external panels of experts in order to evaluate and validate product performances in live conditions. BIC also benefits from fundamental research partnerships with large universities and research laboratories around shaving efficiency and manufacturing process.
- In Advertising and Promotional Products, BIC APP has a global approach to new product development and service innovation based on BIC's long history of developing simple and long-lasting products. BIC APP relies on a dedicated global marketing team committed to research efforts into both customers/distributors and end-users. Improving or developing new printing technology is also a part of BIC APP quest to differentiate ourselves from the competition. With regard to product research and development, significant market research is conducted to identify products based on distributor and end-user demand insights. BIC APP's supply chain and sourcing organization are centralized for maximized efficiency, price and quality controls.
- Fuel Cell: for nearly ten years, BIC has been developing hydrogen fuel cartridges which are connected to the fuel cell device and replaced once the fuel is depleted. BIC Group announced in November 2011 the acquisition of the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology. BIC's hydrogen fuel cartridge technology and the Angstrom fuel cell device technology are complementary. BIC and Angstrom prototype designs have demonstrated high levels of performance and efficiency. BIC expects to bring a portable fuel cell device and fuel cell cartridge to market in 2 to 5 years.

1.4. History

1950

- In 1945, Marcel Bich bought a factory in Clichy, France, and set up business with his partner, Édouard Buffard, as a maker of writing instruments parts. In 1950, after improving the ballpoint pen originally invented by Hungarian Laslo Biro, he decided to launch this revolutionary new product on the French market. He named the pen pointe “BIC®” in a shortened and easily memorable version of his own name.

1953

- Marcel Bich and Édouard Buffard created SOCIÉTÉ BIC to manufacture and distribute BIC® ballpoint pens.

1954

- Expansion in Italy.

1956

- First step in Brazil.

1957

- Development in United Kingdom and the Sterling zone.

1958

- The Company purchases the Waterman Pen Company in the USA and enters the North American market, developing this market in parallel with the Africa and Middle East regions.

1969

- Entry in Advertising and Promotional Products through the writing instrument segment.

November 15, 1972

- SOCIÉTÉ BIC is listed on Paris Stock Exchange.

1973

- BIC diversified its product portfolio and launched the BIC® lighter with adjustable flame. Its reliability and quality made it an immediate success.

1975

- BIC is the first to launch a one-piece shaver.

1981

- The Group diversifies in the leisure industry with its subsidiary company, BIC Sport, specializing in windsurf boards.

1992

- To broaden its range of stationery products, BIC purchases Wite-Out®, the American brand of correction products.

1997

- Purchase of the Tipp-Ex® brand, the leading European brand of correction products and Sheaffer®, a high-end brand of writing instruments.

2004

- Acquisition of BIC’s Japanese distributor, Kosaido Shoji, an important step in BIC Group’s development in Japan, the world’s second largest stationery market.
- Penetration of a new market segment in stationery, the refillable school fountain pen, with the acquisition of Stypen® in France.

End 2005

- BIC opens its own stationery production facility in China. This direct presence in China allows the Group to better understand how to manufacture products locally and develop products specifically for Asia.

2006

- The purchase of PIMACO Company, Brazil’s leading manufacturer and distributor of adhesive labels broadened BIC’s range of stationery products in Latin America.

2007

- Acquisition of Atchison Products Inc., a supplier of imprinted promotional bags in the USA, a strong addition to our promotional products business.

2008

- In July, partnership brand agreement with Orange to launch the BIC® Phone in France, the simple cell phone that is 100% ready to use.
- In November, opening of a new shaver packaging facility in Mexico to improve customer service levels in North America, reduce inventory and enhance cost savings through reduced freight volume and transportation costs.
- In December, acquisition of Antalis Promotional Products entities (Sequana Group). Antalis Promotional Products is European based and distributes a wide range of promotional products (pens, watches, T-shirts, diaries, gadgets and original business gifts). This activity is consolidated in the Group accounts since April 1, 2009.

2009

- In January, BIC signs a definitive agreement with Indian Cello Group whereby BIC Group was to acquire 40% of the Cello writing instrument business which was being carried out by 7 entities, for 7.9 billion Indian rupees. As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.
- On March 5, 2009 BIC's acquisition of 40% of 6 entities (out of 7) is completed for a sum of 3.8 billion Rupees. This proportionate share of Cello Pens net income has been accounted through the equity method in BIC Group accounts since April 1, 2009.
- In April, launch of a worldwide cost reduction plan to adjust to the slowdown of its key markets. This initiative negatively impacted full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition.
- In June, acquisition of Norwood Promotional Products leader in calendars, bags, awards, drinkware and other promotional goods in the USA. Total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities. Norwood Promotional Products is consolidated in BIC accounts since July 1, 2009.

2010

- In January, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure their implementation. On August 4, 2010, BIC announced that it is iniating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.
- In February, consolidation of BIC APP San Antonio, Texas facility into other existing BIC APP U.S. locations, as well as the relocation of Norwood PP Indianapolis, Indiana headquarters to Clearwater, Florida.
- In June, divestiture of BIC APP funeral product business for a total amount of 17.3 million euros.

2011

- In first Half, disposals of PIMACO business to business divisions in Brazil and REVA peg business in Australia for 7.6 million euros.
- In April, acquisition of Sologear LLC, maker of FlameDisk®, a portable charcoal-alternative heat source for grilling for 1.0 million euros. The FlameDisk® product complements our Multi-Purpose lighter business.
- In November, acquisition of the assets of Angstrom Power Incorporated, a company specialized in the development of portable fuel cell technology for 13.5 million euros.

1.5. Property, plant and equipment

79% of the BIC® products (80.9% in the consumer product business; 71.1% in the Advertising and Promotional Product business, BIC APP) are produced in BIC owned factories or by local manufacturers (notably in Africa). The rest of BIC® products, i.e. 21%, are made by contract manufacturers.

BIC has 23 main own factories around the world:

- 12 factories are dedicated to manufacturing stationery products;
- 4 plants are dedicated to manufacturing lighters;
- 3 plants are dedicated to manufacturing shavers;
- 4 plants are dedicated to Advertising and Promotional Products.

Main industrial sites

Existing material tangible fixed assets, including leased properties, and any major encumbrances thereon

COUNTRY	USE	LOCATION	OWN/LEASE	MAIN MANUFACTURED PRODUCTS
BRAZIL	Offices	Cajamar	Lease	-
	Offices and factory	Rio de Janeiro	Own	Stationery, stickers
	Factory and warehouse	Manaus	Own	Stationery (ball pens, graphic pencils, coloring pencils), Lighters, Shavers
SPAIN	Factories and offices	Tarragona	Own	Stationery (ball pens, mechanical pencils, sticky notes), Lighters, Printing
	Warehouse	Barcelona	Lease	-
USA	Offices	Shelton, CT	Own	-
	Factories	St. Petersburg, FL	Own	Printing
		Milford, CT	Own	Lighters
		Gaffney, SC	Own	Stationery (markers)
		Charlotte, NC	Lease	Packaging
		Sleepy Eye, MN	Own	Promotional calendars
		Red Wing, MN	Own	Printing and engraving
	Offices and factory	Clearwater, FL	Own	Stationery (printing, sticky notes)
	Warehouses	Charlotte, NC	Own	-
		Arlington, TX	Lease	-
	Warehouse and factory	Janesville (to be sold in 2012)	Own	Awards and plaques
FRANCE	Offices	Clichy	Own	-
	Factories	Boulogne-sur-Mer	Own	Stationery (writing and coloring felt pens, mechanical pencils, markers, white boards)
		Cernay	Own	Stationery (inks, dyes)
		Longueil Sainte-Marie	Own	Shavers
		Montévrain	Own	Stationery (ball pens)
		Redon	Own	Lighters
		Samer	Own	Stationery (graphic and coloring pencils, leads)
		Vannes	Own	Stationery (ball pens), Other products (windsurfing, surfboards, boats)
GREECE	Factory and offices	Anixi	Own	Shavers
MEXICO	Factories and offices	Mexico City	Own	Stationery (ball pens, mechanical pencils, correction tapes)
		Saltillo	Lease	Packaging
	Warehouse	Tlalneplantla	Lease	-

Major related encumbrances correspond to depreciation and rents.

1.6. Risk factors

INTRODUCTION

BIC pursues an active and dynamic approach of risk management. The purpose of this approach is to enhance the Group's capacity in identifying, managing and monitoring major risks that could affect its personnel, assets, environment or reputation, as well as the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the following areas: financial markets, legal, industry and environment, strategy and operations.

A description of the risk management system is disclosed in the Chairman's report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company - *see Corporate Governance § 3.3.2.2.3 - Risk management*.

The risk factors set out below are not the only ones faced by the Group. Other risks and uncertainties of which the Group is currently unaware or that are deemed as not significant could also have an adverse impact on its business, financial situation or results.

MARKET RISKS

Foreign Exchange risk

The Group main currency exposure is the EUR-USD rate. In 2011, the yearly net exposure for commercial flows (280 million U.S. dollars) was hedged at the average rate of 1 EUR = 1.2846 USD. The permanent volatility of the financial markets, and more particularly on Foreign Exchange, has brought us to reinforce our controlling and follow-up tools in order to make sure we constantly capture the most precise picture of our Foreign Exchange risks. Group Treasury has adequate means to identify the risks and reliable tools to manage the exposure. Regarding the 2012 exposure, as of December 31, 2011, 94% of this exposure was hedged. The average hedged rate for 2012 was 1.3550 USD. As of January 18, 2012, 100% of the exposure has been hedged at an average of 1.3491 USD.

See also Note 22 to the consolidated financial statements.

Interest rate exposure

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of a too limited timescale to require any hedging.

See Note 22 to the consolidated financial statements.

Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Long Term Standard & Poor's rating of main banking counterparties is A-. The scale of ratings goes from AA- to A-. It should be noted that the rating is one of the elements we follow to understand the counterparty risk, but it is not the only criteria we use.

Counterparty risk of cash investment decisions is strictly studied (nature of assets, depositaries and conservators). The main part of the portfolio as of December 31, 2011 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2011.

Liquidity risk

BIC Group manages its equity to keep a cash position positive and available, and to achieve its development and/or external growth strategy. The excess cash and the funding needs of the Group are managed by the Group Treasury, following a secure policy guideline that aims for capital security and liquidity. The excess cash is mainly invested in monetary mutual funds, deposit and cash equivalents whose volatility is below 0.5 with a recommended holding period of less than three months. The more structural portion of the cash can be invested in monetary funds qualified as "dynamics", with a recommended holding period that can be above six months. All the investments are valued mark-to-market twice a month by the Group Treasury and the target is to reach an average yearly performance above the Eonia capitalized rate.

Throughout 2011, considering the financial market turmoil, the controls on our portfolio performance and on the composition of the funds in which we invest, were closely monitored. In that respect, we do not bear directly or undirectly any exposure from Greece, Ireland and Portugal. Furthermore, the Group Treasury has paid high attention to the diversification of our investments in order to improve the pooling of risks and reduce the amount invested per counterparty. The most important mutual fund line in the portfolio at year end represents 15% of the total assets under management, and is qualified as regular monetary funds, liquid on a daily basis.

LEGAL RISKS

To the knowledge of the Company, there is no information (rule, authorizations, confidentiality, dependence links, tax measures, dispute and arbitrage) or exceptional fact susceptible to have or having had in the recent past a significant impact on the financial situation, the result, the activity and the assets of the Company and the Group.

Moreover, to the knowledge of the Company, there are no governmental, judicial or arbitration procedure, which is pending or threatening the Company and which may or might have had during the last 12 months significant effects on the financial situation or the profitability of the Company and/or the Group.

INDUSTRIAL AND ENVIRONMENTAL – RELATED RISKS

Risk typology

The main industrial and environmental risks are related to the storage and use of dangerous, flammable and non-flammable products and substances. Among those are:

- gas for lighters in France, Spain, USA and Brazil;
- solvents for permanent markers and dry-wipe markers in France and the USA;
- solvents for industrial cleaning processes;
- storage of products containing gas and solvents.

Regulatory context

The European regulation, REACH (Registration, Evaluation, Authorization and restriction of CHemicals) establishes a new regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use.

The European SEVESO directive identifies industrial plants presenting major accident risks.

Operational management of risks

BIC maintains Environmental and Health and Safety Management Systems at each of its facilities to ensure that pollution prevention and risk prevention are fully integrated into daily operations:

- diligent attention is paid to the implementation and maintenance of release prevention measures and safety systems for gas and solvent storage areas. Suitable control devices and equipment are in place to minimize physical and chemical risks posed by hazardous substances. Priority is given to the use of fire prevention systems and appropriate fire detection and control equipment;
- hazard and risk assessments are conducted in the Group factories; procedures are established to identify, evaluate, and prevent incidents and accidents;
- the workforce is trained to recognize potential hazards, as well as to take preventive and corrective actions;
- compliance with local regulatory requirements is an integral part of the daily management of the sites;
- BIC is committed to the continuous improvement of facilities, equipment, and procedures intended to control risks associated with its activities. This is structured according to the Environmental and Health and Safety Management Systems implemented in all factories;
- our SEVESO plants have an emergency procedure protocol (*"Plan d'opération Interne"* or POI). Outside of France, many plants have equivalent emergency plans that address risks with potential off-site consequences. For our high-threshold SEVESO plants, 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;
- to address the REACH requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialist firms, monitors the regulations, evaluates the impacts for the company and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has in particular pre-registered 70 substances for 5 legal entities. Registration of those substances, with the European Chemicals Agency (ECHA), will take place in 2013 and 2018.

BIC does not foresee any significant provisions for environmental risks. In any eventuality, BIC considers the costs related to reparations of this type should not have any material impact on the Group's results.

STRATEGIC AND OPERATIONAL RISKS

Risks related to Group's acquisitions

A part of the Group's strategy is to grow with acquisitions. Acquisition could allow for geographical expansion or reinforcing existing categories. Business integration of an acquired company is one of the key elements of success.

Following acquisition, the Group employs a highly qualified management team. Companies' teams monitor progress of integration on a regular basis. Additionally, a cross functional task force supervises closely the integration plans, in particular the alignment of systems and procedures.

Risks related to competition

While the end customers of the Group are mostly individual consumers, the Group sells a significant part of its products to major retail chains. As matters of facts, the distribution market is subject to an intensifying concentration process, competitors follow a rationalization movement and major retailers develop their private labels. This continued trend of consolidation/rationalization processes could translate into a further reduction in the number of retail chains and in their corresponding assortments. It could increase consequently reliance of the Group on fewer retailers and further intensify competition.

However, the Group's international presence, its powerful brand and the diversity of its distribution channels help to mitigate the exposure to market concentration and competitors' rationalization. BIC is closely monitoring sales and demands of distributors and pursues its efforts to differentiate its products from its competitors emphasizing innovative and economic solutions to satisfy consumer needs.

Risks related to concentration on developed markets

BIC Group strategy is focused in particular on generating sales growth. BIC has been present for decades in developed markets where Group perspectives depend mainly on the ability to increase market share and profitability. As North American and European economies are expected to grow slowly for years to come, succeeding in growing areas has become a Group strategic objective. Consequently the Group aims to continue its development in developing markets.

To achieve this objective, sales and marketing plans have been developed to gain market share in most of the countries coupled with additional measures to reduce costs and increase productivity. Additionally the strong development in Latin America has reduced Group dependency on mature markets. Otherwise, the Group is broadening and deepening its presence in Asia.

Risks related to experienced employees and competencies

The Group possesses specific competencies through experienced resources especially in manufacturing processes and business practices. The loss of experienced employees could lead in slowing down the implementation of Group development plans. It could also result in the inability to implement the Group's strategy.

The Group therefore focuses on identifying, developing and managing experienced resources. Succession plans based on a detailed analysis of Group's resources have been prepared and implemented. Additionally employee training is subject to a specific attention with related programs *(see Social and environmental responsibility § 2.4 Workforce information*).

Risks related to anti-smoking measures

Lighters are an important part of the Group net sales (28% in 2011). The Group's lighter business is closely related to the worldwide sales of tobacco products. However, the tobacco industry is subject to increasingly stringent regulations around the world, mainly in developed countries. Anti-smoking campaigns and further restrictions in public places could lead to lower sales and a decrease in the Group's profitability.

Consequently, the Group monitors the effect of tobacco control activities on lighter sales. However, the quality of BIC lighters remains the decisive driver for continuous growth in a shrinking market.

Risks related to manufacturing plants

As a result of its manufacturing activities, the Group could be potentially exposed to events of various origins (such as natural disasters, accidents or economic/social/political turmoil) that could disrupt or interrupt a site's activity. Since the Group is dependent on its production facilities to maintain and develop its sales, the breakdown of a production site could have a negative impact on the Group's business.

The Group has therefore put in place an approach of active industrial risk prevention through regular audits of protection mechanisms, investments in equipments of buildings and production tools. Each category pursues a policy of diversification in terms of geography and production capacity.

Moreover, a strong social climate and careful management of physical supplies, as well as continuity plans ensuring the presence or restoration of critical functions, mitigate the potential impact and minimize the occurrence of such events. The Group has also taken out insurance policies (refer below, *Insurance - Coverage of any risks to which the issuer may be exposed*).

INSURANCE – COVERAGE OF ANY RISKS TO WHICH THE ISSUER MAY BE EXPOSED

BIC is covered by:

- insurance for "Civil Responsibility" including environmental risk related to gradual pollution and accidental pollution;
- insurance for operational damages and loss that covers all the sites.

Management believes that coverage and limits of these policies are appropriate.

The objective of the Company's property and liability program is to develop a uniformly high level of risk management and insurance protection for all of the BIC operating entities. This, in turn, will protect the corporate assets and earnings against insurable perils and controllable risks.

BIC believes in the risk management process as a means of protecting its assets from the adverse effects of accidental loss. That is, the practice of identification, analysis and management of all risks in relation to its operations. This discipline of risk management is expected to be practiced at all levels of the organization.

In those areas where it is able to exercise effective loss prevention and loss control, BIC retains a portion of the risk. While BIC relies on its proactive philosophy of managing risk for the protection of its assets, it nonetheless purchases insurance to protect against catastrophic loss, or in some cases, the probable exposure to loss, when taking into account its risk control programs.

The global cost estimate of the BIC Group policy insurance amounts to approximately 5 million euros. The total amount covered by the property damage/business interruption insurance amounts to approximately 3.5 billion euros.

It is BIC's intent to control risk through effective management techniques, as well as insurance, in order to meet its long-range objectives of continuous operation, growth and profit.

By meeting the above criteria, BIC's assets and profitability should be protected to the greatest extent possible.

Litigation related to product liability is primarily in the USA. Provisions to cover the risk related to those liabilities are limited to 1 million U.S. dollars, which is the amount of the deductible for each individual case. Effective 2011, the deductible was increased to 2 million U.S. dollars for these liabilities.

The sole captive insurance company held by the Group is Xenia Insurance Company Limited, which is wholly owned by BIC CORPORATION. Xenia was created as a means to provide coverage for certain risks which are not covered by traditional insurance.

BIC is insured by Xenia Insurance Company Limited via three contracts. The first issues product liability certificates of insurance for BIC CORPORATION customers. The second one is a structured risk policy that covers excess employment practices liability, environmental liability, patent infringement, punitive damages, product recall, Florida windstorm, Greece earthquake and unforeseen events. The third contract is a "DIC/DIL" policy that provides coverage for property and/or casualty events that are not covered or payable under any existing BIC policies.

OTHER SPECIAL RISKS

Counterfeits

Counterfeits, often of low quality, of most well-known BIC Group products circulate principally throughout Africa, Middle East, Eastern Europe and South America. They are produced mostly in Asia. These counterfeits are mainly focused on the shape of our products and on BIC® trademark.

In order to protect our brand image and our economic interests, the Group, through its counterfeiting department, fights against these counterfeits by working in close cooperation with local enforcement authorities.

Lighters – Non compliance with safety standards

The BIC Group is confronted with competition from low cost lighters that in Europe often do not comply with safety standards, especially the ISO 9994 international safety standard. The Group fights against such lighters through communications activities informing the different stakeholders (customers, market surveillance authorities…) as well as legal actions, particularly before the European Commission requesting that an infringement procedure be opened against the Netherlands, first lighters importing European member state, for lack of enforcement of the standards.

2

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

2.1. The BIC Sustainable Development Program

2.1.1. THE BIC VISION FOR SUSTAINABLE DEVELOPMENT

The story of BIC is first and foremost the story of a vision: "To offer simple, inventive and reliable choices for everyone, everywhere, every time."

For more than 60 years, BIC has been building on the fundamentals that constitute the strength of its economic model:

- classic products with a focus on continuous improvement in quality;
- innovations that keep pace with the changing needs of consumers, some of whom seek products with greater added value;
- a worldwide presence that becomes more firmly established every year in developing markets like Latin America, Africa, the Middle East and Asia;
- a constant effort to control manufacturing costs, backed by a highly efficient industrial tool.

This simple, pragmatic and ambitious economic model has given the Group a considerable advantage in adapting to the new challenges of globalization in the business world and to the current uncertain economy.

Simplicity, pragmatism and ambition were also the bywords for the definition in 2003 of the Group's sustainable development approach — an important aspect of corporate responsibility. The pursuit of that approach since then has enabled BIC to exert better risk control and seize opportunities as they arise.

Through this Program, the BIC Group seeks to:

- develop ecological common sense: in order to limit its consumption of natural resources, the Group strives to minimize the use of raw materials in its products and packaging, while gradually introducing new eco-friendly, recycled or renewable materials;
- reduce its environmental impact: because BIC measures the environmental impact of its products, factories and transport activities, it has a basis for implementing actions to reduce environmental impact;
- build day-to-day relationships based on trust: BIC also focuses on strengthening employee skills and employability, while promoting local initiatives to support communities. The BIC Group Code of Conduct is implemented in BIC factories and by BIC contract manufacturers, and the Group's plastics suppliers are evaluated according to environmental, social and governance criteria.

BIC pilots and evaluates the progress of its Sustainable Development Program with the BIC Barometer, which defines ten sustainable development commitments associated with ten performance indicators and is updated every three years.

2.1.2. SUSTAINABLE DEVELOPMENT ORGANIZATION AND MONITORING

2.1.2.1. Organization

Managing sustainable development is based on a continuous improvement approach deployed across the entire BIC Group, and this approach benefits from a dedicated structure. This structure includes a Sustainable Development Team made up of 25 members of different nationalities representing major Group functions; the team meets twice a year and is chaired by the Group's CEO. Taking action at the decision-making and operational levels, this team's role is to propose strategies and corresponding action plans to the BIC Group Executive Committee. It then reports on the implementation of programs. Since it began in 2004, BIC's cross-organizational approach has worked its way deeper and deeper into the hearts of each department. Marketing teams, for example, try to consider the environmental stakes right from the design stage for new products. The operational approach is implemented through local correspondents all around the world, as well as a Sustainable Development Director in Europe.

The Sustainable Development Director coordinates these missions and reports to one of the Group's two Executive Vice-Presidents.

2.1.2.2. The BIC Sustainable Development Barometer: a monitoring tool

Since 2008, the Group has based the application of its sustainable development approach on a management tool: the BIC Sustainable Development Barometer. This Barometer defines ten commitments addressing the key challenges: the environmental performance of BIC's products and packaging, the environmental performance of its factories, the impact of its transport operations on climate change, safety in the workplace, its employees' personal development, compliance with the Code of Conduct and the Group's commitment to local communities. This approach is implemented on a worldwide scale (except for BIC APP in certain cases). The Barometer's objectives are set for three years, and progress in each area is measured annually.

For its second edition, the 2011-2013 Barometer defines ten new commitments associated with performance indicators. The three major themes (products, industry, social) that were originally addressed have been identified as still being pertinent, although some of the commitments have evolved to expand their scope of application, increase their legibility or pertinence, and make them more ambitious while remaining realistic. For example, the new Barometer sets specific goals for the reduction of water and energy consumption and waste production in the factories.

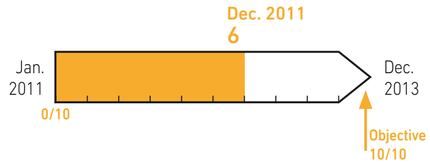
The 2008-2010 Barometer defined the objectives that BIC had pledged to reach by December 2010. An overall improvement of 21 points was achieved, from 58% to 79%. The objectives were reached, with scores of 100%, in four areas: measuring the products' environmental performance, reducing the factories' GreenHouse Gas (GHG) emissions, employee training and strengthening our commitment to our communities. Considerable progress was made in other areas, such as the supply of products with environmental benefits. The two main areas for improvement are the eco-optimization of packaging worldwide and reducing the GHG emissions from our transport operations.

GLOBAL BAROMETER

"The BIC Sustainable Development Barometer provides a pragmatic way to monitor the Company's commitment. It also encourages fluid communication within all teams by giving clear direction for 3 years and precisely reflecting our progress."

Mario Guevara, CEO

The global score is the average of the 10 scores



How is performance measured by the BIC Sustainable Development Barometer?

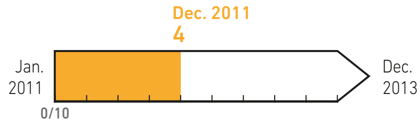
- It defines the 10 priority indicators for the Group in terms of sustainable development for the 3-year period 2011-2013.
- The 10 indicators were defined in cooperation with the functions concerned and approved by the CEO.
- It covers the perimeter of the BIC Group, unless specified.
- The « Jan. 2011 » reference value corresponds to the value at the year-end 2010.
- The indicators are graphically represented as follows: the January 2011 reference value is equal to a 0/10 rating; the 2013 objective is equivalent to the rating 10/10. When an indicator includes several objectives, its representation is the average of their progress.
- The barometer is consolidated at the beginning of each year.

PRODUCTS

Environment

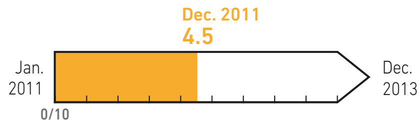
1 Measure the environmental performance of BIC® products*

In 2013, 90% of BIC® products will have been ecomeasured
(Values Jan. 2011: 86.5% - Dec. 2011: 87.9%)



2 Offer BIC® products with environmental benefits*

In 2013, 50% of BIC® products will have at least one environmental benefit
(Values Jan. 2011: 47.4% - Dec. 2011: 48.5%)



3 Offer eco-optimized packaging*

In 2013, the average weight of the packaging per product unit will be 4.38 g, i.e. a 2% reduction
(Values Jan. 2011: 4.47 - Dec. 2011: 4.49)

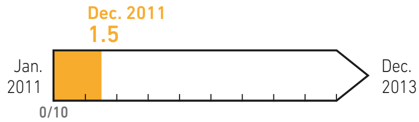
INDUSTRY

Management systems

4 Deploy and maintain management systems in BIC factories

In 2013, 100% of BIC factories will have Environmental and Health & Safety management systems
(Values Jan. 2011: 92 % - Dec. 2011: 94%)

In 2013, 80% of the employees will work in ISO 14001 certified factories
(Values Jan. 2011: 66 % - Dec. 2011: 66 %)



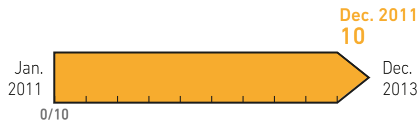
Energy, water, waste

5 Improve the environmental performance of BIC factories*

In 2013, energy consumption will be 13.29 GJ per ton of production, i.e. a 3% reduction
(Values Jan. 2011: 13.70 - Dec. 2011: 12.87)

In 2013, water consumption will be 8.15 m^3 per ton of production, i.e. a 3% reduction
(Values Jan. 2011: 8.40 - Dec. 2011: 8.00)

In 2013, non recycled waste production will be 0.0924 ton per ton of production, i.e. a 1% reduction
(Values Jan. 2011: 0.0934 - Dec. 2011: 0.0863)

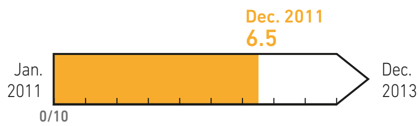


Transportation

6 Reduce GreenHouse Gas emissions (GHG) from our transport operations

In 2013, GHG emissions will be 0.926 tons CO_2-e per ton of products for intra-company transport, i.e. a 4% reduction*
(Values Jan. 2011: 1.182 - Dec. 2011: 0.796)

In 2013, the reduction of GHG emissions will be a selection criterion for at least 75% of the Group's transportation tenders
(Values Jan. 2011: 10% - Dec. 2011: 28%)



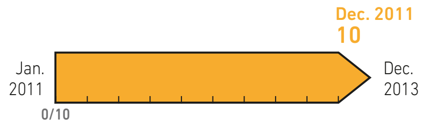
SOCIAL

Working conditions

7 Reduce workers' accidents

In 2013, the Group accident incidence rate will be at 8.65, i.e. a 5% reduction
(Values Jan. 2011: 9.11 - Dec. 2011: 7.77)

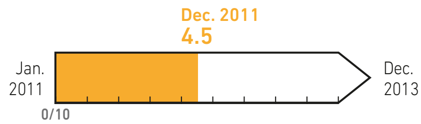
In 2013, the Group accident severity rate will be at 0.37, i.e. a 5% reduction
(Values Jan. 2011: 0.39 - Dec. 2011: 0.36)



8 Deploy and maintain the BIC Group Code of Conduct

In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited and monitored on a regular schedule
(Values Jan. 2011: 62% - Dec. 2011: 75%)

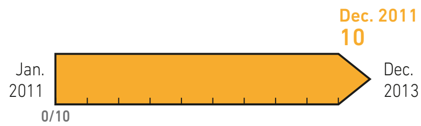
In 2013, 100% of BIC Consumer Products factories and contract manufacturers will have signed the BIC Group Code of Conduct, will have been audited (if located in a high risk country) and monitored on a regular schedule
(Values Jan. 2011: 32% - Dec. 2011: 75%)



Employability

9 Develop employees' training

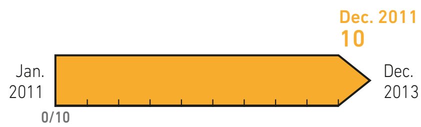
In 2013, 80% of employees will have received one training
(Values Jan. 2011: 70% - Dec. 2011: 85%)



Donation

10 Maintain our commitment toward our communities

In 2013, contribution toward our communities will be more than 0.5% of pretax profit
(Values Jan. 2011: 0.5% - Dec. 2011: 0.5%)



* BIC APP (Advertising and Promotional Products) excluded.

2.1.3. THE BIC SUSTAINABLE DEVELOPMENT POLICIES

BIC Group's sustainable development approach is based on a set of documents that define our vision and gives a frame to each employee's everyday activities in order to ensure compliance with the principles of sustainable development.

The five Values. The Group's philosophy "Honor the past, Invent the future" symbolizes for BIC a respect for its heritage, which is one of the keys to its success, as well as the way in which its co-workers build the future of the Group together. BIC's heritage encompasses many aspects: an entrepreneurial spirit, products that have become icons within their markets, irreproachable quality, attention to detail, and the commitment of the employees who have built the BIC® brand. This philosophy constitutes a central element of BIC's culture and arises from the following five shared Values:

- Ethics: We conduct our daily business with Honesty, Trustworthiness and Respect;
- Responsibility: We deliver our commitments to consumers, customers and colleagues; and we hold ourselves accountable for our work and our decisions;
- Teamwork: We believe that a diversity of people from different cultures keeps our minds open to new opportunities; and that working in teams allows us to take advantage of these opportunities;
- Simplicity: We believe that simple solutions are often the best solutions. When faced with complexity, we respond with clarity;
- Ingenuity: We find clever, practical and efficient solutions to the challenges that confront us.

Since 2007, the **BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all of its employees to follow under all circumstances and everywhere in the world. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

- 11 standards covering the following aspects: respect for fundamental Human Rights, respect for the environment, compliance with the law, listening and communicating, and the prevention of any form of corruption;
- 12 principles governing the behavior of BIC employees in order to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitment, and our relationship with our stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves in order to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics is available in 14 languages and the Guide in two languages.

Every year, BIC awards a prize for exemplary ethical behavior of its employees through its "BIC Values in Action" program.

The BIC Group Code of Conduct comprises a set of professional and social principles derived from the standards of the International Labor Organization (ILO). The Group is committed to upholding socially responsible behavior in all of its operations. The principles in this document are applied at all production facilities, whether owned by the Group or operated by contract manufacturers. The Code of Conduct is based on the following ten principles:

- a 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 of the Code.

BIC carries out regular inspections to ensure the proper implementation of this Code of Conduct throughout the Group (see part 2.3.2).

The Product Safety Policy ensures that product safety is taken into account starting with the design phase. In addition, BIC has adopted seven specific commitments to ensure the quality and safety of its lighters (see part 2.3.1.2).

The Environment, Health & Safety (EH&S) Policy, defined in 2005 and signed by the CEO, codifies the Group's commitment to minimizing the impact of its industrial activities. BIC Group is committed to:

- pollution prevention;
- risk prevention;
- regulatory compliance;
- continuous improvement;
- awareness and involvement.

The BIC Charter of Diversity, which was signed by the CEO and the Group's Human Resources Director in 2011, demonstrates the Group's desire to take action for the promotion of diversity. Shared by all of our entities worldwide, this charter defines our commitment to continually improving and educating our employees about the value of diversity, and aims to assist in the prevention of discrimination in our workplace.

Through this Charter of Diversity, BIC Group aims to meet the following commitments:

- make diversity and anti-discrimination priorities for all of our business leaders and employees through a shared Group objective worldwide;
- respect and promote anti-discrimination principles in our processes (i.e. recruitment, promotion, training, salary, etc.), thus encouraging diversity at all levels of the organization;
- educate our managers on the importance of diversity to the business;
- encourage local actions and policies to promote diversity in all its aspects;
- inform employees of our commitment to diversity and anti-discrimination, and communicate our local actions and results.

In an effort to cover all aspects of sustainable development, BIC has added the following elements to its body of framework documents:

- BIC has instituted a follow-up Procedure for consumer inquiries and complaints. This procedure ensures in particular that all complaints are recorded in the dedicated database, that the technical teams are informed of the nature of the problem, and that an appropriate response is provided.
- In 1997, BIC declared a worldwide Moratorium on all animal testing. The company is committed to using reliable alternatives to animal testing made possible by the latest technological breakthroughs.
- The Purchasing Department has drafted a document codifying BIC's 3 golden rules for purchasing. By complying with these rules, the company is committed to emphasizing ethical behavior in relation to its suppliers while ensuring that the latter adhere to BIC's values of sustainable development.
- BIC Group's U.S. subsidiary (BIC CORPORATION) has instituted a specific process that combines a local Code of Ethics as well as a Policy to pursue non-discriminatory hiring practices and to combat harassment in the workplace. These two documents are given to new hires, who are asked to sign them, attesting that they have received and read them. A copy of the Code of Ethics is periodically sent to all employees along with a questionnaire that allows them to detect possible violations. These policies are backed by an alert procedure, indicating the person to contact.

2.1.4. INTERACTION WITH THE STAKEHOLDERS

BIC fosters a regular, transparent dialogue with its major stakeholders: its employees, shareholders and the financial community, customers and consumers, local communities, suppliers and contract manufacturers, as well as government authorities.

In 2011, BIC's commitment to sustainable development resulted in numerous presentations and meetings with the Group's stakeholders, including in particular:

- major customers or buyers for large French corporations, in meetings organized upon their request or initiated by BIC. These events often involved both the BIC and customer Sustainable Development Teams;
- technical and institutional experts for specific projects on, for example, the environmental performance of BIC® products, their impact at the end of their life, etc.;
- the financial community and the Group's shareholders.

2.1.4.1. The BIC panel

In order to have an outside point of view on its sustainable development approach, BIC has organized a panel of four stakeholders: two customers (Lyreco and Maroc Stylo), one service provider (Norbert Dentressangle) and one investor analyst (Oddo Securities). The panel is consulted once a year during individual reviews that enable each member to:

- comment on the company's policies and practices;
- suggest improvements that can be integrated into action plans;
- outline future needs and expectations;
- formulate an opinion on the Group's Sustainable Development Program.

2.1.4.2. Participation in working groups and sector dialogs

BIC participates in the activities of trade associations and inter-professional working groups in its capacity as a major player in the sector. The Group is active in the following organizations:

- Standards development committees for lighters, writing instruments and toys;
- the French advisory group on corporate social responsibility (ORSE);
- AGRION, ILEC – Environment Committee, think tanks on sustainability;
- the European Federation of Lighter Manufacturers (EFLM);
- the European Writing Instruments Manufacturers Association (EWIMA);
- the North American Writing Instrument Manufacturers Association (WIMA);
- the ADEME/AFNOR platform for environmental score posting.

2.1.4.3. Dialoging with the financial community

Shareholders and the financial community are updated on BIC's progress in sustainable development at various events throughout the year. In 2011 these included:

- the Annual shareholders' Meeting on 11 May 2011, at which the topic was presented to the shareholders;
- the annual presentation to the members of the Board of Directors on 18 October 2011;
- the Oddo Mid-Cap Forum in January in Lyon, France, where BIC met, upon their request, with fund managers and financial and extra-financial analysts in individual or group meetings;
- meetings organized with various Socially Responsible Investment actors: 29 discussions with investors and investment funds on sustainable development in 2011.

2.2. Environmental data

2.2.1. GENERAL PRINCIPLES

Right from the start, BIC® products have been designed and made with "just what's necessary" [(1)] in terms of raw materials, leaving out anything that is superfluous. BIC produces and markets consumer products that are lightweight, have a long performance life, and that are affordable by everyone. BIC Group constantly seeks to offer products that anticipate the needs of its consumers and its stakeholders. The Group meets these challenges through an approach based on innovation: analysis of product life cycles, a product range using alternative materials, refillable products, materials research, and a strategy of ecolabeling.

To produce its products, BIC uses resources such as water, metals, plastics and energy and generates waste. To minimize its products' primary environmental impact, namely the use of these non-renewable raw materials, BIC has developed three ecodesign solutions:

- minimizing the quantity of materials used in the manufacturing of each product, while ensuring long-lasting performance;
- using new materials from either vegetable or recycled origin;
- developing refillable products.

While the need in terms of raw materials is determined mainly by the design of the products, the factories that manufacture BIC® products assume the important responsibility of optimizing their water and energy consumption, GreenHouse Gas (GHG) emissions and waste production.

In its Environment, Health & Safety (EH&S) Policy, BIC confirms its responsibility to minimize its environmental impact. This policy codifies the Group's commitment to improving its industrial activity, from production to distribution, in order to protect the environment as much as possible. It applies to all of the Group's factories, including, since 2010, the BIC APP (Advertising and Promotional Products) sites acquired in 2009.

2.2.2. 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 only from publicly traded companies. In addition, the BIC Group has chosen to anticipate the new requirements of Article 225 of France's Grenelle II law, concerning the reporting of environmental, social and societal information, by including in its registration document all the relevant information that is already available starting with the 2011 fiscal year.

Indicators were chosen to provide greater clarity for all data provided. Indicators selected are those which 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. This report includes all factories of the BIC Group that manufacture finished or semi-finished products, our engineering companies, and the packaging operations. The scope excludes several very small facilities. Starting in 2010, this report includes the Advertising and Promotional Products (APP) factories acquired in 2009. The activity in portable fuel cells acquired in 2011 has not been included in the perimeter.

To ensure that the published data is more reliable, information from previous years may be corrected or fine-tuned when necessary. In 2011, 2010 production data for BIC APP have been corrected; as a consequence, the Group's ratios per tonne of production have been recalculated.

2.2.3. MANAGEMENT SYSTEMS

The Group's industrial Policy on Environment, Health & Safety (EH&S) is based on the implementation of pragmatic management systems to ensure that everyone gets involved, as well as the ongoing improvement of operational performances. In order to help the production sites deploy these management systems, BIC has a team of three EH&S experts representing the factories in Europe, North America and Latin America. This team ensures that these facilities comply with the Group's policy and objectives, and monitors their performance by consolidating, analyzing and communicating the results achieved.

Within the framework of the management systems, action plans are defined to limit environmental impact. Simple targets are set for the factories, contributing to BIC's overall environmental performance while meeting their own specific challenges (production, resources, geographic location, etc.).

In 2011, the implementation of management systems is 95% complete for the environment and 94% complete for health and safety.

2.2.4. SUSTAINABLE DEVELOPMENT INFORMATION AND TRAINING FOR EMPLOYEES

BIC sponsors and develops activities conceived to ensure that its employees are well-versed in the issues related to sustainable development, prepared to anticipate customer demands, and able to convey the Group's commitment in their words and actions.

All around the world, new employees attend a presentation of the Sustainable Development Program as part of their "Welcome to BIC" orientation day.

In Europe, Middle East and Africa (MEA), training modules have been offered in recent years on the various issues involved in sustainable development including energy, climate change, biodiversity and social issues. Simple and informative, with engaging methods and materials, these sessions of about 30 minutes on each issue have improved the

(1) *"Il y aura l'âge des choses légères" by Thierry Kazazian, Victoires Éditions, 2003.*

employees' understanding of the challenges that lie ahead. In 2011 the training focused primarily on familiarizing employees with the BIC Sustainable Development Program.

The Group seeks to apply the principles of sustainable development to its activities involving the employees, a good illustration being the annual BIC Europe seminar, which for 2011 was held in Berlin in April. An effort was made to reduce the environmental impact of this four-day event, which included more than 300 participants: choosing a venue in a European capital that is easily accessible for all European subsidiaries, streamlining transportation to and from the various activities in order to minimize individual travel, selecting an ecolabel hotel and compensating for 128 tonnes of CO_2 emissions to offset the effect of the participants' air travel.

In North America, "Green Teams" have been formed at several BIC subsidiaries. Their role is to get their co-workers interested and involved in sustainable development, in particular by limiting the environmental impact of their office activities.

The Green Team in Milford and Shelton (USA) has hosted several events to promote sustainable development, including an operation to clean up the beaches at Silver Sands State Park in Milford, Connecticut.

The Canadian Green Team has asked each department of the subsidiary to define its own sustainable development objectives so that each employee can participate and be proactive. In 2011 a "Sustainability Board" was set up, upon which volunteers could list their name and activities undertaken to show their personal commitment to sustainable development. In four months, 32 employees took part in the campaign.

In Latin America, BIC subsidiaries organize local awareness and training operations. BIC Amazonia (Brazil) sponsors an annual "Environment, Health & Safety Week" to help employees assimilate the integrated management system concept. They are encouraged to consider quality, environment, health, safety and social issues as a whole rather than as separate topics. Every year a different relevant topic is chosen as the focus of the week. In 2011 the topic was the prevention of the use of plastic bags.

Sustainable development survey: in December 2011, BIC has consulted with its employees about the Sustainable Development Program: an unprecedented survey was carried out by a third party company. Some 5,500 employees took part worldwide, shedding light on their perceptions and expectations concerning sustainable development in the BIC Group. This initial consultation achieved a good participation rate (39%). The employees who responded to the survey raised the following points:

- they feel that the issue of sustainable development concerns them (85%);
- they are aware of the BIC Sustainable Development Program (89%) mainly through the website, presentations made within the Group and the Sustainable Development Report;
- they deem this program very important for the Group (94%);
- they recognize the value of BIC's commitments to sustainable development, and consider the marketing of responsible products to be a priority;
- they consider that sustainable development is part of their job at BIC or that their work has an impact on sustainable development (85%), and they see their manager as their main contact within the Group for sustainable development (63%).

The survey also reveals high expectations in terms of information and involvement in sustainable development. The Group is incorporating these conclusions in the development of its future action plans. In particular, a dedicated sustainable development newsletter will be launched in 2012 for all employees around the world.

EH&S training was integrated into the 133,791 hours of technical training completed in 2011.

2.2.5. REDUCTION OF IMPACTS

2.2.5.1. Actions to prevent environmental risks and pollution

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 helps plants to improve the organization of controls.

The European regulation, REACH (Registration, Evaluation, Authorization and restriction of CHemicals) establishes a new regulatory framework for chemical substances and places responsibility on manufacturers to demonstrate the safety of the chemicals they use. To address these requirements, BIC created a dedicated organization to allow the integration of the REACH topics. At a Group level, an expert administrator was appointed who, with the support of specialist firms, monitors the regulation, evaluates the impacts for the company, and creates the administrative files. This person is the contact person for all entities on this topic. Since 2008, in response to REACH, BIC has, in particular, pre-registered 70 substances for 5 legal entities. Registration of those substances, with the European CHemicals Agency (ECHA), will take place in 2013 and 2018.

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 two SEVESO plants have an emergency procedure protocol ("*Plan d'opération Interne*"). Outside of France, some plants have equivalent emergency plans that address risks with potential off-site consequences. For example, all plants in the USA and our factory of New Zealand maintain an "Emergency Response Plan" that includes planning and prevention for off-site scenarios.

For our two high-threshold SEVESO plants, 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.

Conditions for use of soils

In Europe and the USA, where most of the Group's sites are located, whenever industrial restructuring results in factory closures, BIC has ensured that plant decommissioning was performed in accordance with local law and best environmental practices. When appropriate or when required by law, BIC carries out studies of the soil and subsoil, although most sites are not subject to compulsory examination. Such studies of European plants used over a long period of time 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 operating plan.

Air, water and soil release that seriously affect the environment

The nature of our manufacturing operations, primarily molding and the assembly of plastic products and printing of products, should result in a relatively low local environmental impact as compared with other manufacturing sectors. Nevertheless, our Sustainable Development Program requires all BIC plants to measure, assess and reduce any potentially significant environmental impacts.

For 2011, the BIC Group quantified the direct and indirect emissions of GreenHouse Gases (GHG) from its manufacturing plants (scope 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2011 was estimated to 9,913 tonnes of CO_2 equivalent, i.e. a 17% decrease compared to 2010;
- **the indirect emissions** (scope 2) regard GHG emissions resulting from the production of the electricity consumed by the factories. The total amount of indirect GHG emissions in 2011 was estimated to 85,808 tonnes of CO_2 equivalent, i.e. approximately the same amount than in 2010.

The total amount of direct and indirect GHG emissions was thus estimated to 95,722 tonnes of CO_2 equivalent, representing a decrease of 1,825 tonnes of CO_2 equivalent compared with 2010 emissions. As the overall production increased by 1% between 2010 and 2011, the ratio of direct and indirect GHG emissions normalized to the Group production decreased by 3% at the same time.

Noise and odor impact

Odor is considered an insignificant aspect for 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 in the future, we will assess the situation and implement any appropriate corrective actions.

Measures taken to limit the effects on biological balance, natural habitats, and protected animal and plant species

The BIC Group's activities are linked to biodiversity in two main ways. First of all through its land use (industrial, logistical and administrative sites) around the world: their effect on biodiversity is the BIC Group's direct responsibility. Secondly through the purchasing of the raw materials (plastics, metal, etc.) that are used to make BIC® products and whose extraction can have an impact on biodiversity. Similarly, biodiversity can be affected by the transport activities contracted by the Group. These two types of impact are indirect from the Group's point of view.

In response to the first point, which is given priority, BIC relies on a "site approach" for integrating the issue of biodiversity in its Program.

In addition, in 2011 BIC initiated a review of its interactions with biodiversity and ecosystem services. The first phase of this review focused on controlling the risks to local biodiversity posed by the production facilities. An initial cartographic analysis of each BIC factory's physical surroundings was carried out in order to identify sensitive zones and prioritize the factories' risks of impacting their particular local biodiversity. The vast majority of BIC's factories are located in non-sensitive (in most cases industrial) zones, and neither their land use nor their operations pose any evident risk for their surroundings. A more in-depth analysis, in particular, taking each site's specific activity into account will be carried out in 2012 for sites that are located near a protected area, in cooperation with the sites in question. The results will allow BIC to evaluate the need for specific actions to protect local biodiversity.

2.2.5.2. Consumption of water, raw materials, energy resources and greenhouse gas emissions

Consumption of water resources

Water consumption per tonne of production decreased by 3% between 2010 and 2011. This variation is the result of the continuous improvement in water-use efficiency for years in the BIC Group. At the same time, the overall production increased by 1%.

12 sites reduced their gross water consumption in 2011. As an example, BIC Écriture 2000 (France) and BIC Shavers Mexico (Mexico) packaging facility achieved a 51% and 41% reduction in consumption by solving a leaking issue on the water supply line. BIC CORPORATION Milford (USA) decreased its water consumption by 24% while increasing production by 3% by operating only one chiller and one cooling tower versus two and three respectively due to a milder 2011 summer.

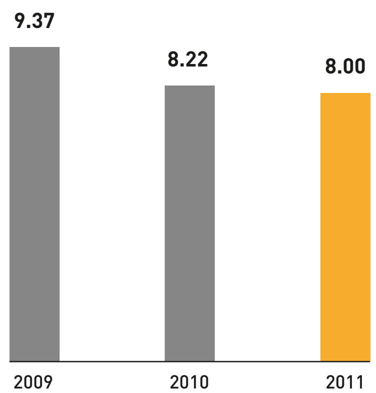
13 sites improved their ratio of water consumption per tonne of production. BIC Amazonia (Brazil), which represents 10% of the Group's water consumption, decreased its water consumption ratio by 24% largely due to an important program of leak detection and repair. Significant improvements in water efficiency per tonne of production were also achieved by BIC Iberia (Spain), BIC South Africa (South Africa) and BIC Violex (Greece), with respective decreases of 20%, 14% and 14%. BIC Iberia (Spain) reported several actions such

as replacement of the cooling equipment and improvement of an industrial process that reduces burrs on parts, thus reducing polishing and washing requirements. In addition, rainwater storage increased in 2011 for watering.

BIC plants either completed or implemented six projects targeted specifically at water savings, during 2011.

Annual water consumption normalized to BIC Factories production (1)

In cubic meter per tonne



Consumption of energy resources

Energy consumption per tonne of production decreased by 4% between 2010 and 2011. This variation reflects the continuous efforts and improvement by the Group's factories in energy efficiency. At the same time, the overall production increased by 1%.

Ten sites reduced their gross energy consumption in 2011. As an example, BIC Boulogne (France) achieved an 18% reduction of its consumption while increasing production by 5%, partly due to less run-time of a standby generator and less heating required for one factory. BIC CORPORATION Milford (USA) reduced its energy consumption by 26% while increasing its production by 3%. The main reason was the elimination of an oxidizer, after a process improvement that drastically reduced isobutane emissions during lighter filling, thus eliminating the need for the oxidizer.

For its transport operations, BIC has developed an approach to reduce its GHG emissions.

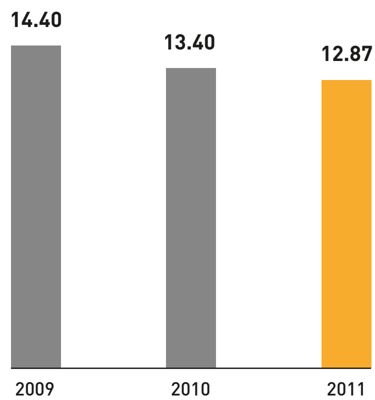
In year 2006, a carbon footprint was conducted in the BIC headquarters in Clichy (France) and in 2007, in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), with the Bilan Carbone ADEME methodology. The studies in factories showed that the indirect GHG emissions (issued by suppliers during production of materials, components and energy production of materials, components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

16 sites improved their ratio of energy consumption per tonne of production. Significant improvements of energy efficiency per tonne of production were achieved by BIC Ecuador (Ecuador), BIC Iberia (Spain) and BIC New Zealand (New Zealand), with respective decreases of 11%, 10% and 10%. BIC Iberia (Spain) implemented several actions after the energy-audit they conducted in 2010: replacement of cooling equipment, investment in eco-efficient plastic molding machines, replacement of lighting with micro-LEDs and division of heating zones. BIC New Zealand (New Zealand) re-educated employees on more efficient ways to run equipment and reported a reduction in LPG consumption through lower heating requirements as well.

BIC plants either completed or implemented 26 projects targeted specifically at energy savings, during 2011.

Annual energy consumption normalized to BIC Factories production (1)

In gigajoule per tonne



Greenhouse gas emissions and actions to fight climate change

Fighting climate change is an integral part of the Group's Sustainable Development Program, mainly through actions concerning its products, factories and logistic activities.

The product ecodesign approach, by targeting light and long lasting products, leads to the thrifty use of virgin materials which allows reducing the GreenHouse Gas (GHG) emissions associated with raw material extraction and processing.

For its transport operations, BIC has developed an approach to reduce its GHG emissions.

In year 2006, a carbon footprint was conducted in the BIC headquarters in Clichy (France) and in 2007, in two factories, BIC Amazonia (Brazil) and BIC Rasoirs (France), with the Bilan Carbone ADEME methodology. The studies in factories showed that the indirect GHG emissions (issued by suppliers during production of materials, components and energy production of materials, components and energy production purchased by the factories) account for most emissions. Priority areas for improvement identified by the Group are the reduction of electricity consumption and use of recycled plastic.

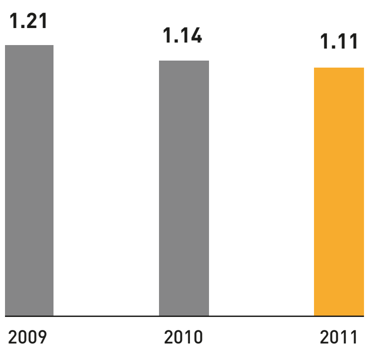
(1) There is an important variation when comparing 2009 and 2010 data, mainly due the integration of two new BIC APP sites in 2010, Sleepy Eye (USA) and Red Wing (USA), and the specifities of their activities such as the manufacture of heavier products (Sticky Notes, scratch-pad, etc.) or the importance of subcontracting; as a consequence, their ratios of water and energy consumption per tonne of production are lower than the ratios of most factories in the Group, thus contributing to the reduction of the Group's ratios in 2010. If the two sites are disregarded for 2010, the Group would have achieved a 3% reduction in water consumption and a 1% reduction in water consumption both normalized to production compared to 2009.

For 2011, the BIC Group quantified the direct and indirect GHG emissions from its manufacturing plants (scope 1 and 2):

- **the direct emissions** (scope 1) are GHG emissions resulting from the combustion of fossil fuels, primarily natural gas and fuel oil, mainly used to heat buildings. The total amount of direct GHG emissions in 2011 was estimated to 9,913 tonnes of CO_2 equivalent, i.e. a 17% decrease compared to 2010;
- **the indirect emissions** (scope 2) regard GHG emissions resulting from the production of the electricity consumed by the factories. The total amount of indirect GHG emissions in 2011 was estimated to 85,808 tonnes of CO_2 equivalent, i.e. approximately the same amount than in 2010.

The total amount of direct and indirect GHG emissions was thus estimated at 95,722 tonnes of CO_2 equivalent, representing a decrease of 1,825 tonnes of CO_2 equivalent compared with 2010 emissions. As the overall production increased by 1% between 2010 and 2011, the ratio of direct and indirect GHG emissions normalized to the Group production decreased by 3% over the same time period.

Annual direct and indirect greenhouse gas emissions normalized to BIC Factories production (1)
In tonne of CO_2 equivalent per tonne



In addition, BIC has entered a two year agreement (2012-2013) to purchase Renewable Energy Certificates (RECs) for 100% of the grid electricity used by BIC's three Connecticut (USA) locations: headquarters, a factory and an R&D center. BIC has made this commitment to help support the development and production of renewable wind-generated electricity. Constellation NewEnergy, the supplier, estimates that based on BIC's projected consumption over two years, these RECs represent the avoidance of approximately 18,000 metric tonnes of indirect carbon dioxide emissions that would otherwise be produced by the electricity grid (estimate is based on U.S. EPA eGRID2010 Version 1.0).

With respect to emissions from its logistic activities, BIC has developed a comprehensive program that measures and commits to reducing the GHG emissions per tonne of products shipped. Thus, the sixth commitment of the BIC Sustainable Development Barometer aims to reduce these emissions by 4% between 2011 and 2013. To achieve this goal, the Group has committed to use the emissions reduction efforts of its carriers as a selection criterion for at least 75% of the Group's transportation calls for tender before the end of 2013 (see part 2.2.5.4).

Consumption of raw materials resources

BIC is committed to optimizing the quantity of raw materials necessary to manufacture our products. The Group initiated an ecodesign method for stationery and shaver products. This is a preventive approach that enables us to integrate environmental concerns, beginning at the product design stage. In 2009, BIC began using SimaPro, an ecodesign expert software, to help our designers quantify and, when possible, minimize the environmental impact of a product, even before it is manufactured.

Eco-measurement has shown that the product weight / performance life ratio is a pertinent indicator. In fact, the more lightweight a product is and the longer it lasts, the better its environmental performance. This illustrates the necessity for finding solutions that are adapted to saving resources.

(1) There is an important variation when comparing 2009 and 2010 data, mainly due the integration of two new BIC APP sites in 2010, Sleepy Eye (USA) and Red Wing (USA), and the specifities of their activities such as the manufacture of heavier products (Sticky Notes, scratch-pad, etc.) or the importance of subcontracting; as a consequence, their ratio of greenhouse gas emissions per tonne of production is lower than the ratios of most factories in the Group, thus contributing to the reduction of the Group's ratio in 2010. If the two sites are disregarded for 2010, the Group would have achieved a 2% reduction in GHG emissions normalized to production compared to 2009.

Environmental performance measurements for three main BIC® products

LIFE CYCLE ASSESSMENT APPROACH - METHOD RECIPE END POINT (H/H) EUROPE	RAW MATERIALS	PRODUCTION	DISTRIBUTION	USAGE	END OF LIFE CYCLE
BIC® Cristal® ballpoint pen	88%	7%	4%	-	1%
BIC® Maxi flint lighter	87%	6%	5%	-	2%
BIC® Classic single-blade shaver	83%	11%	4%	-	2%
Shaver including usage	-	-	-	78%	-

BIC focuses on life cycle phases where it can take action. However, one must keep in mind that for shavers, the usage phase, when products are in the hands of consumers (also involving water, water heating and shaving cream packaging), is a major step, underlining the importance of consumer awareness of environmental issues.

Ecodesign research at the BIC Group has paid off, among others, with the launch of an environmentally responsible product range based on recycled or plant-derived materials: BIC® Ecolutions™.

BIC® Ecolutions™ **stationery products** are manufactured using recycled materials in compliance with the standard ISO 14021. The BIC® Ecolutions™ Clic Stic™ ballpoint pen is made with 62% recycled materials (by total product weight) and the BIC® Matic mechanical pencil with 76%.

BIC also develops refillable products, especially in its writing instruments range. On the USA market, refills are available on the dedicated website www.bicrefills.com. In Europe, they are available on the website www.bicworld.com, which links to an e-tail site offering the entire BIC® refill range.

Thank to this approach, BIC is the first manufacturer of writing instruments to earn the **NF Environnement certification, France's official ecological label**. For equal performance in use, the NF Environnement ecolabel granted by AFNOR Certification certifies products that have a reduced impact on the environment. To obtain the ecolabel, a product must comply with certain ecological and functional guidelines conceived to reduce its environmental impact (energy consumption, waste production, water-borne and airborne emissions, etc.) throughout its life cycle, from the extraction of the raw materials to the end of the product's useful life. The use of products bearing the NF Environnement mark helps reduce environmental impact and develop eco-responsible consumer behavior, as well as meeting one of the requirements of the *"Grenelle de l'environnement"* (France), which defines eco-responsible purchasing obligations for administrations with objectives set for 2012. A full range of 19 BIC® products has received the NF400 ecolabel granted by AFNOR. They include the BIC® Cristal® pen sold in boxes of 50 and the BIC® 4 Colors™ ballpoint pen, both historical products for the Group. To earn this distinction, the products must optimize both performance in use and environmental performance, using recycled materials or only small quantities of virgin materials. In the case of these BIC® products, the main criteria needed to receive the ecolabel are: limited quantities of raw materials or the use of recycled materials, a long performance life and the strength of the pencil leads. The first certification, for the BIC® Ecolutions™ Evolution™ pencil, was granted in June 2009, 18 months after the publication of the NF400 specifications.

In the field of **shavers**, in 2009 BIC launched the BIC® Ecolutions™ shaver, an ecodesigned product made for bioplastics with minimal packaging sold at an affordable price. Even though it has not been a huge success with consumers, the project has proven very informative for the BIC Group in several areas, such as raw materials research, the industrial processing of plant-derived materials, and building sales teams' awareness of sustainable development.

The R&D teams also applied the principles of ecodesign to develop the BIC® Easy "hybrid" shaver, launched in 2009, whose handle is sold with six refills (not sold separately) for a total of at least 60 days of shaving. The underside of the handle is ribbed in order to reduce the use of plastic by 20% without altering the shaver's ergonomic characteristics. The product's performance life is six times that of a standard non-refillable shaver. In addition, over its entire life cycle and for one year of shaving, the environmental impact of the BIC® Easy shaver is 59% less than a similar non-refillable BIC® model, like the BIC® Comfort 3® Advance™.

Furthermore in Europe, BIC is concerned by the conservation of natural resources conservation thanks to the **partnership of BIC with TERRACYCLE**, a pioneer in the collection and reuse of non-recyclable waste. In 2011, BIC joined forces with Terracycle to launch in eight European countries the first program for the collection and **recycling of used writing instruments**. Sponsored by BIC, this program allows users of the products to organize at their consumption sites (schools, universities, offices, etc.), the voluntary collection of all types of writing instruments, whether BIC® branded or not, to be recycled into new products such as pen holders, wastepaper baskets and watering cans. In return for this civic gesture, two euro cents per writing instrument collected is donated to a charity or not-for-profit association chosen by the organization responsible for the collection. In the case of schools, the money is donated directly to the school to finance a future educational project. This program enables the BIC Group to participate in the end-of-life management of its products, and in educational terms to promote the habit of sorting as well to improve understanding of the recycling stream concept. Previously, used writing instruments were not collected for any dedicated recycling waste stream. In France, for example, the initiative has met with great success, especially in schools, with more than 1,400 collection teams in operation as of the end of December 2011 and more than 70,000 products already recovered.

In 2011, BIC factories implemented one program targeting raw material reduction, and another one aiming at packaging thus contributing to the company's global effort.

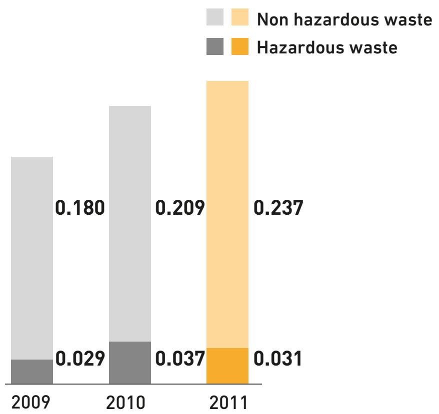
2.2.5.3. Waste management

The BIC Group registered a 9% increase in the amount of waste generated per tonne of production compared with 2010. It is the net result of a decrease in hazardous waste ratio (-16%) and an increase in non-hazardous waste ratio (+13%), both per tonne of production. Waste production from plant closures is included.

BIC plants either completed or implemented 15 programs targeted specifically at waste reduction during 2011.

Annual production of waste normalized to BIC Factories production (1)

In tonne per tonne



Hazardous waste

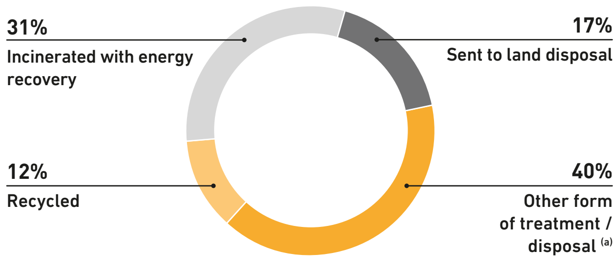
In 2011, the BIC Group registered a 16% decrease of hazardous waste generated per tonne of production compared with 2010.

12 sites improved their ratio of hazardous waste generated per tonne of production. BIC Iberia (Spain) reported a 41% decrease through an improvement in a wire pickling process that has significantly reduced sulphuric acid waste in both volume and weight. As another example, BIC Écriture 2000 (France) decreased its ratio of hazardous waste per tonne of production by 23% thanks to the re-use of soiled packaging in the ink area, returning it to the supplier. BIC CORPORATION Milford (USA) achieved a 21% decrease of its ratio by reducing several waste streams. One important success was a 30% reduction in wastes requiring incineration as a result of a program to increase operator awareness and accountability through detailed analysis of scrap.

It is important to note that the Group also decreased its ratio of hazardous waste normalized to production as a result of several one-time and exceptional events that occurred in 2010, but did not in 2011. Examples of such events are non-routine tank cleanings, engine oil changing, disposal of obsolete materials and closure of one plant.

2011 BIC Factories hazardous waste treatment

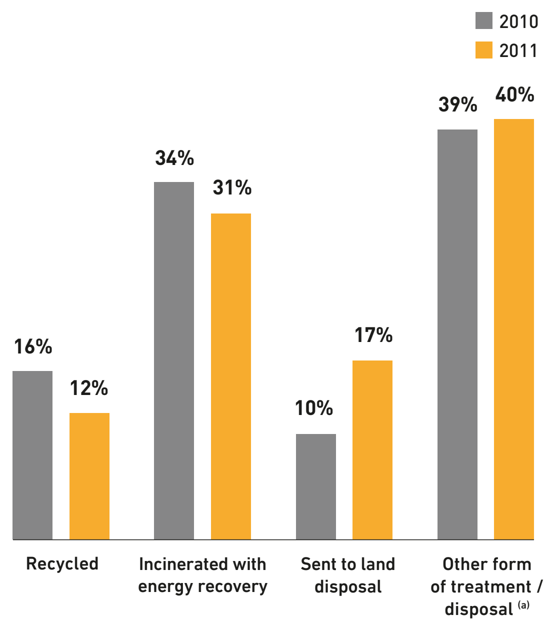
% of total expressed in tonnes



(a) Other treatments/disposal represents all other forms of waste treatment, including incineration without energy recovery.

BIC Factories hazardous waste categorization in 2010 and 2011

% of total expressed in tonnes



(a) Other treatments/disposal represents all other forms of waste treatment, including incineration without energy recovery.

Non-hazardous waste

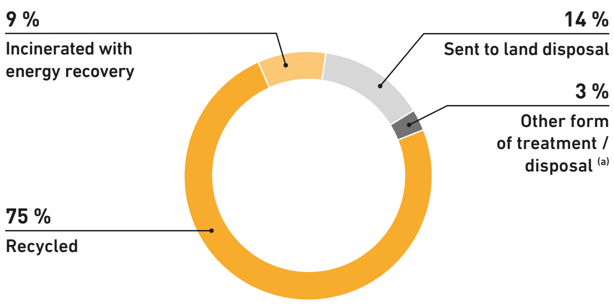
In 2011, the BIC Group registered a 13% increase in non-hazardous waste generated per tonne of production, compared with 2010. This increase is mainly related to several exceptional events in 2011. Examples of such events are an office refit, the destruction of some obsolete production tools and products, the manufacture and testing of new products, and testing of new materials which generated scrap. In addition, BIC Boulogne (France) closed one of its old plants, which significantly increased the amount of non-hazardous waste while resulting in no production.

(1) There is an important variation when comparing 2009 and 2010 data, mainly due to the integration of two new BIC APP sites in 2010, Sleepy Eye (USA) and Red Wing (USA), and the specificities of their activities such as the manufacture of heavier products (Sticky Notes, scratch-pad, etc) or the importance of subcontracting. If the two sites are disregarded for 2010, the Group would have recorded a 3% increase only in waste generation normalized to production compared to 2009.

Despite these exceptional events, six factories improved their ratio of non-hazardous waste per tonne of production. Significant improvements were achieved by BIC Ecuador (Ecuador), BIC Shanghai (China) and BIC CORPORATION Gaffney (USA), with respective decreases of 19%, 14% and 10%. BIC Ecuador (Ecuador) reduced the plastic contamination by raising awareness of its employees. BIC Shanghai (China) reported several reasons for its success, including elimination of some types of packaging thus reducing cardboard consumption and waste. As another example, new pallets are now re-used in the workshop for semi-finished products. BIC CORPORATION Gaffney (USA) worked on re-grinding more plastic scrap in its processes, thus reducing 11 tonnes of plastic waste. In 2011, the BIC Charlotte (USA) Packaging facility became the first BIC site to achieve and maintain a zero-landfill operation.

2011 BIC FACTORIES NON HAZARDOUS WASTE TREATMENT

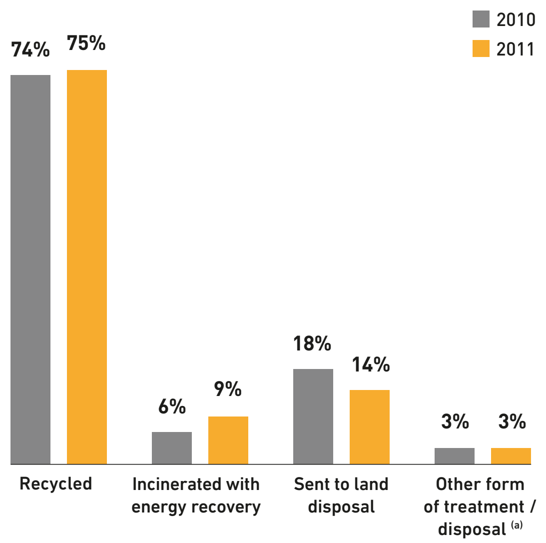
% of total expressed in tonnes



(a) Other treatments/disposal represents all other forms of waste treatment, including incineration without energy recovery.

BIC FACTORIES NON HAZARDOUS WASTE CATEGORIZATION IN 2010 AND 2011

% of total expressed in tonnes



(a) Other treatments/disposal represents all other forms of waste treatment, including incineration without energy recovery.

2.2.5.4. Shipping management

The objective of BIC's shipping management system is to ensure the availability of its products in some three million points of sale all over the world, thus maximizing customer satisfaction, and at the same time to reduce the environmental impact of its transport activities while optimizing costs. BIC engages in two types of transport for its products: "Intersite shipping," which refers to factory-factory and factory-warehouse shipments (inter- et intracontinental) and the "Distribution shipping," which refers to shipments from the factories or warehouses to the end customer.

BIC Group has factories all over the world, which tends to limit the need for shipping its products. In fact, in average, in the Consumer Business, 74% of the products sold in a continent are manufactured in this continent (90% in Europe and 64% in the Americas).

In addition, BIC has chosen to outsource its transport operations while maintaining a high level of internal expertise in the management of service providers, flow engineering and transport management tools. A specific effort focusing on each transport flow is the only way to provide high-quality, competitive shipping while reducing its environmental impact. This approach has allowed the Group to optimize its transport flows, in particular for distribution in France, the maritime link between Greece and Mexico and the supply of local warehouses from the central platform in Slovakia.

Led by the "Responsible Transport Community," which unites the shipping managers on each continent, the Group's approach comprises three main points: raising awareness and controlling emissions; optimizing shipments and routes ands selecting responsible carriers.

Controlling emissions

Like any function involving the supply chain, the optimization of shipping is a responsibility shared by a number of different teams within the BIC Group, from production to transportation, sales and warehouse management.

In order to raise its employees' everyday awareness, BIC is gradually integrating the measurement of GreenHouse Gas (GHG) emissions into its shipping management tools. In 2011, Brazil served as a pilot site for the integration of GHG emission measurements in their Transportation Management System.

Everywhere around the world, the impact on GHG emissions is taken into account in the evaluation of logistical networks. For example, a strategic study carried out in 2011 in conjunction with the opening of new warehouses in Spain and Portugal incorporated a carbon footprint analysis.

On the Group scale, commitment number six of the BIC Sustainable Development Barometer is devoted to this issue: "Reduce GHG emissions from our transport operations." One of the secondary objectives specifically measures GHG emissions per ton of products for intersite shipping, in particular to limit air transport. Similarly, specific analyses of the impact of air transport on carbon emissions have been shared within the Group.

In parallel, BIC encourages its service providers to submit their own reports on the emissions resulting from the transport of the Group's products, in order to work together to identify the challenges, leverage points and action plans to be considered in the effort to limit these emissions.

Optimizing shipments and routes

In shipping, the main leverage points for reducing emissions are the reduction of the distances traveled, the choice of transportation mode and load optimization. BIC's logistical teams are working on all three points in cooperation with other department of the Group, like production and sales, as well as its customers and service providers.

Mexico has opened more warehouses in order to bring the products closer to the consumers. In addition, the lead times needed for bringing in products manufactured on other continents have been taken more precisely into account in order to reduce the need for urgent deliveries by airfreight. BIC is also working closely with its customers to consolidate orders, maximize shipments and reduce the distances traveled.

Selecting responsible carriers

Ultimately, these logistical operations are carried out by the transport companies chosen by BIC. Therefore, their equipment, methods and management systems are mostly determining factors in the level of GHG emissions: the condition of the vehicles, training in the techniques of eco-driving, the use of speed governors, tire technology, emission measurement capacities, etc.

In order to encourage these stakeholders to adopt responsible practices, BIC is developing an increasingly demanding purchasing policy in terms of sustainable development. Compliance with these demands is specifically evaluated in the new edition of the Barometer, concerning both inter- and intracontinental intersite shipping and distribution shipping.

2.2.6. OTHER RELEVANT DATA

Expenses for preventing consequences on the environment

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

Annually, BIC factories plan and implement both short and long-term improvement programs targeted at preventing or minimizing consequences to the environment. In 2011, 3.6 million euros were invested in environmental improvement programs.

Provisions and guarantees for environmental risks

No provision.

The received guaranties regarding the environment are listed in Note 24 of the consolidated financial statements for the year "off-balance sheet avals and guarantees".

Compensation paid during the fiscal year under court order

None.

Actions taken to repair damage to the environment

In fulfillment of a compliance obligation associated with the sale and transfer of a former BIC Consumer Products Manufacturing Co., Inc. site in Milford (USA), BIC identified, removed and properly disposed of soils with low levels of contamination. The soil removal began and was completed in 2011.

2.3. Societal information

2.3.1. FAIR PRACTICES

2.3.1.1. Code of Ethics and prevention of corruption

Since 2007, **the BIC Code of Ethics** has defined the fundamental ethical principles that the Group asks all of its employees to follow under all circumstances and everywhere in the world. The objective is to build and sustain an authentic corporate culture of integrity, honesty and fairness. The Code of Ethics comprises:

- 11 standards covering the following aspects: respect for fundamental Human Rights, respect for the environment, compliance with the law, listening and communicating, and the prevention of any form of corruption;
- 12 principles governing the behavior of BIC employees in order to control risks arising from conflicts of interest, the protection of the Group's assets, professional commitment, and our relationship with our stakeholders;
- a Guide listing the questions that all BIC employees must ask themselves in order to assess their level of compliance with the Code of Ethics and facilitate its understanding and implementation.

The Code of Ethics is available in 14 languages and the Guide in two languages.

Every year, BIC awards a prize for exemplary ethical behavior of its employees through its "BIC Values in Action" program.

2.3.1.2. Product safety

Guaranteeing the quality and safety of its products is a crucial priority for the Group. Every day, BIC supplies 44 million products while maintaining consistent quality, checked through a vast array of test, and in compliance with national and international safety requirements.

In keeping with our Group policy, our Advertising and Promotional Products business (BIC APP) has developed a dedicated structure and processes to meet its own specific safety challenges. BIC APP must ensure the safety of a wide variety of product ranges whose production involves numerous contract manufacturers.

A team in charge of compliance

In order to ensure the safety of its customers and consumers, BIC Group has implemented stringent organization and processes in its factories. In addition, the Group has a dedicated full-time product safety team of four members who follow and implement industry standards, regulations and internal rules.

Safety starting at the product design stage

Starting with its design, each BIC® product meets all the national safety requirements for its target market, and often international requirements as well. As a result, BIC® products often exceed local safety requirements. For example, a pen sold in France complies with French and European regulations as well as Brazilian standards and the requirements of the USA market. It can be sold anywhere in the world and meets the most demanding safety standards.

Systematic tests

Before they arrive on the market, all BIC® products, including modified products, must pass a full program of safety qualification tests. These tests assess potential hazards, including physical, chemical and inflammability risks. For example, all of the inks used in our pens are analyzed by an independent toxicologist who evaluates their potential hazards, and tests are conducted to confirm that they contain no potentially harmful chemical substances. In addition, BIC® writing products comply with the various safety requirements in force around the world concerning heavy metals.

Quality and safety of lighters

The BIC Group's seven commitments

1. All BIC® lighter plants are ISO 9001 certified production plants. BIC® lighter products meet or exceed the ISO 9994 international safety standard requirements.
2. BIC is an active member of various associations (such as the European Federation of Lighter Manufacturers, ISO, AFNOR, etc.) in order to provide the latest and most reliable quality and safety information to its customers.
3. Each BIC® lighter undergoes more than 50 separate automatic quality checks. Additionally, BIC conducts regular post-market product tests.
4. BIC continuously develops exclusive technology to ensure the quality and safety of all BIC® lighters, e.g., a very stable flame and a reservoir which can resist extreme drop tests and elevated temperatures.
5. BIC has an integrated production process, designs and develops much of its own machinery and masters all the latest manufacturing technologies, from basic materials right down to the packaged product.
6. The BIC professionals are all guided by three principles: Method-Precision-Discipline. Each employee in the lighter plants spends nearly 25% of his or her time checking product conformity and proper operation of the control equipment.
7. BIC has been committed to sustainable, long-term safety programs for over 30 years.

Informing customers on lighter safety

Information about the quality and safety of its lighters is an absolute priority for the Group. In Europe for example, BIC publishes for its customers a newsletter (BICareful), with a print-run of 700,000 copies and in 15 languages. BICareful informs readers about changes in legislation and BIC's commitment to lighter safety.

BIC Group faces competition from a great many low-cost lighters that do not comply with international safety standards. The Group has initiated communication campaigns to raise awareness among the various parties involved (customers, government market monitoring agencies, etc.) and also participates in the European Commission working group in charge of coordinating member states' actions for the enforcement of regulations on lighters.

Also in 2010, in an effort to ensure consumer safety and to counter the competition from the many lighters that do not meet regulatory requirements, BIC filed a complaint against the Netherlands with the European Commission for non-enforcement of the Commission's 2006 decision on lighters. As a result, the European Commission has decided to open discussions with the Netherlands. The proceeding continued in 2011 and based on detailed information supplied by BIC, the Commission sent in December 2011 a set of questions to the Dutch authority (NVWA) in charge of the case.

2.3.2. ENSURING HUMAN RIGHTS IN THE WORKPLACE: IN BIC'S FACTORIES AND IN CONTRACT MANUFACTURERS'

As an industrial leader in the manufacturing of consumer products, BIC is committed to ensuring that its production facilities operate in an environmentally and socially responsible way. The Group strives ensuring high-quality working conditions for its employees and upholding basic Human Rights.

The very structure of its manufacturing chain gives BIC good control over its production: 79% of the Group's products are manufactured in its own factories (81% in the Consumer business; 71% in the Advertising and Promotional Products business of BIC APP), 87% of which are located in countries with no Human Rights risk according to Freedom House [1]. Additionally, on average, in the Consumer Business 74% of products sold on a continent are also manufactured on this continent (90% in Europe and 64% in the Americas).

Thus subcontracted products account for 21% of the Group's sales (19% for the Consumer Products Division, 29% for BIC APP) and are largely manufactured in countries with Human Rights risks. The Group's contract manufacturers are primarily located in China, the United States, and South Korea.

Consequently, to ensure respect for Human Rights in the workplace, BIC has implemented the necessary tools: a **Code of Conduct** derived from the standards of the International Labor Organization (ILO) (see 2.1.3.) and an audit program covering all factories that produce BIC® products. BIC considers social responsibility as a partnership, which requires shared values. In this spirit, BIC favors a common commitment to improvement rather than breaking off relations with its partners.

Checks and corrective actions Compliance with the Code of Conduct is verified by an audit program, as described below:

- since 2000, BIC has had **a program** in place to ensure worldwide compliance with its Code of Conduct by **contract manufacturers**. In 2005, the program was expanded to include manufacturers under local and regional contracts, which make BIC® products for local markets. Today, this program is applied to all of BIC's Consumer Products and Advertising and Promotional Products business. Ongoing audits are conducted every two years to verify that standards are maintained at a satisfactory level. For contract manufacturers producing Consumer Products for BIC, these audits are carried out by third party auditors. For the Advertising and Promotional Products business, due to the large number of contract manufacturers, the audit process involves a combination of external audits by third party auditors and audits by specially-trained BIC APP employees;
- **self-evaluations** have been conducted by all **BIC factories** since 2006. The responses are analyzed by independent Auditors. If needed, the factory Director is required to implement a corrective action plan (CAP) in collaboration with the Human Resources Department;
- **a training manual** facilitates the implementation of the CAP with the help of local teams.

The six steps for evaluating contract manufacturers

1. BIC Contract Manufacturer signs the BIC Code of Conduct.
2. Independent external monitoring agency (or in the case of BIC APP a specially-trained employee) conducts an initial assessment of the Contract Manufacturer.
3. Contract Manufacturer presents a corrective action plan (CAP) to BIC.
4. Contract Manufacturer implements the CAP within an agreed, reasonable time frame.
5. Follow-up assessment(s) to confirm implementation of the CAP.
6. Ongoing assessments (every two years).

The main non conformities with the BIC Group Code of Conduct concern: health & safety; unfair wages; working hours and not respecting limits on overtime hours. The main issues encountered during the process are contract manufacturers that are taking too long (more than six months) to implement corrective actions and achieve compliance and are having difficulty sustaining compliance until their next audit cycle (two years).

The gradual inclusion of BIC APP's contract manufacturers in the BIC Sustainable Development Program, especially as concerns the social audit process, has been accompanied by a considerable reduction in their overall number. These strategic decisions will enable the Group to ensure close, long-term relations of trust.

In order to confirm the validity of the BIC approach and demonstrate its commitment, the **BIC factory in Manaus (Brazil)** decided to apply for certification under the terms of the social responsibility standard SA 8000. This certification, which upholds respect for the fundamental rights of workers, required an audit of all of the factory's human resources management procedures, including working hours, overtime, days off, etc. The next challenge for the factory is to involve its suppliers and subcontractors in its improvement process, and to that end a list of priority suppliers has been drafted. Once they are informed of the process, they are asked to sign the Code of Conduct. Four subcontractors working on-site at the factory were audited in 2011 and four more will be audited in 2012.

(1) Source: Study "Freedom in the World 2011" of the non governmental organisation Freedom House.

2.3.3. ENSURING HUMAN RIGHTS IN THE WORKPLACE: IN BIC'S OFFICES

In 2010, BIC extended this process that previously applied only to the Group's factories to its offices located in three countries identified as having human rights risks. After the assessment of the offices in China in 2009, the offices in Russia and Colombia were evaluated in 2010 on their performance in relation to the Code of Conduct. The offices then signed the Code of Conduct and, where needed, adopted corrective action plans.

2.3.4. THE SUPPLIERS

The BIC Group maintains high standards in purchasing in order to guarantee the quality and performance of its products. Its demands encompass factors like compliance with deadlines, cost control, quality and innovation, but also include adherence to the Group's basic values and commitments in terms of sustainable development.

BIC has defined a set of purchasing guidelines and "golden rules" that govern the Group's relations with its suppliers around the world. In addition, the new supplier reference form contains a sustainable development section that is used to verify each supplier's compliance with BIC standards. This also allows the Group to improve relations with its suppliers by being actively attentive to them and putting their suggestions to good use.

Regarding sustainable development, the Purchasing Department:

- acts as an advisor to factories in order to foster lasting relations with suppliers;
- offers a supplier database for innovative materials;
- works closely with the French production sites to optimize their energy consumption and channel proposals from their suppliers.

In the area of transport, BIC has sought to raise its standards by making the reduction of greenhouse gas emissions a selection criterion in the Group's calls for tenders for transport operations.

BIC evaluates its suppliers according to Environmental, Social and Governance (ESG) criteria

In 2011, BIC launched a pilot initiative with the responsible purchasing specialist Ecovadis to evaluate 81 plastics suppliers, including their policies, actions implemented and results obtained, according to ESG criteria. BIC was thus able to identify suppliers that pose ESG risks, help them adopt an ongoing improvement approach and pinpoint and share best practices. Of the 70% of BIC suppliers that participated in this evaluation, only five were identified as needing to improve their efforts in sustainable development.

2.3.5. SOCIETAL RESPONSIBILITY REGARDING LOCAL POPULATIONS AND COMMUNITIES

BIC® products are distributed at 3.2 million points of sale. Present in 160 countries, the Group manufactures and distributes its products in developed marketplaces as well as in some of the most impoverished ones. BIC is committed to pursuing its sustainable development approach in every country where the Group operates. Although BIC's societal impact also affects developed countries, this section focuses mainly on BIC's approach in developing countries.

In order to reduce the gap between developed and emerging countries, the United Nations has set a list of priorities to combat poverty. The Millennium Development Goals (MDG), adopted in 2000 by 189 countries, emphasize the crucial role of universal access to education and hygiene. Respect and support for local communities is a core societal challenge for BIC, which the Group strives to meet through its local economic presence and philanthropic policies. In concrete terms, BIC introduces products that are affordable to the greatest number of consumers and adapts its offering to the specific habits and features of low-income communities. The Group backs a great many local initiatives, in particular for the communities near its production sites.

2.3.5.1. A local economic force in emerging countries

BIC highly values the local manufacturing of its products in order to contribute to local economic development and include the local communities in the value chain. The Group has strongly localized its manufacturing operations, especially via a network of 12 licensed factories only for the Middle East-African zone. This local partnership approach has kept brought BIC® products closer to its consumers, making them more affordable and minimizing the transportation share of the costs.

There are multiple benefits for the partners and the communities alike:

- local job creation: more than 500 jobs have been created with our licensed manufacturing partners thanks to BIC's direct operations in the Middle East and Africa, as well as hundreds of jobs in sales relations and trade. Initiatives like the retail kiosks in remote Nigerian areas have also generated income for more than 50 families from impoverished backgrounds;
- technology sharing and transfers: licensed local production of BIC's pen and shaver products essentially requires molding and product assembly operations. As they acquired with BIC skills and expertise in plastic molding technology, many licensed manufacturers now produce other plastic products of their own. As evidence of their quality standards, the partnerships between the BIC Group and our local partners enable the latter to diversify their business activities and to attract other large corporations;
- enhanced product competitiveness and strong local positioning help maintain BIC's quality standards at an affordable price for the greater number.

2.3.5.2. A social business initiative

In May 2011, BIC launched its first social business initiative in Bangladesh by joining the "Rural Sales Program", an operation organized by the NGO CARE. Launched in 2004, the program fights poverty by promoting entrepreneurial ventures among the poorest women. The "*Aparajitas*", (those who never give up) as these self-employed entrepreneurs are called, sell simple products (shavers in BIC's case) door-to-door in the most remote and impoverished rural areas of Bangladesh. The local BIC distributor and CARE teams give them sales training and coach them on the features and use of products and shaving practices. The Group sees the "Rural Sales Program" as an appropriate long-term solution for these women, giving them the means to overcome poverty and social isolation, as well as a feeling of pride and a new role in the community.

BIC was thus able to take advantage of its recent presence on the conventional retail circuits in Bangladesh to try out an innovative distribution model that makes simple, affordable, good quality products available to the inhabitants of remote areas. The project also offered an opportunity to identify the needs and expectations of Bangladeshi consumers and, in a broader sense, to prepare for the Group's future in emerging countries. This initiative illustrates BIC's intention to go beyond the conventional sales model, reconciling today's social objectives with the business objectives of tomorrow. In this way, BIC helped improve the living conditions of 900 women entrepreneurs and their families, for a total of 4,500 direct beneficiaries in 2011. In addition, more than 13,000 people were able to enhance their everyday lives by purchasing products through this distribution network.

2.3.5.3. Promoting philanthropic actions

"BIC Citizens in action"

"BIC Citizens in action" is a worldwide program launched by the BIC Group in 2008. Based on a shared commitment by the Group and its employees to protect the planet and support local communities, it addresses societal issues at both the global and local levels:

At the global level, the program includes a worldwide campaign organized and supervised by the Group every two years. A specific project is approved by the Executive Committee and implemented in partnership with a Non-Governmental Organization (NGO). In 2010, a project entitled "Haiti: a Home, a Future" was undertaken to provide emergency assistance to Haitian earthquake victims, rebuild houses and redevelop the country's rural economy. In 2008, the project "Plant More than a Tree… and Create Life" funded a mangrove reforestation program in Indonesia. For these international projects, the shared commitment of BIC and its employees takes the form of a matching funds campaign: the employees are mobilized through fundraising drives and presentations of the sponsored project in all subsidiaries worldwide, and the Group doubles the amount of money collected.

At the local level, BIC Citizens in action encompasses numerous volunteer projects around the world, in which BIC employees donate their time, energy and resources to help worthy local associations and organizations. All of these operations were actively pursued in 2011, and publicized in a newsletter, the objective being to promote local initiatives and encourage employees to get involved. The newsletter, published every month in English and French, is e-mailed to all employees and made available on the company intranet. Eight issues were released in 2011, highlighting a total of 25 local operations.

PROGRAM TYPE	NUMBER OF ACTIONS	EXAMPLES OF VOLUNTEER ACTIVITIES AMONG BIC GROUP SUBSIDIARIES
Employee volunteer work	70	**France:** Employees at the Clichy head office collected food and personal care products to be distributed in local food banks operated by "*Secours Populaire Français*", an independent humanitarian association that fights poverty and financial insecurity in France and other countries.
		USA: Volunteers from BIC APP gave presentations to children of all ages explaining how corporations contribute to local territorial development.
		Australia: Employees in Melbourne organized a raffle to raise money for the Royal Children's Hospital Good Friday Appeal, a fund drive that gives terminally ill children access to the best possible medical care.
		Costa Rica: BIC employees participated in a tree-planting program in San José's La Sabana Park.
		Canada: BIC employees organized a barbecue and a raffle to raise funds, which were matched by the Group, to help the victims of the earthquake and tsunami in Japan.
		Brazil: An internal fundraising campaign was launched for the benefit of AAPPNE ("*Associação de Apoio às Pessoas Portadoras de Necessidades Especiais*"), an association that promotes cultural development among seniors and the disabled.
		Nicaragua: BIC employees contributed to the reforestation of the grounds of a help center for needy children.
		USA: BIC employees donated warm clothing to be distributed to the poor by the Salvation Army.

Product donations and financial aid by BIC Group and its subsidiaries

In addition to the "BIC Citizens in action" program, the Group and its subsidiaries also donate products and financial aid. Local philanthropic activities, managed by the Group's local subsidiaries, might be at the initiative of a subsidiary, employees or different stakeholders in the community who become aware of a need. These operations address local as well as global needs. Because of its historical core products, BIC's community activities are mainly focused on the fields of education and health. Depending on local needs, the Group also participates in projects for the environment, emergency humanitarian aid and sports. The following table gives a few examples of these local operations.

PROGRAM TYPE	NUMBER OF ACTIONS	EXAMPLES OF PRODUCT DONATIONS AND FINANCIAL AID BY BIC GROUP SUBSIDIARIES
Product donations	107	**USA:** Donation to teachers of 20,000 kits containing an assortment of writing instruments.
		Spain / France: Donation of writing instruments to charities working in emerging countries like Ethiopia, Peru, Madagascar, Cambodia, Nepal, Senegal, etc.
		Chile: Donation of writing instruments to an underfunded school located near BIC Chile.
		Switzerland: Donation of writing instruments to *Progetto Amore*, a charitable institution founded in 2009 to help persons in need, especially children and teenagers. Every year the association hosts a fundraising event and reallocates 100% of the contributions to various preselected organizations to back a specific project. (www.progettoamore.ch).
		Brazil: Donation of shavers as part of a partnership with "*Casas André Luiz*", a charitable organization that has been helping mentally retarded persons for more than 60 years, offering them care and improving their quality of life. (www.andreluiz.org.br).
		Spain: In 2009, BIC joined the Talita Foundation, an organization that promotes the social and educational integration of children suffering from physical or mental disorders like trisomy 21 (Down's syndrome). In 2011, BIC organized a painting workshop for the presentation of the annual Talita calendar, and also donated coloring products for children.
		USA: Donation of products to local associations.
		Oceania: Donation of products to Planet Pen, an organization that promotes the education of children in emerging countries (e.g. Papua New Guinea).
Financial aid	71	**USA:** BIC matched the funds raised by its employees to renew its support for the United Way, an organization dedicated to resolving pressing local community issues.
		Brazil: Donations to several neighborhood associations located near BIC Brazil in Sao Paulo devoted to defending children's rights, improving the accessibility of cultural events, and promoting education and training. One example is "*Amarati*", an organization that promotes the schooling of children suffering from neurological disorders, taking their specific needs into account. (www.amarati.org.br).
		France: Donation to *Sport Dans La Ville*, the leading association in France working for social integration through sports.
		France: Donation to "*L'enfant@l'hôpital*", a philanthropic society which provides children in the hospital with access to a special computer network. This helps them feel less lonely and keep up with their schoolwork.
		Greece: Support for "*ALMA ZOIS*", an organization devoted to helping women suffering from breast cancer and raising awareness of the importance of screening.
		Slovakia: Sheaffer contributed to the construction of a playground in its neighborhood.
		USA: BIC is a partner of SIFE (Students *In Free* Enterprise), an association that sponsors educational outreach projects on university campuses focusing on its five pillars: market economics, success skills, entrepreneurship, financial literacy and business ethics.
		Ecuador: Support for a local project to improve conditions for schoolchildren.

Examples of local actions by BIC subsidiaries

In 2011, a total of 183 philanthropic projects involving volunteer work, product donations and financial aid were carried out worldwide, representing more than 0.5% of the Group's pretax profits, primarily in education and health. These two sectors account for 72% of BIC's community activities, and represent 69% of their total estimated financial value.

In 2011, the employees of **BIC Canada** took action for the benefit of disabled children, raising more than 4,000 euros for "Erinoak Kids," a charity that helps children and young adults with physical, developmental, and communication disabilities achieve an optimal level of independence, health and well-being.

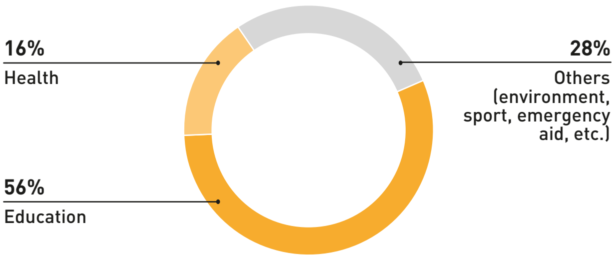
BIC France donated nearly 300 kg (more than 600 pounds) of food and personal care products to be distributed in local food banks operated by the French charity "*Secours Populaire Français*", which fights poverty and social exclusion in France and other countries. In the USA, the team at the BIC APP site in Sleepy Eye collected more than 450 kg (1,000 pounds) of food for the local food bank in just one week.

For 2010 and 2011, **BIC USA** Inc. supported "Susan G. Komen for the Cure®", across all three categories of stationery, lighters and shavers, with a total donation of 300,000 U.S. dollars to help in the fight against breast cancer.

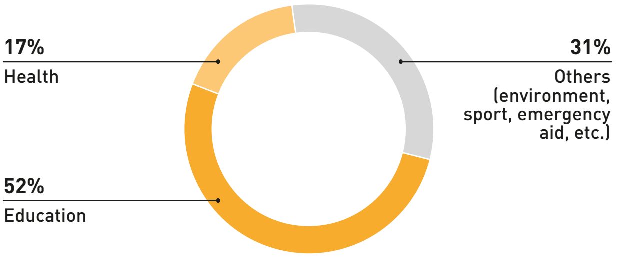
Employees of **BIC France** also contributed to the cause by taking part in a walk/run organized by the association "Odyssea" to raise funds for the Gustave Roussy Institute, Europe's leading breast cancer research center. In **Oceania**, a number of volunteer actions were organized in 2011 by BIC employees in Australia and New Zealand to raise funds for anti-cancer groups like the "Australian Cancer Council" and the "New Zealand Child Cancer Foundation".

In **Europe**, BIC is a partner of "*Dons Solidaires*", an association that specializes in charitable donations of products, organizing the distribution of school kits for underprivileged students. In 2011, almost 40 member associations in the "*Dons Solidaires*"network distributed nearly 10,000 complete kits containing notebooks, pens, etc., before the start of the school year. BIC also supports *AFEV*, an association to help prevent student failure in schools. Funded in part by the French national education system, this association promotes scholastic tutoring through a network of volunteer students working in lower-class neighborhoods. BIC supports *AFEV* through both financial and material donations.

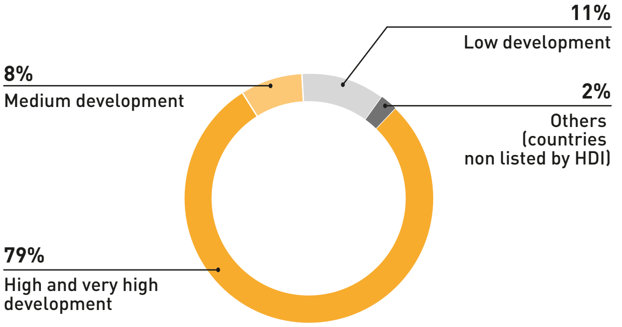
Breakdown of actions by field



Financial breakdown of activities



Distribution of activities by country level of development according to the United Nations Human Development Index (HDI)



2.4 Workforce information

TOTAL WORKFORCE

For the year ending December 31, 2011, the BIC workforce totalled 9,198 permanent and 1,257 temporary employees located in 52 countries around the world. Changes in staff numbers by region are shown below:

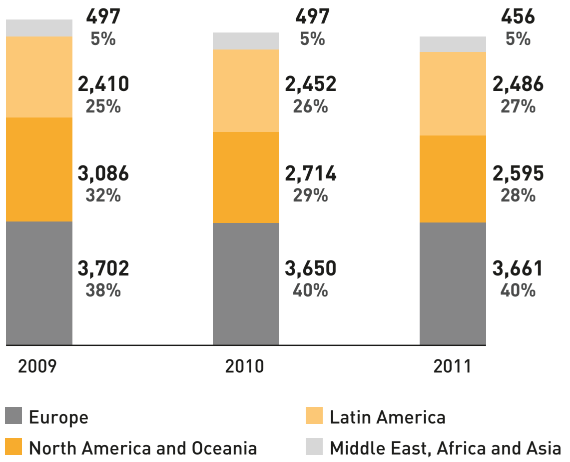
Workforce from 2009 to 2011 by region

WORKFORCE BY REGION	DECEMBER 2009	DECEMBER 2010	DECEMBER 2011	CHANGE 2011/2010
Europe	3,702	3,650	3,661	+11
North America and Oceania	3,086	2,714	2,595	(119)
Latin America	2,410	2,452	2,486	+34
Middle East, Africa and Asia	497	497	456	(41)
TOTAL PERMANENT STAFF ON EQUIVALENT FULL TIME	**9,695**	**9,313**	**9,198**	**(115)**
Temporary	754	1,192	1,257	+65
TOTAL ON EQUIVALENT FULL TIME	**10,449**	**10,505**	**10,455**	**(50)**

In 2011, permanent employees decreased by 115.

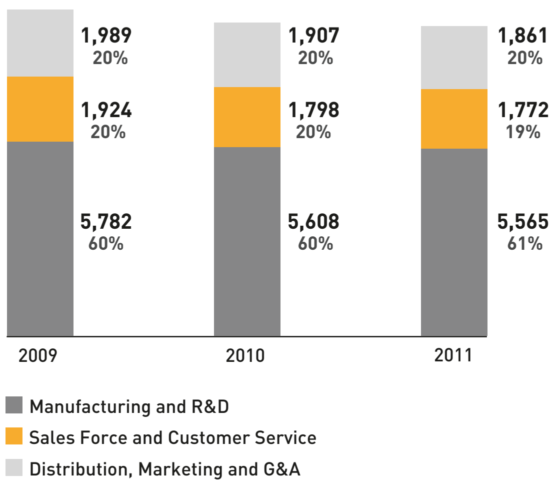
This essentially reflects the headcount reduction in the Advertising and Promotional Products sector (-94 in Europe and -122 in the United States) and in PIMACO Brazil (-75) while two acquisitions were made in the United States (Sologear +13 and Angstrom Power +29) and four new offices have been opened (Serbia +3, Bulgaria +1, Dubai +6 and Peru +8).

Permanent employees by continent



Permanent employees (with a permanent employment contract) accounted for 88% of the total workforce. Temporary workers account for 12% of the workforce, split across temporary staff, fixed-period contracts and school and university interns. On December 31, 2011, the number of temporary workers was higher than on December 31, 2010: +65 (1,257 versus 1,192). This increase happened in manufacturing units for shavers (+128 of which +65 in Saltillo, Mexico and +46 in Athens, Greece) and for BIC APP (+67 in the United States). As last year, temporary workers are employed in production (80% of temporary staff), sales support (6%) and distribution/administration (14%), essentially due to the highly seasonal nature of BIC's activities.

Permanent employees by activity



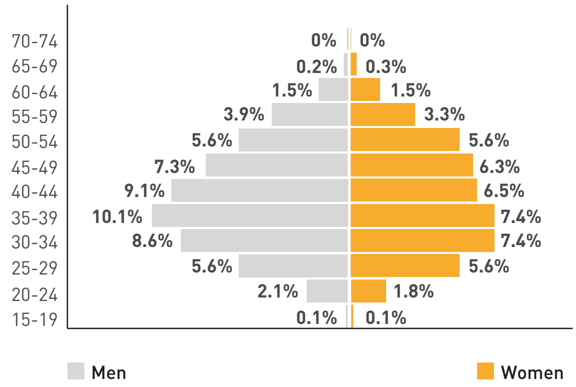
The workforce, across each activity, has remained proportionally constant for the last three years, reflecting the stability of BIC's system of organization.

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

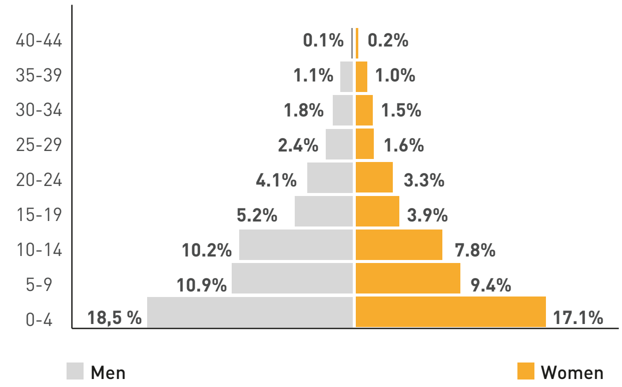
In 2010, the internal headcount survey showed:

- **69 nationalities** were represented in the permanent headcount of the Group;
- the median age of BIC **employees was 40 years** and median seniority was **8 years**;
- the analysis of the age pyramid showed that all ages were represented in the Group. The seniority pyramid showed loyalty of BIC employees (26.2% of BIC employees have more than 15 years of seniority).

AGE STRUCTURE



SENIORITY STRUCTURE



In 2011, **women** accounted for 45% of permanent employees of the Group excluding acquisitions. They accounted for 38% of the workforce in Europe, 55% in North America, 42% in Latin America and 57% in Middle East, Africa and Asia.

PERMANENT HEADCOUNT BY GENDER AND BY CATEGORY

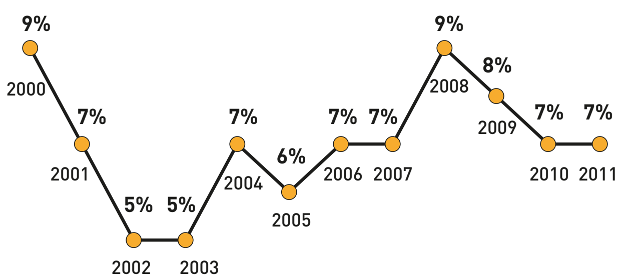
	DECEMBER 2010	DECEMBER 2011	VARIATION 2011/2010
Managers women	859	852	(7)
Managers men	1,399	1,501	+102
Total managers	**2,258**	**2,353**	**+95**
Non-managers women	3,407	3,288	(119)
Non-managers men	3,648	3,557	(91)
Total non-managers	**7,055**	**6,845**	**(210)**
Total women	**4,266**	**4,140**	**(126)**
Total men	**5,047**	**5,058**	**+11**
TOTAL	**9,313**	**9,198**	**(115)**

Managers accounted for around 26% of permanent Group employees in 2011. 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 on at least an annual basis. Management might refer to a team, a project, a process, a technique, a client or a supplier portfolio.

In 2011, 36% of these managers, 26% of Directors or senior executives and 9% of the Leadership Team were women.

Voluntary turnover in the Group workforce reached 7% in 2011, as in 2010. In 2011, voluntary turnover was stable in most of the regions. The voluntary turnover in Asia significantly decreased (34% in 2010 to 17% in 2011) but remains the highest in the Group. Europe has the lowest voluntary turnover (4%) due to staff stability in factories.

VOLUNTARY TURNOVER



In addition, the Group has carried out more than 600 terminations of which half took place in Latin America, specifically in PIMACO Brazil and in the factories of Manaus (Brazil) and Saltillo (Mexico).

For **recruitment purposes**, the Group has, over recent years, developed a mobility policy and an active internal promotion policy that is backed by efficiently used career management tools (Individual Development Plan, Succession Plan, talent accelerators, etc.).

In 2011**, 63%** of the four top manager levels **were internal promotions**. In 2010 and 2009, the rate was 70% and the preceding three years the rate was superior to 80%. In 2011, 47% of all the managers were promoted internally, and 45% in 2010.

In addition, the Group recruited some 200 external candidates for entry-level or middle management positions, and some 800 for factory and staff positions. In 2011, the external recruitment rate for managers was 9% while it was 12% for others.

No external recruitment difficulties have been encountered thanks to the introduction of innovative, qualitative tools (Linkedin) that enhance awareness of the Company in the international employment market, and thanks to collaboration with internationally-reputed specialized recruitment companies. Over recent years, the Group has reinforced in-house the managers' expertise in recruitment techniques and has developed a more efficient selection and tracking procedure.

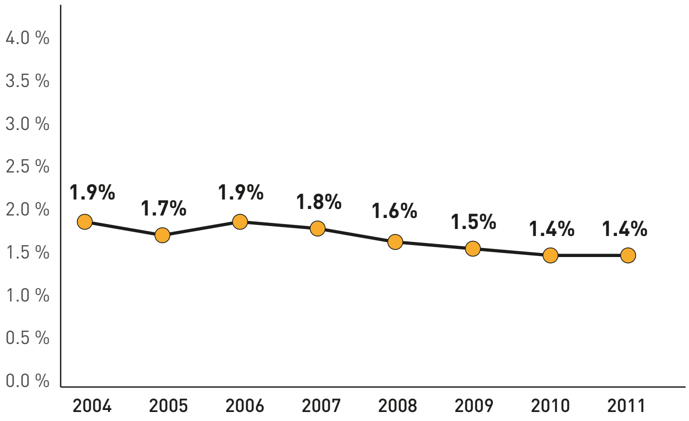
WORK ORGANIZATION

Work organization methods and working hour adjustments are determined on the basis of each site's forecasts for production requirements and customer service needs. BIC Group constantly strives to improve work organization methods. Overtime is strictly measured and managed in the locations where it is needed.

Absenteeism (excluding on-site accidents and maternity) remained low for a Group average at 1.4%, as in 2010, compared with 1.5% in 2009, 1.6% in 2008, 1.8% in 2007, 1.9% in 2006, 1.7% in 2005 and 1.9% in 2004.

The absenteeism rate including on-site accidents and maternity is also low and stable, at 2.2%.

ABSENTEEISM (EXCLUDING ON-SITE ACCIDENTS AND MATERNITY)



For several years now, the Human Resources Department has enhanced awareness of the issue among the Company management by releasing figures at the Group level that provide a comparative analysis of detailed results from each company, and by implementing specific action plans.

SAFETY IN THE WORKPLACE

In keeping with its Environment, Health & Safety (EH&S) Policy, BIC Group strives to prevent or at least reduce health and safety risks for its employees, subcontractors and people who live or work near its production sites. BIC pursues this objective by deploying and implementing health and safety management systems, which are implemented in the supply, production and distribution phases to cover the risks inherent in the Group's various activities. In 2011, the work accidents are mainly caused by use of machines or tools (25%) and by manual handling (24%). In addition, a team of three EH&S experts assists the sites in the deployment and follow-up of programs for reducing their employees' health and safety risks.

NUMBER OF ACCIDENTS LEADING TO LOSS OF TIME – BIC PLANTS
(Per million of hours worked)

2009	2010	2011
8.23	9.11	7.77

SEVERITY RATE: NUMBER OF CALENDAR DAYS LOST AS A RESULT OF ACCIDENTS – BIC PLANTS
(Per thousand of hours worked)

2009	2010	2011
0.34	0.39	0.36

In December 2011, the Greek site in Athens was granted OHSAS 18001 safety certification. This project demonstrates the Group's desire to continue raising its standards in terms of health and safety all of its factories. Coordinated by the site's safety manager, the certification drive could not have succeeded without the dedication and involvement of every team. Having also obtained environmental certification, the Athens factory now has triple certification for quality, safety and environmental protection.

REMUNERATION

Within the Group, the average annual cost (including payroll taxes) of each employee totalled 48,729 euros in 2011, or a 1.4% decrease at actual exchange rates from 2010.

Analysis using constant exchange rates shows a 0.1% increase compared with 2010. Overall, this slight rise reflects:

- a small 0.6% increase in average fixed remuneration;
- a 11.3% decrease in variable remuneration compared to 2010 when the good results led to the payment of good bonuses and to the payment of an exceptional premium to all employees non-eligible for stock options or shares;
- a 2.6% increase in payroll taxes and other perquisites.

BIC Group's remuneration policy is determined every year by the Human Resources Director in agreement with the Leadership Team. It is based on 3 principles:

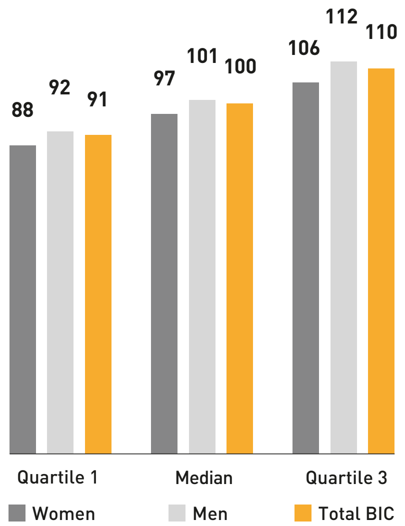
- pay for performance;
- internal equity;
- external competitiveness.

An essential element in the BIC Group's remuneration policy is the 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). 85% of the managers present on December 31, 2011 have received a base salary increase during 2011.

In 2011, variable remuneration relating to performance represents an average of 14% of fixed remuneration salaries.

In 2011, a complete analysis of the external competitiveness of managers' base salaries was commissioned. For the 51 countries in which BIC has some managers, Hay Group supplied market median data 2011 for each BIC level.

COMPARISON OF MANAGERS' SALARY WITH THE MARKET



Results showed that, on average, BIC managers, men or women, are positioned at their local market median including men and women. The gap between men and women, compared to the market, becomes less apparent with age. Globally, the 4 point difference between men and women at BIC is explained by the structure of the population : women who are 36% of managers, are younger than men (40% of women are less than 35 years old while 40% of men are more than 45 years old).

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

For non-managers, BIC guarantees an appropriate remuneration and respects minimum salaries determined by local laws.

Human Resources Teams are responsible for implementing BIC Group's remuneration policy and for ensuring that it is adhered to.

PROFESSIONAL RELATIONS

In 2011 in France, the various sites and their respective personnel representatives, continued to sustain the company agreements signed in 2009 and 2010. The Group is committed to ensure professional development, especially of the more senior employees and those with disabilities, mobility (both of function and of location) and transfer of skills. This commitment resulted in the follow-up of local action plans and better sharing of good practice between sites.

In 2011, company talks were also held to manage the negotiation of the profit-sharing bonus with the personnel representatives.

Lastly, when the Group had to proceed with structural change, the changes were made following consultation with the personnel representatives and after searching for solutions in line with the local rules and requirements.

TRAINING

The values of responsibility and ethical behavior emphasized by BIC go hand in hand with its perennial concern for the professional development of the Group's workforce. This is reflected in the implementation of training and development programs aimed at strengthening employees' skills and employability.

Identifying and preparing future managers

In job markets where excellent human resources are increasingly sought after and sometimes scarce, it is fundamental to focus our efforts on identifying and developing these key resources.

These talents, whose role is crucial for the Company's development, are the subject of special attention and of tailored development plans. In 2011, as in every year, a succession plan, based on a detailed analysis of our organization and resources, was approved by the Chairman and CEO.

In addition, a new performance review process was implemented in 2010, with the objective of sharing information within the Group management teams. This process will facilitate and develop internal promotions for key positions. In 2011, 63% of the four top manager levels, 44% of the middle management positions and 21% of non-managers were promoted internally.

Training, a key priority for the Group

BIC University is one of the Group's main tools for developing our employees' skills.

Established in 1998, BIC University is a company training center whose purpose is to develop strong management skills within the Group in order to facilitate teamwork and the sharing of team culture across many job functions and countries. In 2011, nearly 23,000 training days were logged.

The innovative programs created at BIC University since 2008 include the following:

- the Mini-MBA is an actual certification program created in collaboration with the MIP (Management Institute of Paris) whose objective is to provide the most up-to-date level of knowledge across different key business functions (strategy, finance, sales, marketing, HR, supply chain, production) to young managers. More than 130 managers have already participated in this program in the USA, Latin America and Europe;
- the Masters at BIC University (MBU) is a three-year program for each of the three above-mentioned continents for developing leadership capacity. It is conducted by several coach-consultants who personally supervise the participants in numerous simulation exercises;
- In 2010, BIC University launched a new program: the Executive Management Program. The objective is to prepare the future top managers of BIC subsidiaries in Europe. The participants – all with high potential – will be trained three days per quarter during two years on technical and management skills which are necessary for a leader. BIC University has innovated by introducing co-development groups and by proposing individual coaching to participants. This program was extended in 2011 through an Executive Management Program in the developing countries where BIC is active, uniting 20 participants from Latin America, Middle East, Africa and Oceania. The first session was held in Brazil in September 2011 and the program will continue in 2012 and 2013.

BIC University is a key holder of BIC's culture, values and skills. It has been a crucial tool for **the integration of new employees**, in particular following the acquisition of Norwood Promotional Products and Antalis Promotional Products. In 2010, in cooperation with the Europe Consumer Products business teams, BIC University developed a new integration program called "Welcome to BIC" for newly-hired managers from one of the Group's 12 European subsidiaries. This one-week program is offered an average of three times per year, bringing together new managers from all countries and all departments.

Lastly, the Group offers **local training programs** focusing on the job functions of the various business units, especially the production sites. The Group also offers local training programs that focus more on the skills deployed in BIC's factories. These recurrent programs are adapted to meet local needs. Offered to non-managers, they cover topics such as IT tools, information management and basic English skills. They are not only technical - the Manaus plant in Brazil, for example, offers many general training courses.

DISABLED EMPLOYEES

In 2011, disabled workers at the Group's largest sites totalled 169 (excluding indirect jobs associated with outsourcing). They numbered 52 in Europe, 72 in North America/Oceania, 44 in Latin America and 1 in Asia.

During 2011, 90 new disabled workers have been recruited or identified in the Group.

A program to help disabled employees has been put in place in each site.

CHARITIES

In 2011, BIC donated 1.402 million euros to its French subsidiaries' charities, as defined in Article R. 432-2 of the French Labor Code.

3

CORPORATE GOVERNANCE

3.1. Mandates of the Directors and the Corporate Officers as of December 31, 2011

CHAIRMAN OF THE BOARD OF DIRECTORS

BRUNO BICH	
Age	65
Nationality	French/American
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on June 2, 1986
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights.
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy - France

Main position:

- Bruno Bich was Chairman and Chief Executive Officer of SOCIÉTÉ BIC from May 27, 1993 to February 28, 2006.
- He has been Chairman of the Board of Directors of SOCIÉTÉ BIC since March 1, 2006.

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
EDHEC Group	France	Member of International Advisory Board

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Management Institute of Paris – M.I.P. – (merged with EDHEC Group)	France	Co-founder and member of the Supervisory Board
Altadis	Spain	Director of the Board
Imperial Tobacco [a]	United Kingdom	Director of the Board

(a) Listed company.

CHIEF EXECUTIVE OFFICER AND DIRECTOR

MARIO GUEVARA	
Age	52
Nationality	Mexican
Independent Director	No
Date of 1st appointment	Director of the Board: Annual Shareholders' Meeting on May 22, 2001 Chief Executive Officer: March 1, 2006
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	No
Number of BIC shares held	9,860
Professional address	BIC INTERNATIONAL One BIC Way, Suite 1 Shelton, CT - 06484 - 6299 - USA

Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006, Mario Guevara was General Manager for North, Central and South America from 2001 to March 10, 2004 and then Executive Vice-President until February 28, 2006.

Main position:

- Chief Executive Officer of SOCIÉTÉ BIC since March 1, 2006.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
BIC Chile SA (a)	Chile	Chairman of the Board
BIC CORPORATION (a)	USA	Chairman of the Board Chief Executive Officer Director of the Board
BIC INTERNATIONAL Co. (a)	USA	Chief Executive Officer Director of the Board
BIC Japan KK (a)	Japan	Director of the Board

(a) BIC Group.

Expired mandates or functions in the previous five years (non BIC Group companies):

- Not applicable.

EXECUTIVE VICE-PRESIDENT AND DIRECTOR

FRANÇOIS BICH	
Age	62
Nationality	French
Independent Director	No
Date of 1st appointment	Board of September 30, 1977 ratified by the Annual Shareholders' Meeting on May 29, 1978
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights.
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy - France

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC since December 15, 1988;
- General Manager Lighters of BIC Group.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Société du Briquet Jetable 75 ("BJ 75") (a)	France	President
SOCIÉTÉ M.B.D.	France	Chairman of Supervisory Board

(a) BIC Group.

Expired mandates or functions in the previous five years (non BIC Group companies):

- Not applicable.

DIRECTORS

MARIE-PAULINE CHANDON-MOËT (MAIDEN NAME: BICH)	
Age	44
Nationality	French
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014, for fiscal year 2013
Member of a Committee	No
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights.
Professional address	FERRAND Château de Ferrand Saint-Hippolyte 33330 Saint-Émilion - France

Main position:

- President of Ferrand SAS (France - non listed company).

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
SOCIÉTÉ M.B.D.	France	Director of Supervisory Board

Expired mandates or functions in the previous five years (non BIC Group companies):

- Not applicable.

JOHN GLEN	
Age	52
Nationality	British
Independent Director	Yes
Date of 1st appointment	Board of December 10, 2008 ratified by the Annual Shareholders' Meeting on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2012 for fiscal year 2011
Member of a committee	Chairman of the Audit Committee
Number of BIC shares held	500
Professional address	THE BUCCLEUCH GROUP 27 Silvermills Court - Henderson Place Lane Edinburgh EH3,5DG United Kingdom

Main position:

- Chief Executive Officer of Buccleuch Group (United Kingdom - non listed company).

Other current mandates or functions:

- Not applicable.

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Air Liquide Group [(a)]	France	Vice-President Finance and Administration Member of the Executive Committee
European Financial Reporting Group (EFRAG)	Belgium	Vice Chairman of the Supervisory Board

(a) Listed company.

GILLES PÉLISSON	
Age	54
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 22, 2001
Expiration date	Annual Shareholders' Meeting in 2013, for fiscal year 2012
Member of a committee	Chairman of the Compensation and Nomination Committee
Number of BIC shares held	500 + 500 jointly held shares
Professional address	GILVIEN SERVICES 40, rue François 1er 75008 Paris - France

Main position:

- Independent Director and President of Groupement des Professions de Services (GPS) – MEDEF (France).

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
TF1 [(a)]	France	Director of the Board
Groupe Lucien Barrière SAS	France	Permanent representative of Marc de Lacharrière Group, Director of the Board
Fondation ESSEC	France	President
Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, Inc.	USA	Director of the Board

(a) Listed company.

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Accor [a]	France	Chairman of the Board Director of the Board Chief Executive Officer
Fondation Accor	France	President
ASM	France	Permanent representative of ACCOR Director of the Board
Lenôtre	France	Chairman of the Supervisory Board Director of the Board
ESSEC	France	Chairman of Supervisory Board
Accor Services Italia S.r.l.	Italy	Director of the Board
Sofitel Italia S.r.l. (ex Sagar S.r.l.)	Italy	Director of the Board
Accor Partecipazioni Italia S.r.l. (ex Accor Hospitality Italia)	Italy	Director of the Board
Scapa Italia S.r.l.	Italy	Director of the Board

(a) Listed companie.

MARIE-HENRIETTE POINSOT (MAIDEN NAME: BICH)	
Age	50
Nationality	French
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 21, 1997
Expiration date	Annual Shareholders' Meeting in 2012 for fiscal year 2011
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights.
Professional address	OPTIONS 1 chemin du Bois des Remises 78130 Les Mureaux - France

Main position:

- Director of strategic planning of the Options Group (France – non listed company).

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
Options SAS	France	Member of Strategic Planning Committee

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Tosniop SA	France	Director of the Board
Options SA (now Options SAS)	France	Director of the Supervisory Board
Ferrand SA (now Ferrand SAS)	France	Director of the Board

FRÉDÉRIC ROSTAND	
Age	49
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 28, 2003
Expiration date	Annual Shareholders' Meeting in 2014 for fiscal year 2013
Member of a committee	Compensation and Nomination Committee
Number of BIC shares held	1,000
Professional address	SODIAAL 170 bis boulevard du Montparnasse 75680 Paris cedex 14 - France

Main position:

- Chief Executive Officer of SODIAAL Group (France – non listed company).

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
Sodiaal Union	France	Chief Executive Officer
Groupe Sodiaal	France	Chief Executive Officer
Sodiaal International	France	Chief Executive Officer
Beuralia	France	Director of the Board
Entremont Alliance	France	Director of the Board
Juragruyère	France	Director of the Board
CF&R (Compagnie des Fromages & RichesMonts)	France	Vice-Chairman of the Board and Chief Executive Officer Director of the Board
Nutribio	France	Director of the Board
Yoplait SAS	France	Censor
Orlait	France	Management Committee Member
Louis Delhaize SA	Belgium	Director of the Board

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Générale de Santé SA [a]	France	Chairman of the Directory Board
Compagnie Générale de Santé SAS	France	President
Générale de Santé Cliniques	France	Chairman Chief Executive Officer
GIE Générale de Santé	France	Director of the Board
GIE Générale de Santé Hospitalisation	France	Director of the Board
Conectis Santé	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Hôpital Privé Beauregard (ex Provence Santé)	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Sam Bio	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
École Européenne de Chirurgie	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Cofindex	France	Permanent representative of Sogur, Director of the Board
Fondation d'entreprise Générale de Santé	France	Director of the Board
Financière la Providence	France	Permanent representative of Compagnie Générale de Santé, Director of the Board
Générale de Santé Domicile	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Immobilière de Santé	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Pass	France	Permanent representative of Générale de Santé Cliniques, Director of the Board
Saint Louis Sucre SA	France	Chairman of the Directory Board
SFOP	France	Representative of Saint Louis Sucre SA, President
Saint Louis Sucre International	France	Representative of Saint Louis Sucre SA, President
COFA	France	Chairman of the Supervisory Board
Sucreries de Bourgogne	France	Permanent representative of Saint Louis Sucre SA, Director of the Board
1829 Victor Fauconnier (previously Distilleries Ryssen)	France	Director of the Board
Südzucker AG [a]	Germany	Director of the Directory Board
Raffinerie Tirlemontoise	Belgium	Director of the Board
Ebro Puleva [a]	Spain	Director of the Board
Eastern Sugar BV	Netherlands	Director of the Board
Slaska Spolka Cukrowa SA	Poland	Vice-President of the Supervisory Board

(a) Listed companies.

SOCIÉTÉ M.B.D.	
Type of legal entity	Société en commandite par actions
Registration	389,818,832 – Register of Trade and Companies of Nanterre (France)
Independent Director	No
Date of 1st appointment	Annual Shareholders' Meeting on May 24, 2006
Expiration date	Annual Shareholders' Meeting in 2012, for fiscal year 2011
Member of a committee	Audit Committee
Number of BIC shares held	26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights (as of December 31, 2011)
Address	1 place Paul Verlaine 92100 Boulogne-Billancourt - France
Permanent representative	Édouard Bich 47 years old Nationality: French Main position: Managing Director of SOCIÉTÉ M.B.D. Other current mandate or function: Member of the Supervisory Board of Envie de Fraises Company (France – non listed Company) Expired mandates or functions in the previous five years (non BIC Group companies): Not applicable. Professional address: Allée du Château 1 – 1195 Dully - Switzerland. Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

SOCIÉTÉ M.B.D. does not exercise any other mandate.

PIERRE VAREILLE	
Age	54
Nationality	French
Independent Director	Yes
Date of 1st appointment	Annual Shareholders' Meeting on May 14, 2009
Expiration date	Annual Shareholders' Meeting in 2012, for fiscal year 2011
Member of a committee	Audit Committee
Number of BIC shares held	1,000
Professional address	CONSTELLIUM 40-44 rue Washington 75008 Paris - France

Main position:

- Chairman and Chief Executive Officer of CONSTELLIUM as from March 1st, 2012 .

Other current mandates or functions:

- Chairman of the Alumni Association of *Ecole Centrale of Paris*.

Expired mandate or function in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
FCI SA (resignation on December 31, 2011)	France	Chairman of the Board and Chief Executive Officer
FCI Holding (resignation on December 31, 2011)	France	President
FCI AUTOMOTIVE HOLDING SAS (resignation on December 31, 2011)	France	Permanent representative of FCI President
FCI Asia Pte. Ltd. (resignation on December 22, 2011)	Singapore	Director of the Board
FCI USA, Inc. (resignation on December 31, 2011)	USA	Chairman of the Board and Chief Executive Officer
Wagon PLC (a)	United Kingdom	Chief Executive

(a) Listed company.

EXECUTIVE VICE-PRESIDENT

MARIE-AIMÉE BICH-DUFOUR	
Age	53
Nationality	French
Date of 1st appointment	Board of March 22, 1995
Number of BIC shares held	Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights
Professional address	SOCIÉTÉ BIC 14 rue Jeanne d'Asnières 92110 Clichy - France

Main positions:

- Executive Vice-President of SOCIÉTÉ BIC.
- General Counsel of BIC Group.

Other current mandates or functions:

COMPANY	COUNTRY	MANDATE/FUNCTION
Association Nationale des Sociétés par Actions (ANSA)	France	Representative of SOCIÉTÉ BIC, Director of the Board
ASMEP-ETI (Syndicat des Entreprises de Taille Intermédiaire)	France	Representative of SOCIÉTÉ BIC, Director of the Board
BIC Holdings Southern Africa (Pty.) Ltd. (a)	South Africa	Director of the Board
BIC GmbH (a)	Germany	Managing Director
BIC Australia Pty. Ltd. (a)	Australia	Director of the Board
BIC Iberia SA (a)	Spain	Director of the Board
BIC Violex SA (a)	Greece	Director of the Board
Sheaffer (Hong Kong) Co. Ltd. (a)	Hong Kong	Director of the Board
BIC India Pvt. Ltd. (a)	India	Chairman and Director of the Board
BIC Products Pte. Ltd. (a)	India	Chairman and Director of the Board
BWI Manufacturing India Pvt. Ltd. (a)	India	Chairman and Director of the Board
BIC Malaysia Sdn. Bhd. (a)	Malaysia	Director of the Board
Mondial Sdn. Bhd. (a)	Malaysia	Director of the Board
BIC (NZ) Ltd. (a)	New-Zealand	Director of the Board
BIC Portugal SA (a)	Portugal	Director of the Board

(a) BIC Group.

Expired mandates or functions in the previous five years (non BIC Group companies):

- Not applicable.

ABSENCE OF CONVICTION OF THE DIRECTORS AND THE CORPORATE OFFICERS

To the Company's knowledge and during the five previous years, no Directors or Corporate officers has been convicted in relation to fraudulent offences, associated with a bankruptcy, receivership or liquidation or the subject of any official public incrimination or sanction by statutory or regulatory authorities (including designated professional bodies) or a decision by a court disqualifying them from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

ABSENCE OF A CONFLICT OF INTERESTS AMONG THE DIRECTORS AND THE CORPORATE OFFICERS

There is no conflict of interest between any duties to the issuer, of the persons referred to above, and their private interests and/or other duties.

3.2. Senior Management compensation and employees' interests in the issuer's capital

3.2.1. SENIOR MANAGEMENT COMPENSATION

3.2.1.1. Compensation policy

3.2.1.1.1. General policy

Remuneration is fixed by the Board of Directors upon the recommendation of the Compensation and Nomination Committee. This committee:

- analyzes and compares trends in remuneration for comparable individuals and positions in the marketplace;
- analyzes the performance of individuals and of the Company as a whole;
- ensures that the Group's policies and priorities are reflected in variable remuneration programs, both short and long-term.

3.2.1.1.2. Rules governing the granting of the variable annual part (Bonus) in 2011

a) The Chairman, Bruno Bich, received no variable remuneration for 2011.

b) The bonus paid to the Chief Executive Officer, Mario Guevara, was calculated on the basis of five criteria proposed by the Compensation and Nomination Committee and authorized by the Board of Directors at the beginning of the fiscal year:

CRITERIA	2011 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2011 BONUS PAID, AS A % OF BASE SALARY
Group net sales	30%	28.5%
Net income	30%	37.2%
Net cash from operating activities	15%	13.8%
Inventory	10%	8.5%
Personal objectives	35%	32.0%
TOTAL	**120%**	**120%**

The bonus paid for 2011 represents 100% of the bonus target, amounting to 840,000 U.S. dollars.

c) The bonus paid to the Executive Vice-Presidents, François Bich and Marie-Aimée Bich-Dufour, was calculated on the basis of four criteria:

Bonus - François Bich

CRITERIA	2011 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2011 BONUS PAID, AS A % OF BASE SALARY
Net sales	12.0%	13.8%
Income from operations	18.0%	28.5%
Inventory	12.0%	10.2%
Personal objectives and general appraisal	18.0%	18.0%
TOTAL	**60.0%**	**70.5%**

The 2011 bonus paid to François Bich amounts to 318,464 euros, which represents 118% of the bonus target.

Bonus - Marie-Aimée Bich-Dufour

CRITERIA	2011 BONUS TARGET AS A % OF BASE SALARY	ACTUAL 2011 BONUS PAID, AS A % OF BASE SALARY
Net sales	9.0%	8.64%
Income from operations	13.5%	18.36%
Inventory	9.0%	7.65%
Personal objectives and general appraisal	13.5%	13.50%
TOTAL	**45.0%**	**48.15%**

The 2011 bonus paid to Marie-Aimée Bich-Dufour represents 107% of the bonus target, amounting to 128,873 euros.

3.2.1.2. Individual remuneration

The total amount of remuneration awarded to the four Corporate Officers for the fiscal year 2011 is equal to 1,402,137 euros as fixed remuneration (base) and 1,050,655 euros as variable remuneration (bonus). For the fiscal year 2010, those amounts were 1,403,618 euros as fixed remuneration (base) and 1,213,224 euros as variable remuneration (bonus) [(1)].

The total amount of remuneration awarded to the members of the Management team ("Leadership" team of eleven members, including the Chief Executive Officer and the two Executive Vice-Presidents) was equal to 3,506,826 euros as fixed remuneration (base) and 2,210,075 euros as variable remuneration (bonus). For the fiscal year 2010, the team was made up of eleven members and those amounts were 3,466,920 euros as fixed remuneration (base) and 2,678,529 as variable remuneration (bonus) [(1)].

Total compensation and fringe benefits awarded for fiscal years 2010 and 2011 by SOCIÉTÉ BIC and by the companies it controls, according to Article L. 233-16 of the French Commercial Code, to members of the Management bodies and to Senior Management of SOCIÉTÉ BIC in accordance with their functions within the Group, were as follows:

Tables 1 - Summary of compensation, options and shares awarded to each Corporate Officer

BRUNO BICH CHAIRMAN	FINANCIAL YEAR 2010 *(in euros)*	FINANCIAL YEAR 2011 *(in euros)*
Compensation due in respect of the financial year (detailed in table 2)	165,000	180,000
Valuation of stock options awarded during the financial year (detailed in table 4)	-	-
Valuation of performance shares awarded during the financial year (detailed in table 6)	-	-
TOTAL	**165,000**	**180,000**

Bruno Bich has been the Non-Executive Chairman since March 2006 and receives a fixed remuneration (with no variable element) through SOCIÉTÉ BIC, in relation to his position as Non-Executive Chairman.

(1) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2011 (1 euro = 1,3923 U.S. dollars) and for 2010 (1 euro = 1,3255 U.S. dollars).

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	FINANCIAL YEAR 2010 *(in U.S. dollars)* [(a)]	FINANCIAL YEAR 2011 *(in U.S. dollars)* [(b)]
Compensation due in respect of the financial year (detailed in table 2)	1,726,267 (1,302,352 euros)	1,622,906 (1,165,629 euros)
Valuation of stock options awarded during the financial year (detailed in table 4)	-	-
Valuation of performance shares awarded during the financial year (detailed in table 6)	1,275,486 (962,268 euros)	1,842,953 (1,323,675 euros)
TOTAL	**3,001,753 (2,264,620 euros)**	**3,485,859 (2,489,304 euros)**

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2010 (1 euro = 1.3255 U.S. dollars).
(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2011 (1 euro = 1. 3923 U.S. dollars). (See Note 1-10 to the consolidated financial statements).

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2010 *(in euros)*	FINANCIAL YEAR 2011 *(in euros)*
Compensation due in respect of the financial year (detailed in table 2)	793,299	773,858
Valuation of stock options awarded during the financial year (detailed in table 4)	-	-
Valuation of performance shares awarded during the financial year (detailed in table 6)	471,700	588,300
TOTAL	**1,264,999**	**1,362,158**

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	FINANCIAL YEAR 2010 *(in euros)*	FINANCIAL YEAR 2011 *(in euros)*
Compensation due in respect of the financial year (detailed in table 2)	420,167	398,755
Valuation of stock options awarded during the financial year (detailed in table 4)	-	-
Valuation of performance shares awarded during the financial year (detailed in table 6)	165,095	205,905
TOTAL	**585,262**	**604,660**

Tables 2 - Summary of the compensation of each Corporate Officer

BRUNO BICH CHAIRMAN	AMOUNTS FOR FINANCIAL YEAR 2010 *(in euros)*		AMOUNTS FOR FINANCIAL YEAR 2011 *(in euros)*	
	Due	Paid	Due	Paid
Fixed compensation	165,000	165,000	180,000	180,000
Variable compensation	-	-	-	-
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	-	-	-	-
TOTAL	**165,000**	**165,000**	**180,000**	**180,000**

MARIO GUEVARA CHIEF EXECUTIVE OFFICER	AMOUNTS FOR FINANCIAL YEAR 2010 *(in euros)* (a)		AMOUNTS FOR FINANCIAL YEAR 2011 *(in euros)* (b)	
	Due	Paid	Due	Paid
Fixed compensation	700,000 (528,103 euros)	700,000 (528,103 euros)	700,000 (502,765 euros)	700,000 (502,765 euros)
Variable compensation	945,000 (712,939 euros)	860,000 (648,812 euros)	840,000 (603,318 euros)	945,000 (678,733 euros)
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	1) Vehicle benefit: 19,200 (14,485 euros)	1) Vehicle benefit: 19,200 (14,485 euros)	1) Vehicle benefit: 19,200 (13,790 euros)	1) Vehicle benefit: 19,200 (13,790 euros)
	2) Company contributions to Company U.S, savings plan:	2) Company contributions to Company U.S, savings plan:	2) Company contributions to Company U.S, savings plan:	2) Company contributions to Company U.S, savings plan:
	a) 401 K: 7,350 (5,545 euros)	a) 401 K: 7,350 (5,545 euros)	a) 401 K: 7,350 (5,279 euros)	a) 401 K: 7,350 (5,279 euros)
	b) "Exec Comp Plan": 28,000 (21,124 euros)	b) "Exec Comp Plan": 28,000 (21,124 euros)	b) "Exec Comp Plan": 28,000 (20,111 euros)	b) "Exec Comp Plan": 28,000 (20,111 euros)
	3) Other: 26,717 (20,156 euros)	3) Other: 26,717 (20,156 euros)	3) Other: 28,356 (20,366 euros)	3) Other: 28,356 (20,366 euros)
TOTAL	**1,726,267 (1,302,352 euros)**	**1,641,267 (1,238,225 euros)**	**1,622,906 (1,165,629 euros)**	**1,727,906 (1,241,044 euros)**

(a) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2010 (1 euro = 1.3255 U.S. dollars).
(b) Amounts in U.S. dollars were converted into euros using the average exchange rate for 2011 (1 euro = 1. 3923 U.S. dollars).
(See Note 1-10 to the consolidated financial statements).

FRANÇOIS BICH EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2010 *(in euros)*		AMOUNTS FOR FINANCIAL YEAR 2011 *(in euros)*	
	Due	Paid	Due	Paid
Fixed compensation	442,865	442,865	451,722	451,722
Variable compensation	350,000	311,969	318,464	350,000
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 434	Vehicle (Value of benefit): 434	Vehicle (Value of benefit): 3,672	Vehicle (Value of benefit): 3,672
TOTAL	**793,299**	**755,268**	**773,858**	**805,394**

MARIE-AIMÉE BICH-DUFOUR EXECUTIVE VICE-PRESIDENT	AMOUNTS FOR FINANCIAL YEAR 2010 *(in euros)*		AMOUNTS FOR FINANCIAL YEAR 2011 *(in euros)*	
	Due	Paid	Due	Paid
Fixed compensation	267,650	267,650	267,650	267,650
Variable compensation	150,285	136,502	128,873	150,285
Extraordinary compensation	-	-	-	-
Directors' fees	-	-	-	-
Fringe benefits	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232	Vehicle (Value of benefit): 2,232
TOTAL	**420,167**	**406,384**	**398,755**	**420,167**

3.2.1.3. Directors' fees

Bruno Bich, Mario Guevara, François Bich and Marie-Aimée Bich-Dufour receive no Directors' fees in connection with the functions they perform in Group companies.

Also, none of the Leadership Team members receive Directors' fees in connection with the functions they perform in Group companies.

Total Directors' fees paid to Mrs. Chandon-Moët, Mrs. Poinsot, Mr. Glen, Mr. Pélisson, Mr. Rostand, Mr. Vareille and SOCIÉTÉ M.B.D. are determined on the basis of their participation in the Audit Committee and the Compensation and Nomination Committee of the Board of Directors.

These Board members do not receive any other compensation from BIC.

TABLE 3 - NON-CORPORATE OFFICERS' FEES

BOARD MEMBERS	DIRECTORS' FEES PAID RELATING TO 2010 *(in euros)*	DIRECTORS' FEES PAID RELATING TO 2011 *(in euros)*
Marie-Pauline Chandon-Moët	30,000	31,000
John Glen	40,000	47,000
Gilles Pélisson	40,000	47,000
Marie-Henriette Poinsot	40,000	43,000
Frédéric Rostand	40,000	43,000
SOCIÉTÉ M.B.D.	40,000	43,000
Pierre Vareille	40,000	43,000
TOTAL	**270,000**	**297,000**

3.2.1.4. Allocation of stock options

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided not to award stock options in 2011 and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible) will receive three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

To the knowledge of the Company, no hedging instrument has been put in place by the two Corporate Officers holding stock options (Mario Guevara and Marie-Aimée Bich-Dufour). Moreover, these Corporate Officers have made the formal commitment not to use such instruments.

The dilutive impact of the previous stock option grants is reported in Note 7 to the consolidated financial statements. A template that summarizes all stock option plans is included in Note 17 to the consolidated financial statements.

TABLES 4 - STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2011 TO EACH CORPORATE OFFICER

OPTIONS AWARDED TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NATURE OF THE OPTIONS (PURCHASE OR SUBSCRIPTION)	VALUATION OF THE OPTIONS ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(in euros)*	NUMBER OF OPTIONS AWARDED DURING THE FINANCIAL YEAR 2011	EXERCISE PRICE *(in euros)*	EXERCISE PERIOD
N/A	-	-	-	-	-	-

STOCK OPTIONS AWARDED DURING THE FINANCIAL YEAR 2010 TO EACH CORPORATE OFFICER

OPTIONS AWARDED TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NATURE OF THE OPTIONS (PURCHASE OR SUBSCRIPTION)	VALUATION OF THE OPTIONS ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(in euros)*	NUMBER OF OPTIONS AWARDED DURING THE FINANCIAL YEAR 2010	EXERCISE PRICE *(in euros)*	EXERCISE PERIOD
N/A	-	-	-	-	-	-

Tables 5 - Stock options exercised during the financial year 2011 by each Corporate Officer

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE *(in euros)*	AWARD YEAR
N/A	-	-	-	-

Stock options exercised during the financial year 2010 by each Corporate Officer

OPTIONS EXERCISED BY CORPORATE OFFICERS (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR	EXERCISE PRICE *(in euros)*	AWARD YEAR
Mario Guevara	7 (Dec. 15, 2004)	12,000	36.76	2004
	8 (Dec. 14, 2005)	15,000	50.01	2005
Marie-Aimée Bich-Dufour	3 (Dec. 18, 2000)	6,500	41.03	2000

3.2.1.5. Free, performance-based share allocations

From 2005, exercising the power placed at its disposal by the May 19, 2005 Annual Shareholders' Meeting, by the May 23, 2007 Annual Shareholders' Meeting, and by the May 12, 2010 Annual Shareholders' Meeting the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants.

Regarding the seven plans in force, performance is assessed over a three-year period according to the achievement of two objectives:

- net sales growth;
- net cash from operating activities, excluding capital outlays, as a percentage of net sales.

At the conclusion of this three-year period in which the required level of performance must be achieved, the shares, which are permanently transferred, will be non-transferable for a further period of three years. In addition, according to Law n°2006-1770 of December 30, 2006, BIC Corporate Officers will have to keep 20% of free shares acquired, until their mandate expires. The 20% will be reduced to 10% when the Chief Executive Officer owns five years of base salary in BIC shares and when the Executive Vice-Presidents own three years of base salary in BIC shares.

To the knowledge of the Company, no hedging instrument has been put in place by the three Corporate Officers mentioned in the tables 6 and 7 below. Moreover, these Corporate Officers have made the formal commitment not to use hedging instruments.

In 2011, 87,650 shares were granted to 28 beneficiaries.

In 2010, 83,475 shares were granted to 27 beneficiaries.

The total number of granted shares is reported in Note 17 to the consolidated financial statements.

Tables 6 - Performance shares awarded during the financial year 2011 to each Corporate Officer

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(in euros)*	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	7 (Feb. 15, 2011)	22,500	1,323,675	Mar. 15, 2014	Mar. 15, 2017	1. Increase net sales 2. Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	7 (Feb. 15, 2011)	10,000	588,300	Mar. 15, 2014	Mar. 15, 2017	
Marie-Aimée Bich-Dufour	7 (Feb. 15, 2011)	3,500	205,905	Mar. 15, 2014	Mar. 15, 2017	

Performance shares awarded during the financial year 2010 to each Corporate Officer

PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH CORPORATE OFFICER BY THE ISSUER AND BY ANY COMPANY OF THE GROUP	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES AWARDED DURING THE FINANCIAL YEAR	VALUATION OF THE SHARES ACCORDING TO THE METHOD USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(in euros)*	ACQUISITION DATE	AVAILABILITY DATE	PERFORMANCE CONDITIONS
Mario Guevara	6 (Feb. 16, 2010)	20,400	962,268	Mar. 16, 2013	Mar. 16, 2016	1. Increase net sales 2. Net cash from operating activities, excluding capital outlays, as a percentage of net sales
François Bich	6 (Feb. 16, 2010)	10,000	471,700	Mar. 16, 2013	Mar. 16, 2016	
Marie-Aimée Bich-Dufour	6 (Feb. 16, 2010)	3,500	165,095	Mar. 16, 2013	Mar. 16, 2016	

Tables 7 - Performance shares that have become available during the financial year 2011

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE FOR EACH CORPORATE OFFICER (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
Mario Guevara	1 (May 19, 2005)	1,855	70% of the initial allocation is finally acquired, based on the realization of performance conditions	2005
Marie-Aimée Bich-Dufour	1 (May 19, 2005)	1,855		2005

Performance shares that have become available during the financial year 2010

PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE FOR EACH CORPORATE OFFICER (NOMINATIVE LIST)	NUMBER AND DATE OF THE PLAN	NUMBER OF SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR	ACQUISITION TERMS	AWARD YEAR
N/A	-	-	-	-

3

3.2.1.6. Pension plans

a) Since April 2006, the Chairman, Bruno Bich, has been receiving a pension paid by the BIC CORPORATION Supplementary Executive Retirement Plan, to which he has been contributing for more than 30 years. In 2011 Bruno Bich received 555,360 U.S. dollars.

b) Mario Guevara contributes to the BIC CORPORATION Supplementary Executive Retirement Plan. This plan provides a pension equal to 2.5% of the average remuneration of the last three years of service, by year of seniority, with a maximum of 50% (i.e. 20 years). The commitments arising from this plan are recorded in BIC CORPORATION's accounts in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2011 for Mario Guevara is 7,888,613 U.S. dollars (7,241,066 U.S. dollars for the Supplementary Executive Retirement Plan and 647,547 U.S. dollars for the U.S. Qualified Pension Plan). As of December 31, 2011, Mario Guevara has accrued a pension benefit equivalent to 2.5% x 19 years of service = 47.5% of the average of the last three years of service (*i.e.*, for information, a pension equal to 719,000 U.S. dollars, if he had stopped his activity in December 31, 2011).

c) François Bich and Marie-Aimée Bich-Dufour contribute to the Supplementary Executive Retirement Plan for BIC executives in France. This plan, which is an additional pension plan, provides a supplementary pension to the compulsory plans equal to 1.25% of the average remuneration of the last three years of service, based on years of membership of the plan, with a maximum of 25% (*i.e.* 20 years). In addition, the consolidation of all their pension rights cannot exceed a replacement rate of 50%. SOCIÉTÉ BIC has made provision for the commitments arising from this plan in accordance with IAS 19. The amount of pension liability included in BIC's IAS 19 obligation as of December 31, 2011 is 3,900,610 euros for Francois Bich and 1,212,660 euros for Marie-Aimée Bich-Dufour. As of December 31, 2011, François Bich has accrued a pension benefit equivalent to 1.25% x 20 years of service = 25% of the average remuneration of the last three years of service (*i.e.*, for information, a pension equal to 182,500 euros, if he had stopped his activity in December 31, 2011) and Marie-Aimée Bich-Dufour has accrued a pension benefit equivalent to 1.25% x 16 years of service = 20% of the average remuneration of the last three years of service (*i.e.*, for information, a pension equal to 78,700 euros, if she had stopped her activity in December 31, 2011).

3.2.1.7. Exceptional remuneration (paid upon assuming or relinquishing an appointment)

No commitment was entered into with Corporate Officers regarding exceptional remuneration to be paid at the conclusion of their term of appointment.

TABLE 8

CORPORATE OFFICERS	WORKING CONTRACT		SUPPLEMENTARY PENSION PLAN		MANDATE TERMINATION INDEMNITIES OR BENEFITS		NON-COMPETITION INDEMNITIES	
	Yes	No	Yes	No	Yes	No	Yes	No
Bruno Bich **Chairman** 1st nomination: June 2, 1986 End of mandate: Annual Shareholders' Meeting in 2013, for the fiscal year 2012		X	X			X		X
Mario Guevara **Chief Executive Officer** Beginning of mandate: March 1, 2006		X (a)	X (See § 3.2.1.6.)			X		X
François Bich **Executive Vice-President** Beginning of mandate: December 15, 1988		X	X (See § 3.2.1.6.)			X		X
Marie-Aimée Bich-Dufour **Executive Vice-President** Beginning of mandate: March 22, 1995		X	X (See § 3.2.1.6.)			X		X

(a) No working contract was concluded between SOCIÉTÉ BIC and Mario Guevara. Mario Guevara is also Chief Executive Officer of BIC CORPORATION and BIC INTERNATIONAL, American companies. No termination payments are provided for these two functions, which can be terminated at any time.

3.2.2. TRANSACTIONS IN COMPANY SHARES BY CORPORATE OFFICERS IN 2011 (ARTICLE L. 621-18-2 OF THE MONETARY AND FINANCIAL CODE)

Summary of notifications established pursuant to Article L. 621-18-2 of the Monetary and Financial Code (details available on www.amf-france.org):

DECLARING	TYPE AND NUMBER OF TRANSACTIONS				NUMBER OF SHARES
	PURCHASES	SALES	EXCHANGES	OTHERS	
Bruno Bich	-	3	-	-	98,376
	-	-	2	-	994,377
	-	-	-	1[(a)]	468,877
SOCIÉTÉ M.B.D.	20	-	-	-	126,084

(a) Trust distribution.

3.2.3. EMPLOYEES' INTERESTS IN THE ISSUER'S CAPITAL

3.2.3.1. Agreements for profit sharing

No plan in conformance with the issuer (SOCIÉTÉ BIC has no salaried employees) but every subsidiary can have its own agreement according to the applicable law.

3.2.3.2. Stock options granted to the ten highest paid employees who are not Corporate Officers, and options exercised

STOCK OPTIONS GRANTED TO THE TEN HIGHEST PAID EMPLOYEES WHO ARE NOT CORPORATE OFFICERS, AND OPTIONS EXERCISED	TOTAL NUMBER OF ATTRIBUTED OPTIONS/OF SUBSCRIBED SHARES	WEIGHTED AVERAGE PRICE *(in euros)*	DATE OF MATURITY	NUMBER OF PLAN
Options **granted during the** exercise by the issuer and by any company included in the perimeter of allocation of the options, to ten employees of the issuer and any company included in this perimeter, receiving the highest number of options so granted	-	-	-	-
Options held on the issuer and the companies concerned previously, **raised during the year, by the ten employees of the issuer and these companies,** receiving the highest number of so subscribed options	7,000	36.57	Dec. 12, 2011	4
	2,000	30.93	Dec. 9, 2012	5
	1,225	36.96	Dec. 16, 2013	6
	1,210	36.76	Dec. 14, 2014	7
	11,600	50.01	Dec. 13, 2015	8
	14,800	52.35	Dec. 12, 2014	9
	21,350	49.62	Dec. 10, 2015	10
	3,000	40.18	Dec. 9, 2016	11
TOTAL	**62,185**			

The characteristics of these plans are described in Note 17 to the consolidated financial statements as well as the use made by the employees.

3.3. Chairman's report on the Board of Directors function and on the risk management and internal control procedures implemented by the Company

Dear Shareholders,

You will find hereafter the requested information in compliance with the Article L. 225-37 of the French Commercial Code.

3.3.1. COMPOSITION AND FUNCTION OF ADMINISTRATIVE AND MANAGEMENT BODIES

3.3.1.1. Composition of administrative and management bodies

See § 3.1 Mandates of the Directors and of the Corporate Officers as of December 31, 2011.

3.3.1.2. Function of the Board of Directors

Rules of Procedures formalize the mission, organization and ethical principles that guide the actions of the Board of Directors. SOCIÉTÉ BIC abides by the AFEP and MEDEF's corporate governance Code of listed corporations (available on the website www.medef.fr). The Company complies with this Code except when indicated in the present report.

a) Mission

The Board of Directors determines the broad lines of the Company's business activities and ensures their implementation. It deals with all matters relating to the conduct of the Company's business and decides all pertinent issues.

The Board of Directors has to give its opinion on matters that can have a significant impact on the development, strategy or operation of the Group.

In order to successfully achieve its mission, the Board of Directors of SOCIÉTÉ BIC has complete, sincere and fast information, in particular regarding the activity of each category, as well as the financial and treasury situation of the Company.

The Rules of Procedures provide how the Board of Directors is kept informed about the financial situation of the Company. It also provides that each Director has the duty to keep up-to-date and to ensure that he receives in due time sufficient and relevant information.

Directors and other people concerned are informed in writing of rules concerning restrictions and/or prohibitions regarding share purchase or sale activity when they have information not yet made public.

b) Formation

According to the articles of incorporation, the Board of Directors must comprise between three and twelve members. The Rules of Procedures state that "the Board endeavors to be composed of at least one third Independent Directors (...)". (Title I, Section 1).

Among the ten members of the Board of Directors of SOCIÉTÉ BIC are:

- four Independent Directors within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations: John Glen, Gilles Pélisson, Frédéric Rostand and Pierre Vareille. These Directors do not have any relation of any kind with the Company, its Group or its management that is such as to color their judgment. Characterization as an Independent Director has been reviewed by the Board of Directors prior to publication of the annual report;
- two women, in accordance with Article 5 of Law n° 2011-103 of January 27, 2011: Marie-Pauline Chandon-Moët and Marie-Henriette Poinsot;
- four nationalities, helping the BIC Group to benefit from an international vision.

The Directors are elected by the Annual Shareholders' Meeting. The term of their mandate is three years except shorter term in order to favor a smooth replacement of Directors. The Rules of Procedures also provide that any Director must be a shareholder and should hold, beyond the only statutory requirement (one share), 500 shares.

The separation of the functions of Chairman of the Board and Chief Executive Officer was decided by the Board of Directors Meeting and is effective as of March 1, 2006.

c) Function

The Board of Directors is assisted by two committees of experts, the Audit Committee and the Compensation and Nomination Committee. These committees meet several days prior to the Board Meeting which allows the Management team to take any necessary additional corrective measures to be reviewed at the Board Meeting.

Invitation and notification to Board members for upcoming meetings are always confirmed in writing.

In principle, the Board of Directors meets at least six times a year in ordinary session, as follows:

- in February/March, to review the previous year's financial statements and approve the upcoming annual budget;
- in April, to examine the accounts of the 1st Quarter of the year;
- in May, after the Ordinary Annual Shareholders' Meeting;
- in August, for the half-year results;
- in October, to examine accounts of the 3rd Quarter of the year;
- in December, to analyze the activity and the initial estimates of full-year results.

Other meetings of the Board of Directors are organized as required by the Group's business activities throughout the year. The meetings serve to provide the Board with regular and relevant information and promote an environment for strong corporate governance.

The Chief Executive Officer, the Executive Vice-Presidents and the Leadership Team members or any other person having a particular expertise as to the matters included in the agenda, are authorized, at the request of the Chairman, to attend the whole or part of the Board Meeting. The Statutory Auditors can also be invited to attend meetings other than the ones for which their convening is legally mandatory.

In 2011, the Board of Directors met seven times for meetings of an average of three hours and thirty seven minutes. In addition, a meeting held at the Greek factory in Athens lasted a whole day. The average rate of attendance was 96.25%. The Board of Directors ruled in particular on the following points:

- Accounts and budget:
  - settlement of the statutory accounts and of the consolidated financial statements for the year ended December 31, 2010 and for the first Half of the year 2011;
  - review of the quarterly results;
  - revision of the 2011 budget and 2012 preliminary budget.
- Corporate governance:
  - setting compensation for Corporate Officers and Directors;
  - allocation of free performance shares;
  - drawing-up of the various documents submitted to the Shareholders' Meeting;
  - assessment of the performance of the Board of Directors with the assistance of an external advisor.
- Strategy:
  - analysis of the Group's strategy in Asia;
  - analysis of the strategy of the Advertising and Promotional Products business;
  - analysis of the strategy for the Group's Shaver category, in particular during the Board held in Athens;
  - arbitration procedure regarding the company Cello (see *Comments on the year - § 4.6. Prospects for 2012 and strategy*).
- Miscellaneous:
  - progress of the project for fuel cell;
  - share repurchase program - cancellation of shares;
  - Sustainable Development Program.

d) Assessment

The Rules of Procedures prescribe that, once per annum, the Board of Directors must devote a point of its agenda to a discussion on its operation. This assessment makes it possible to give a progress report on the procedures of the Board of Directors in order to increase its efficiency and to ensure that the important questions are suitably prepared and discussed. (Title I, Section 3, Article 3.3).

An assessment of the performance of the Board of Directors was conducted during 2011 by an independent advisor through deep interviews of the Chairman, the Directors and the Board secretary. The interviews were mainly related to the composition of the Board of Directors, its methodology, its composition, its relation with the general management team and the shareholders, as well as to the role and performance of the committees of experts. The assessment showed the efficiency and the involvement of the Directors and made it possible to identify a few possible improvements (such as the form of the documents submitted to the Board or the organisation of strategic seminars outside the Company) that do not require the modification of the Rules of Procedure, nor the further formalization of the rules of operation of the Board of Directors.

e) Principles and rules defined by the Board of Directors in order to determine the remuneration and benefits of the Corporate Officers

See § 3.2.1. Senior Management compensation.

The Company abides by the AFEP and MEDEF's recommendations on the compensation of Corporate Officers (see AFEP and MEDEF's corporate governance Code). Three recommendations cannot be applied for the following reasons:

- Mario Guevara, CEO of SOCIÉTÉ BIC and CEO of BIC CORPORATION and of BIC INTERNATIONAL, American companies, could be entitled to a pension established by BIC CORPORATION, without being a Corporate Officer of SOCIÉTÉ BIC when asserting his pension rights.

  The American senior managers benefit from this pension plan, established by BIC CORPORATION for more than 30 years. Mario Guevara, in the Group for nineteen years, has been eligible for this pension for eleven years, significantly in advance of his appointment as Executive Vice-President and then CEO. Eighteen individuals benefit from this pension plan, which has not been modified since the appointment of Mario Guevara.
- according to the recommendations, performance shares granted to Corporate Officers must be conditional on the acquisition of a defined quantity of shares at the time when the beneficiary has the disposal of the awarded shares.

  Since December 11, 2007's plan, Corporate Officers must keep 20% of performance shares definitely acquired, until their mandate expires (the 20% will be reduced to 10% when the CEO owns five years of base salary in BIC shares and when Executive Vice-Presidents own three years of base salary in BIC shares). This obligation to keep shares, added to the performance conditions, appears sufficient.

- it is also recommended that the acquisition of performance shares is linked to the internal performance requirements of the Company and external performance requirements (*e.g.* linked to the performance of other companies of the same sector).

  To date, two internal performance requirements are in force, but the external references were not deemed sufficiently relevant to justify their adoption.

3.3.1.3. Committees set up by the Board of Directors

Two committees of experts, the Audit Committee and the Compensation and Nomination Committee assist the Board of Directors.

a) Audit Committee

John Glen – Chairman (Independent Director).

Pierre Vareille (Independent Director).

Édouard Bich (permanent representative of SOCIÉTÉ M.B.D.).

The Audit Committee was created in 1997. Its primary mission is to ensure that the accounting principles applied to the Company's consolidated and statutory accounts comply with current standards and are consistently applied, and to ensure that the internal consolidation procedures and controls yield financial statements that fairly represent business results.

The Audit Committee is responsible for providing its opinion on nomination of External Auditors, as well as attesting to the quality of the Auditors' work and their independence. This includes verifying there is no potential conflict between the Auditors and the Company.

The career of the Audit Committee members allows them to benefit from financial and accountant skills necessary to fulfil their mission. John Glen, President of the committee, has eight years experience as Group Finance Director of Air Liquide SA between 2000 and 2008. He was Vice Chairman of EFRAG (European Financial Reporting Group) Supervisory Board for four years. He is a fellow of the Chartered Institute of Certified Accountants and holds a Masters degree in Economics. Édouard Bich spent eight years in the Finance Department of Procter & Gamble in France. He holds a MBA in Finance from Wharton University - USA. Pierre Vareille has key experience in the management of industrial companies at the world level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, controlling, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Pechiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leading manufacturer of electronic connectors. He graduated from the Ecole Centrale of Paris, he is an alumnus of the Institut d'Etudes Politiques of Paris as well as of Sorbonne University (Economy and Finance) and of Institut de Contrôle de Gestion (Audit).

During 2011, the Audit Committee met four times in the presence of its President and of all other members. Representatives from both audit firms attended the meetings when company results were reviewed.

Among other tasks, the committee continues to monitor new communications and requirements related to the Law of Financial Security (LSF) and the Company's implementation plan to meet these requirements. The Audit Committee also reviews any new International Financial Reporting Standards, Internal Control Structure and other financial reporting matters including the reference document.

In 2011, the Audit Committee also worked on:

- review of the Group risk mapping process;
- review of Internal Control and Audit findings;
- review of Group insurance and risk management coverage;
- review and approval of US pension plans asset allocation;
- review of treasury functions including cash management and hedging.

b) Compensation and Nomination Committee

Gilles Pélisson – Chairman (Independent Director).

Marie-Henriette Poinsot.

Frédéric Rostand (Independent Director).

The Compensation Committee was created in 2001 and is responsible for examining the remuneration of Corporate Officers and of the members of the General Management and making proposals to the Board of Directors. The Committee's responsibility also includes Group salary policy, benefits, stock option plans and free share awards.

From 2007, the Board of Directors decided to allocate to this committee, now called the Compensation and Nomination Committee, the following additional tasks:

- proposal to the Board of Directors of nomination of new Directors, taking into account the rules regarding the nomination of Independent Directors;
- examination and proposal to the Board of Directors of the succession plan for Corporate Officers, in case of unforeseeable vacancy.

During 2011, the Compensation and Nomination Committee met four times. Three sessions were held on compensation and one on nomination. The average rate of attendance was 100%. The committee's activity focused specifically on:

- details and level of remuneration for the Chairman;
- details and level of base remuneration, plus annual variables and long-term incentives for the CEO and the two Executive Vice-Presidents;
- determination of the annual targets used to calculate their variable remuneration;
- details of their supplementary pension plans and other benefits;
- review of the non-recurring compensation of the Corporate Officers and of the management;
- the replacement of the stock options' policy by a policy of free share grants;
- principles and amounts of free share awards based on performance, in addition to determination of three-year targets that govern these awards;
- analysis of the compliance with AFEP/MEDEF recommendations;
- preparation of the Corporate Officers Succession Plan (for which the contribution of the Chairman has been requested).

The committee also gave its opinion on the remuneration of the BIC Management team and long-term remuneration policy of executives.

3.3.1.4. Limitation of the powers of the Chief Executive Officer

The Rules of Procedures specify the type of operations that must in any case be first authorized by the Board of Directors [Title I, Section 2, Article 2.2.]:

- transactions not in line with SOCIÉTÉ BIC's announced strategy;
- decisions to set up French or foreign operations by creating an establishment, direct or indirect subsidiary, or by acquiring a participation in a foreign operation, as well as any decisions to discontinue such operations, if the amount of such operations exceeds 50 million euros;
- internal reorganization if the cost of such operation exceeds 50 million euros.

3.3.2. RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES IMPLEMENTED BY THE COMPANY

3.3.2.1. Risk management and internal control definitions and objectives

3.3.2.1.1. Adoption of the principles of the AMF's Risk Management and Internal Control Systems – Reference Framework

For the issuance of this report, the Group complies with the principles outlined in Part II of the *Risk Management and Internal Control Systems - Reference Framework* updated in July 2010 by the Working Group chaired by Olivier Poupart-Lafarge and set up by the AMF (*Autorité des marchés financiers* – Paris Stock Exchange Authority). This corresponds to a partial adoption of the full text that also provides an *Application Guide for Internal Control Procedures related to the Accounting and Financial Information Published by the Issuer*.

The related specific control activities are the responsibility of the local subsidiaries that continously adapt them to their current situation, with guidance from the Group Accounting and Controllers' Manual. The Application Guide has not been formally compared to the existing procedures and processes but the Company does not expect material differences considering the similarity of the Application Guide with these two manuals.

a) Risk management

The adoption process takes into account the definition of risk management as a company's dynamic system, defined and implemented under its responsibility. This system is comprehensive and covers all of the company's activities, processes and assets.

Risk management encompasses a set of resources, behaviors, procedures and actions that are adapted to the characteristics of the Company and that enable managers to keep risks at an acceptable level for the Group.

Risk represents the possibility of an event occurring that could affect:

- the Company's ability to reach its objectives;
- the Company's ability to abide by its values, ethics, laws and regulations;
- the Company's personnel, assets, environment or reputation.

Risk management is also a lever for managing the Company that helps:

- create and preserve the Company's value, assets and reputation;
- secure decision-making and the Company's processes to attain its objectives;
- promote the consistency of the Company's actions with its values;
- mobilize the Company behind a shared vision of the main risks.

b) Internal control

The adoption process also incorporates the definition for internal control as a company's system, defined and implemented under its responsibility, which aims to ensure that:

- laws and regulations are complied with;
- the instructions and directional guidelines fixed by Executive Management are applied;
- the Company's internal processes are functioning correctly, particularly those implicating the protection of its assets;
- financial information is reliable.

In general, the internal control contributes to the control over a company's activities, to the efficiency of its operations and to the efficient utilization of its resources.

The first objective refers to all laws and regulations in force to which the Company is subject and incorporates in its daily activities to achieve its compliance objectives.

The second addresses the guidelines given to the staff to understand what is expected of them and to be aware of the scope of freedom of action. This communication process is based on the Company's objectives cascaded to the employees.

The third covers all operational, industrial, commercial and financial processes. Assets are understood to be both tangible and intangible assets (know-how, image or reputation) and are used throughout the existing processes of the company.

The last objective deals with the preparation of reliable financial statements, including full, interim and condensed financial statements and selected financial data derived from such statements, such as earnings releases reported publicly. The reliability of this information depends on the quality of the associated internal control procedures and system (see reporting procedures *§ 3.3.2.2.4. Internal Control procedures*) that ensure:

- the segregation of duties principle, enabling a clear distinction between recording, operational and retention duties;
- that function descriptions provide guidelines to identify the source of the information and of produced materials;
- the validity of means to check that operations have been performed in accordance with general and specific instructions, and have been accounted for to produce financial information that complies with the relevant accounting standards of the Company.

3.3.2.1.2. Scope of risk management and internal control

Risk management and internal control as defined in this report concern SOCIÉTÉ BIC as the parent company of the Group and all the entities consolidated within the Group.

The internal control in place has been designed for all entities to suit the existing organization, the objectives determined by the Board of Directors and the Leadership Team (see *§ 3.3.2.3. - Risk management and internal control participants, specific structure(s) in charge / respective roles and interactions),* and compliance with law and regulations.

Supporting principles and system have been set up in all relevant areas and subsidiaries, taking into account local specificities and regulations. These principles are also known and followed by different centralized Group departments.

3.3.2.1.3. Limitations of risk management and internal control systems

Even with the most efficient organization, limitations inherent in risk management and internal control exist. Indeed, risk management and internal control systems cannot provide an absolute guarantee that the Company's objectives will be met.

The major existing limitations are the uncertainties in the outside world, the judgmental nature of people's decisions and the result of potential human failure or of a simple error.

Moreover, any time a control activity is to be implemented, the comparative cost/benefit is taken into account ensuring reasonable control coverage.

3.3.2.2. Components of risk management and internal control of the Company and its subsidiaries

The efficiency of the risk management and internal control systems of a Company relies on its components built to serve the objectives as defined previously.

3.3.2.2.1. Control environment

a) Organization

The Group implemented a structured internal control system giving the appropriate guidelines and responsibilities to achieve the objectives set by the Board of Directors and the Leadership Team.

This organization is based on the definition of responsibilities and objectives set by the Management and then shared individually with the employees.

b) Main tools

To support this structure and measure its accuracy and efficiency, different tools have been implemented. Below are listed the main tools shared by all entities of the Group:

- Code of Ethics and Vision and Values (see *§ 3.3.2.3.5. Employees*);
- Group Accounting and Controllers' Manual.

These manuals distributed in all entities and available on the Group intranet provide the guidelines respectively for bookkeeping and financial reporting activities under IFRS standards, and for the procedures to respect the internal control system in all sectors of the Company (*i.e.* Purchasing, Treasury, Tax, Sales, etc.);

- Human Resources Management Policy.

Detailed in the *Social and environmental responsibility – § 2.4. Workforce information*, Human Resources Management fully participates in internal control efficiency.

In particular, it ensures that the recruitment process is in line with the knowledge and skills required by the Group. In addition, it promotes Management's objectives to each individual in accordance with his/her role and responsibilities.

For example, the Performance, Evaluation and Development (PED) tool was created to efficiently meet the following goals:

  - cascading of the Company's objectives to the employees throughout the year,
  - training and people development: see *Social and environmental responsibility – § 2.4. Workforce information*;

- Information systems.

Different information systems are used depending on the business processes they support. They are organized primarily by continent. However, consolidation procedures are in place to have access to a consolidated result which allows Group Management to monitor performance and manage the operations.

Most of the Group's entities use fully integrated systems (ERP) to assist in the management of the business and report financial data using a consolidation and management software (see *§ 3.3.2.2.4. Internal Control procedures*).

3.3.2.2.2. Dissemination of relevant and reliable information

The Company has implemented efficient information dissemination processes and systems that allow accurate communication to the relevant level of responsibility and authority.

The formats of these tools are diverse. They range from IT (Information Technology) solutions (including the Group Intranet, the financial consolidation software, the integrated system implemented per continent, etc.) to existing procedures that include information management.

These information tools aim to support the whole internal control system of the Company and to help the decision process and follow-up for the achievement of Management's objectives.

3.3.2.2.3. Risk management

Risk management, among its objectives, aims to address the existing risks that could potentially impact the Company. All risks cannot be addressed. When covered, the employed means include internal mitigation processes or external insurance protection.

This specific process leads to a three-step approach based on the following activities:

- risk identification and analysis;
- risk management;
- risk monitoring.

a) Risk identification and analysis

The identification process highlights the main risks arising from both external and internal sources. The driver for identification is the potential impact on the Company's objectives, personnel, assets, environment or reputation.

The risk identification and analysis process consists of two components: a bottom-up approach and a top-down approach:

BOTTOM-UP APPROACH

This annual practice, based on a self-declaration principle, aims to identify and measure from a subsidiary level the risks considered as significant for the Group.

Questionnaires are addressed to the representatives of the targeted level (General Manager/Chief Financial Officer). Their feedback covers more than six years of history regarding the main risks.

The Internal Control and Audit (IC&A) Department, as the process coordinator, challenges when required the answers received and the action plans mentioned in response to the identified risks. It also consolidates the documents and weighs the impacts to deliver a Group Risk Matrix. This matrix provides for all risk categories the average impact for the Group and a summary is shared with the Audit Committee and the Statutory Auditors. It is also shared with the Chairman of the Board.

The methodology of this approach has been updated in 2011 with new guidelines and instructions. This update aimed to integrate the current process in the overall Group Risk Management Methodology initiated in 2010.

The analysis and measurement of the identified risks are maintained internally.

TOP-DOWN APPROACH

In addition, following a recommendation of the Audit Committee and a request by the Leadership Team, the Company initiated in 2010 a project to improve formalization of risk management.

This project, conducted by the IC&A Department with the support of an independent advisory firm, is monitored by the Leadership Team. The purpose was to obtain a synthetic overview of major risks that the Group is or could be exposed to.

The approach that consisted in updating the Group risk mapping could be summarized as follows:

- risk identification through a questionnaire completed by each member of the Leadership Team and an individual interview led by the project team;
- synthesis of main risk areas;
- ranking of risks according to criteria in terms of potential impact and management effectiveness.

For the Group risk mapping to remain pertinent, the major risks identified in 2010 have been updated and re-assessed in 2011.

Risks listed by this approach have been considered in the *Group Presentation – § 1.6. Risk factors* and are taken into account for the internal audit schedule.

A similar methodology has been applied to the process of preparing financial statements and consolidation.

b) Risk management

The major risks identified in the Group risk mapping are managed by the Leadership Team. These risks were followed and monitored in 2011. Progress and status of action plans related to certain key risks have been also reviewed and discussed at Board Meetings. The other risks continue to be monitored closely.

In addition, different procedures exist (see *§ 3.2.2.4. Internal Control procedures*). The Leadership Team, Categories, Continents and centralized departments such as Legal, Sustainable Development or Treasury, monitor risks on an ongoing basis. They are involved in the management of risks disclosed in the *Group Presentation* – § 1.6. *Risk factors*:

- the Group Treasury manages and monitors interest rate exposure and foreign exchange exposure on a daily basis;
- the Legal Department regularly follows changes of laws/regulations and litigations in progress;
- the main industrial and environmental risks are taken into account by the category or Country Management and the Sustainable Development Department;
- the significant strategic and operational risks are managed by the Leadership Team.

A yearly review of Insurance coverage process is also performed: see *Group Presentation – § 1.6. Risk Factors – Insurance – Coverage of any risks to which the issuer may be exposed.*

c) Risk monitoring

The Leadership Team performs regular reviews of risk exposure.

Each site/department creates its own scorecards and key indicators to detect, follow and measure the effectiveness of risk mitigation.

The risk mappings are updated on a regularly basis.

3.3.2.2.4. Internal Control procedures

a) Internal Control procedures related to the preparation of accounting and financial information published by the Company

The accounting and financial information used internally for management, or for external reporting, is prepared in compliance with the IFRS (International Financial Reporting Standards) as adopted by the European Union.

The information follows a bottom-up reporting process from the local statutory accounts data to the consolidated/management set of financial statements. This reporting is performed using consolidation software following every monthly closing.

The finance teams of the subsidiary companies, under the control of their own Finance and Operations Directors, report information to the continent finance teams who then report to the Group. This reported package is audited by the local External Auditors for the significant entities. Statutory Auditors prepare memorandums and a synthesis of significant comments for the Group.

Cost controllers work closely with operations and report to local Management and functionally to the continent / category Financial Director.

The Group developed a Controllers' Manual of policies and procedures in 2000 that was presented and communicated to the Finance Directors of the subsidiaries. This review is ongoing, with key policies and procedures updated and validated by functional managers as needed. When a new policy is created or an update or enhancement is made to an existing policy, the information is communicated via an "Internal Control bulletin" posted on the employee intranet and is also cascaded by the Leadership Team to all subsidiaries.

The reporting procedures within the Group are the following:

- the Group finance information system allows preparation of statutory consolidations and management consolidations within the same reference frame;
- the Group also uses a detailed sales reporting system. A monthly reconciliation is prepared between the sales reporting and financial information systems. Any meaningful variance is explained;
- the Group financial information system is used in all the subsidiary companies, which allows an analysis at each level of reporting (subsidiaries, continents, Group or by category of products) starting from the same source data and according to the same reporting format;
- the Group internal financial information is analyzed monthly and compared with the budget at the subsidiary level and the Leadership Team also reviews on a monthly basis the consolidated data and the related analysis;
- an analysis is performed between the budget, the forecasts and the strategic plan and is reviewed by the Leadership Team;
- the consolidated financial information is validated by the Group Chief Financial Officer. Significant issues are reviewed with the Chairman of the Board and the Chief Executive Officer;
- the Audit Committee validates this information and provides the Board of Directors with a report if necessary;
- the External Auditors are involved in the validation performed on a yearly basis of the production process of financial information.

The account closing process includes in particular the following:

- the fixing and circulation of accounting rules by the Group finance headquarters through the Group Accounting Manual;
- the preparation and sending of a calendar and instructions to the affiliates by the consolidation department at each monthly closing;
- the existence of a checklist with the corresponding tasks to be performed by the affiliate for the account closing;
- the signature of an internal representation letter by the affiliate for the annual closing. The purpose of this representation letter is to assess the compliance of financial statements: it lists controls, actions and assertions critical to the correct completion of Group financial reporting.

b) Other internal control procedures

As already mentioned, internal control within BIC Group is decentralized. It is then the responsibility of each organization (subsidiary, department, category, continent, etc.) to establish the relevant procedures in all concerned sectors to support the objectives and definition of internal control.

However, as a global framework, the Group Controllers' Manual provides the general guidelines to be adapted for an accurate endorsement at the respective level of internal control.

The Group's main procedures are described below:

PURCHASING AND CAPITAL INVESTMENT PROCEDURES

The constant emphasis in these procedures is upon the engagement authorization. Indeed this initial step is the main driver for the rest of the process, from the acknowledgement of receipt of the purchased goods or service, to the payment of vendors.

Therefore, the Group has implemented an authorization matrix that provides the accurate level of responsibilities required in accordance with the amount to be engaged. All authorizations are expected to be formalized on the appropriate form or through the IT systems.

This approval process is the foundation of the three-way-match procedure followed within the Group. Starting with an approved purchase order, it requires that matching is performed at the following stages:

- at the delivery/service rendering with the proof of delivery or completion;
- when receiving the supplier's invoice for generation of payment.

The three-way match process assures the segregation of duties principle and allows clear tracking of the validity of transactions throughout the purchasing process.

In terms of capital expenditure, an additional step is required for the purchase initiator. Prior to any investment, specific documentation is prepared to gather all necessary data such as description and return on investment features, approvals in accordance with the level of engagement and a post-acquisition audit schedule.

In terms of organization, attention is drawn to the segregation of the procurement function from that of purchasing. The goal is to mitigate any risk of overlapping responsibilities. This process also centralizes at Group level the procurement flows on strategic materials, to better control the needs and level of financial engagement.

Finally, vendor management, including the suppliers' database, also follows specific control procedures and rules throughout any relationship these third parties could have with the Group.

SELLING PROCEDURES

The selling procedures follow common rules and principles, but they are customized for local markets and customers, based on the existing nature of transactions.

These common principles deal in particular with:

- the validity of selling prices and selling conditions (price list set-up process, special pricing authorization schemes, etc.);
- the completeness and accuracy of the selling orders received through different media;
- the respect of recognition timing with emphasis on cut-off processes and adjustment procedures;
- the receivables fair value guarantee with procedures for bad debt reserve computation and credit notes issuance.

Similarly to the relationships with vendors, procedures deal with customers' master file management, including the creation of new accounts, the cash allocation process for the payment receipts and credit management.

INVENTORY MANAGEMENT PROCEDURES

The management of inventory covers both physical custody of the goods, valuation of these items and monitoring of the related flows. Thus the procedures in place address both topics.

Regarding physical safeguarding, Group policies are provided in addition to local regulations. They deal with:

- the safety objectives for the employees involved in the inventory management; and
- the assets' security with clear guidelines in terms of storage conditions, stock take process or segregation of duties.

In terms of valuation, a BIC costing procedure is established to help local controllers follow the Group rules as well as comply with local accounting and financial standards. The Group rules are disclosed in the *Notes to the consolidated financial statements – Note 1 Accounting policies.*

CASH MANAGEMENT PROCEDURES

Mostly centralized within the Group Treasury, some aspects of cash management are maintained at the local level. For both levels, procedures are in place to cover:

- cash balance and payment management including physical safeguards, the performance of bank reconciliations and supervision of segregation of tasks performed;
- bank mandates and management of authorization signatures;
- debt financing activities, whether short or long term.

Centrally, the Group Treasury follows specific procedures regarding its investment portfolio and foreign exchange exposure management, as described in the *Comments on the year - § 4.3. Management of currency and interest rate risks.*

FIXED ASSETS MANAGEMENT PROCEDURES

As defined in the objectives for internal control, asset security is identified as a matter of focus. To achieve this goal, procedures have been implemented within the Group. Some of them are described above.

The existence and the validity of assets being essential, instruction is given to local sites to perform physical inventories on a regular basis for comparison with the financial systems.

In addition to the investment authorization process mentioned earlier, all fixed assets movements, *i.e.* transfers, disposal and sales, are regulated with respective procedures.

Finally, specific rules are required for the management of the Fixed Asset Registers to support compliance with both local and Group accounting standards and to permit efficient monitoring activities.

3.3.2.2.5. Control activities

Each level of the Group is involved in control activities in order to ensure that Group rules, guidelines and procedures are correctly applied.

Moreover, the IC&A Department ensures through its annual review that no material differences exist in the Group.

This control addresses both operational and financial environments and focuses on:

- validity of the operations and transactions, including the authorization processes for expenditure and investment;
- completeness of transaction reporting;
- correct evaluation and recognition of operations for accurate information availability and disclosure;
- the guarantee of the Company's future.

3.3.2.3. Risk management and internal control participants, specific structure(s) in charge/respective roles and interactions

Risk management and internal control implemented by the Group are fully integrated functions within the organization.

3.3.2.3.1. The Board of Directors

The Board of Directors of SOCIÉTÉ BIC, who represents the shareholders, acts in all circumstances in the interest of the Company. It must also review and approve the Company's strategic objectives.

3.3.2.3.2. The Leadership Team

The Leadership Team, under the direction of Mario Guevara, Chief Executive Officer of SOCIÉTÉ BIC, is comprised of eleven executives whose principal goal is to implement the strategy of the Company as defined by the Board. It is also responsible for defining the implementation and the supervision of the means to achieve the objectives.

In addition to Mario Guevara, to François Bich, Executive Vice-President and General Manager Lighters and to Marie-Aimée Bich-Dufour, Executive Vice-President and General Counsel, the Leadership Team members include:

- operational representatives responsible for continents:
  - Billy Salha, Europe,
  - Chris Mills, North America,
  - Edgar Hernandez, Middle East, Africa, Oceania, Latin America, Asia;
- representatives of product categories:
  - Ed Dougherty, category President for Stationery and Shavers,
  - Benoît Marotte, General Manager for Stationery,
  - Nicolas Paillot, Chief Executive Officer for Advertising and Promotional Products;
- representatives of transverse functions:
  - François Eyssette, Director of Human Resources,
  - Jim DiPietro, Chief Financial Officer.

Category General Managers are directly responsible for Manufacturing, New Product Development, Research and Quality Assurance. In addition, category Managers are responsible for developing and proposing each category's long-term strategy.

The Leadership Team monitors the quality of the internal control process and the implementation of risk coverage. It also ensures, with the Group Chief Financial Officer's support, that indicators are consolidated in order to measure the operational performance against the budget and, if necessary, focus on the variances and corrective measures that may need to be implemented.

In addition to the budget, forecasts are prepared and revised three times during the year to monitor the budget achievement and understand any current marketplace dynamics. A strategic planning process is in place to help identify future growth opportunities.

3.3.2.3.3. The Audit Committee

The Audit Committee, described earlier in this report (see *§ 3.3.1.3. Committees set up by the Board of Directors*), among other assignments, monitors closely the risk management and internal control systems on a regular basis. The committee can interview the Internal Audit Manager to be updated on the work performed during the year and can give its opinion on the department's organization. A summary of internal audit findings is shared with the committee on a yearly basis.

3.3.2.3.4. The Internal Control & Audit Department

In January 2004, the Group established the Internal Control and Audit Department, reporting operationally to the Financial Direction and on demand to the Leadership Team.

This department reviews both financial and operational activities and expresses an independent assessment on the degree of compliance with the policies, rules and procedures of the Group. The IC&A Department focuses on:

- business cycle and process reviews (such as sales and collection, purchasing and disbursements, fixed assets, inventories, payroll, cash management and accounting entry processing) at both the BIC subsidiary and Corporate level;
- testing of the controls in place to ensure their effectiveness and efficiency;
- coordination with functional managers for the continuous updating of the Controller's Manual;
- issuance of guidance and recommendations for improvement to existing processes, including the sharing of Group best practices.

This department also provides assistance on timely and specific engagements, such as during operations of external acquisition or internal restructuring.

In addition, the approach of the IC&A Department includes Group information systems through reviews of IT (Information Technology) accesses and business continuity procedures.

Each year, the IC&A Department presents the review schedule to the External Auditors, provides updates and shares the resulting reports from site reviews. In addition, the IC&A Department coordinates site reviews with Group Finance and the External Auditors to ensure coverage of any specific areas.

a) IC&A Department's activities in 2011

Since the beginning of 2006, a long-term rotation schedule has been put in place to ensure that all sites and key processes are reviewed approximately every three years.

The 2011 schedule led the IC&A Department to perform the audits of 26 entities, in manufacturing and distribution, combining initial visits and follow-up visits.

These audits were carried out in accordance with a methodology and procedures set by the IC&A department, including in particular:

- performance of tests (walkthroughs and detailed testing) and interviews with the contributors of the cycles reviewed in accordance with an approach based on the identified risks;
- the issuance of a report after the audit, which lists recommendations for improvements to be considered by the site/department, in accordance with a precise action plan and deadlines. The IC&A report is an excellent communication tool and plays an important role in the continuous improvement of controls within the Group.

No significant issues were identified as a result of the reviews. The issued recommendations in the audit reports highlighted improvements to certain controls for better efficiency. Local Management has shared their response to these recommendations and proposed action plans with the related implementation dates and responsibilities for execution. These implementations have been checked during follow-up visits performed by the IC&A Department. Finally, the best practices in terms of internal control noted while performing these reviews have been communicated and shared within the Group.

In addition, each subsidiary of the Group completed a risk assessment in the format of a self-evaluation coordinated by the IC&A Department. The objective is to measure regularly the exposure to the potential major risks for these entities and, consequently, to provide a risk matrix at Group level. This annual requirement is in place since December 2003.

In addition to these self-assessments, all General Managers and Finance Directors of the subsidiaries signed a letter attesting that the internal controls in place are comprehensive and operate adequately to manage the operations. In the letter, they also attest to the reliability of the financial information reported and compliance with relevant laws and regulations.

If necessary, the General Manager of the subsidiary provides details of non-significant weaknesses for which corrective actions will be implemented in 2012. This process allows for a reasonable confidence being placed on the achievement of operational goals, on the reliability of financial information reported and on the compliance with relevant laws and regulations. All of these letters have been collected for 2011 and no major issues have been identified.

A summary of the work performed during 2011 is presented to the Leadership Team, Audit Committee and Board of Directors. The analysis includes a summary of the internal control attestation letters signed by each country General Manager and lists a timeline for improvements to be made, as well as a summary of the risk analysis and controls, and action plans for 2012.

As explained in the *§ 3.3.2.2.3. Risk Management*, the IC&A Department continued to conduct in 2011 the risk mapping approach.

b) Perspectives and Action Plan for 2012

The IC&A Department will continue to focus on process and efficiency improvements, testing of operational effectiveness of key controls and enhancing the overall review process.

The 2012 audit schedule, prepared by the IC&A Department and validated by the Audit Committee and the Leadership Team, meets the long-term rotation principle for the site and processes reviews. It maintains the same level of commitment as in 2011, in terms of number of audits and of audited sites and processes.

Finally, the IC&A Department will maintain its coordination role for the continuous improvement of Group procedures, and it will continue to be involved in the risk management project initiated in 2010.

3.3.2.3.5. Employees

Each employee is involved in internal control in accordance with his/her respective knowledge and access to information to design, operate and monitor the internal control system.

To reinforce the commitment of all employees to the importance of internal control, the Values of the Group have been posted since 1998 at all Group locations so that employees can share them. In 2005, the Group Vision and Values were updated and presented to all employees. Since 2005, a survey is performed every two years with employees regarding the compliance with Group Values (81% positive opinions in 2011). These values were continuously shared in 2011 within the Group.

A Group Code of Ethics exists and is available for all employees. The Board of Directors has taken note of it and reasserted, as necessary, the importance of action and behavior principles mentioned in this Code. The Leadership Team validated the Group Code of Ethics, the procedures and policies, and cascades it throughout the Group.

Additionally a Charter of Diversity was signed in 2011 by the Chief Executive Officer and the Director of Human Resources. This Charter of Diversity, shared by all of the entities, defines the Group commitment to continually improving and educating the employees about the value of diversity and aims to assist in the prevention of discrimination in the workplaces.

3.4. Statutory Auditors' report on the report prepared by the Chairman of the Board of Directors

FOR THE YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the Statutory Auditors' report issued in French prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as Auditors of SOCIÉTÉ BIC, and pursuant to Article L. 225-235 of the French Commercial Code *(Code de Commerce)*, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended December 31, 2011.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and;
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We performed our procedures in accordance with professional standards applicable in France.

Information in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based and the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report on the information given in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set forth in the report of the Chairman of the Board of Directors, prepared in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L. 225-37 of the French Commercial Code.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton French Member of Grant Thornton International	Deloitte & Associés
Gilles HENGOAT	Jean-François VIAT

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COMMENTS ON THE YEAR

4.1. Operations and consolidated results

INTRODUCTION

In 2011, BIC realized net sales of 1,824.1 million euros (+3.1% on a comparative basis [1]) and reached 362.4 million euros normalized IFO [2] (19.9% of net sales). Net income was 237.9 million euros and earnings per share (EPS) 5.00 euros.

In 2011, BIC realized 83% of its sales in Consumer Goods (through its stationery, lighter, shaver and other products categories) and 17% in the Advertising and Promotional industry.

Consumer business

- In Stationery products, net sales increased 4.1% at constant currencies. In Europe, BIC net sales grew low-single digit and in North America, net sales were almost flat. Developing countries remained the growth engine of the Stationery category due to overall economic growth complemented by an increasing literacy rate. In this region, the net sales increased high single digit particularly in Latin America.
- In the Lighter category, net sales grew 8.6% at constant currencies. In Europe, BIC registered a mid-single digit growth thanks to a more segmented offer and despite the continuous low-cost, low-quality and mostly non-compliant Asian imports. In North America, BIC® lighters continued to strengthen their market leadership thanks to proven safety and best quality products, continued innovation in value-added sleeve designs and the improvement of distribution.

  In developing markets, full year 2011 net sales increased double digit, notably driven by the strong performance in Asia. We also experienced strong growth in Latin America, Middle East and Africa.
- In the Shaver category, BIC sales increased 9.1% at constant currencies. Full year performance was good in developed markets thanks to our "value" positioning and the success of new products (featuring the new movable blade technology). In developing markets, the strong base of users is still growing, while the recent triple-blade shavers continued to attract new consumers. In Latin America the performance continues to be broad-based across all BIC® product ranges.

Advertising and Promotional Products

- BIC APP net sales decreased 10.4% on a comparative basis. BIC APP sales trends differed significantly from one segment to another, as the focus was given to the completion of the integration plan launched in 2010 and the rationalization of the product offer with major steps towards the rejuvenation of the portfolio.

In 2011, BIC continued to invest in brand name development to strengthen its recognition and reputation among customers and consumers in both developed and developing markets. Our goal is to consistently produce quality products at a 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.

(1) On a comparative basis: at constant currencies and constant perimeter; Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates - Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during previous year, until their anniversary date.

(2) Normalized IFO: excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other consumer products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.

Comparison of key figures 2009-2011

(in million euros)	2009	2010	2011	CHANGE 2010/2011 AS REPORTED	AT CONSTANT CURRENCIES (a)	ON A COMPARATIVE BASIS (b)
NET SALES	**1,562.7**	**1,831.5**	**1,824.1**	**-0.4%**	**+2.1%**	**+3.1%**
Gross Profit	719.7	870.6	898.5	+3.2%		
Normalized Income From Operations (c)	239.6	314.9	362.4	+15.1%		
Income From Operations	216.0	304.6	339.7	+11.5%		
Financial income/(costs)	2.7	(1.8)	9.2			
Income Before Tax and non-controlling interests	218.7	302.8	348.8	+15.2%		
Income tax expense	(70.8)	(100.3)	(115.1)	+14.6%		
Income From Associates	3.8	5.0	4.1			
Group Net Income	**151.7**	**207.5**	**237.9**	**+14.7%**		
Earnings Per Share (in euros)	3.15	4.29	5.00	+16.6%		
Number of shares (d)	48,151,691	48,341,785	47,565,299			

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) Comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, and this until their anniversary date.

(c) Excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.

(d) Average number of shares outstanding net of treasury shares.

BIC Group 2011 net sales reached 1,824.1 million euros, compared to 1,831.5 million euros in 2010, down 0.4% as reported, up 2.1% at constant currencies and up 3.1% on a comparative basis.

- Consistent with full year guidance, our Consumer business increased 6.3% on a comparative basis in 2011. BIC sales in developed markets showed good resilience with a 2.6% increase in Europe and 5.3% in North America, despite the challenging economic environment affecting both regions and particularly Southern Europe countries. In developing markets, net sales grew 10.6%, thanks to an overall solid annual performance across all categories in Latin America, Middle East, Africa and Asia.
- The Advertising and Promotional Products business sales decreased 13.7% at constant currencies and were down 10.4% on a comparative basis.

The 2011 gross profit margin increased 1.8 points to 49.3% of sales versus 47.5% in 2010. Key components of gross profit margin improvement were sales increases in the consumer business, better fixed cost absorption due to volume growth and manufacturing productivity, including the benefits of restructuring and integration plans.

2011 Income From Operations increased 11.5% as reported to 339.7 million euros. The 2011 reported IFO margin was 18.6% compared to 16.6% in 2010.

2011 IFO included a total of -22.8 million euros of non-recurring items:

- -5.1 million euros are related to the reorganization of the BIC APP business;
- -9.9 million euros are reflecting the impairment of goodwill and trademarks related to the disposal of the PIMACO business-to-business divisions in Brazil (-9.6 million euros) and the related restructuring expenses (-0.3 million euros);
- -8.7 million euros are due to an impairment of goodwill recorded in "Other Consumer products", recognizing the challenging market conditions in some non-core product segments in Greece;
- +1.0 million euros are due to the gain related to the disposal of the REVA peg business in Australia.

Excluding these impacts, 2011 normalized IFO was 362.4 million euros compared to 314.9 million euros in 2010 (+15.1%). 2011 normalized IFO margin was 19.9% compared to 17.2% for the same period last year. The key components of Normalized IFO margin improvement were:

- the increase in gross profit margin (+1.8 points);
- OPEX savings related to the 2009 restructuring program and BIC APP integration plan (+0.2 points);
- the increase in brand support (-0.2 points);
- favorable foreign exchange impact, including the EUR/USD 2011 commercial flows hedging.

Full year 2011 normalized IFO margin reached 22.2% compared to 19.2% in 2010 for the consumer business and 8.1% compared to 9.2% for BIC APP.

Income before tax increased 15.2% as reported to 348.8 million euros. Finance revenue increased 11.0 million euros compared to 2010 as a result of lower interest expenses (repayment of Cello and Norwood loans) and favorable year to year change in revaluation of foreign currencies hedging. Tax rate was 33.0% consistent with 2010 level.

2011 Group net income was 237.9 million euros, a 14.7% increase as reported. 2011 Group net income included 4.1 million euros from income from associates (Cello Pens).

Earnings per share (EPS) were 5.00 euros in 2011, compared to 4.29 euros in 2010, up 16.6%. Normalized EPS grew 21.2% at 5.38 euros compared to 4.44 euros in 2010.

2011 GROUP PERFORMANCE BY CATEGORY

BIC Group net sales and income from operations (IFO) by product category 2010-2011

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER [(a)]		BIC APP	
	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO	Net sales	IFO
2010	580.7	69.3	480.8	173.6	307.8	41.9	99.7	(7.6)	362.6	27.4
2011	**588.5**	**83.5**	**510.8**	**199.8**	**328.2**	**59.8**	**94.5**	**(22.8)**	**302.0**	**19.3**

(a) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

BIC Group IFO and Normalized [(a)] IFO by product category 2010-2011

(in million euros)	STATIONERY		LIGHTERS		SHAVERS		OTHER PRODUCTS CONSUMER [(b)]		BIC APP	
	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO	Norm. IFO	IFO
2010	70.3	69.3	174.0	173.6	43.6	41.9	(6.4)	(7.6)	33.4	27.4
2011	**83.5**	**83.5**	**199.9**	**199.8**	**59.8**	**59.8**	**(5.2)**	**(22.8)**	**24.3**	**19.3**

(a) Excluding restructuring, the gain on sale of BIC APP funeral products business and real estate gains for 2010 and excluding restructuring, impairment of goodwill and trademarks related to the disposal of PIMACO business to business divisions in Brazil, impairment of goodwill related to "other products" in Greece consumer division and the gain on the disposal of REVA peg business in 2011.

(b) Income from operations includes Other Products Income from operations as well as Group expenses not allocated to the categories.

Consumer business

Stationery

2011 Stationery net sales increased 1.3% as reported to 588.5 million euros and 4.1% at constant currencies. Full Year 2011 volumes grew 6%.

The Stationery market grew low-single digit in 2011.

In Europe, BIC net sales grew low-single digit in a Stationery market where sell-out was flat. We gained market share in almost all countries with strong value gains in France, the UK, Spain and Italy. In North America, net sales were almost flat. The USA Stationery category delivered slight growth in 2011. Following the strong performance registered in 2010, BIC maintained its market share by delivering continued growth in Office Products and flat back-to-school sales.

Developing countries remain the growth engine of the Stationery category due to overall economic growth complemented by an increasing literacy rate. In these regions, BIC is taking profit of those dynamics thanks to the success of its iconic products in Ball Pen, plus a growing presence in other segments such as Coloring and Marking in Latin America.

In 2011, several new products contributed to our positive performance:

- BIC® For Her™, the first line of writing instruments specifically designed for women;
- Easy Glide INK extension to all ball pen value-added;
- Velocity Bold (1.6): "smoothest pen in the universe";
- Launch of Evolution coloring range;
- 4-color line extension (4-color Grip).

During the year, BIC® stationery products continued to benefit from various advertising and marketing campaigns, such as our first advertising campaign in Korea and Thailand highlighting the Company dedication to grow its stationery business in Asia; an advertising campaign in Mexico for BIC Mark-it; and one in Brazil for the Evolution coloring range.

Full year 2011 Stationery normalized IFO margin was 14.2% compared to 12.1% in 2010 benefiting from strong sales growth and improved fixed cost absorption due to higher production volumes.

Lighters

In 2011, BIC® lighter net sales increased by 6.2% as reported to 510.8 million euros. At constant currencies, sales grew by 8.6%. Volumes increased by 8% compared to 2010.

In 2011, BIC maintained or grew market share in most geographies, confirming its worldwide leadership.

- In Europe, despite a strong pressure from branded competitors and non-compliant lighters, BIC has managed to outperform the market thanks to distribution gains and a more diversified offer addressing key targets such as young and females.
- In North America, BIC continued to strengthen its category leadership and increased its market share, driven by our proven safety and best quality products, continued innovation in value-added sleeve designs, specifically Rock Bands, Animals, Pop Culture, and Pro Series and the improvement of its distribution depth in both pocket and multipurpose lighters.
- In developing countries, 2011 has been a year of great achievements. Asia was the continent that grew the most with sales almost doubled in Japan after the implementation of the ISO 9994 and child-resistant regulation. We also experienced strong growth in Latin America, Middle East and Africa where we continue to improve distribution.

The Lighter normalized 2011 IFO margin increased by 2.9 points to 39.1%, benefiting from the increase in sales and higher production volumes.

Shavers

2011 Shaver net sales increased 6.6% as reported to 328.2 million euros and 9.1% at constant currencies. Full Year 2011 shaver volumes were up 3%.

In 2011, BIC® Shavers has continued to strengthen its positions, delivering market share gain and strong results. In all the geographies, consumers have continued to recognize the "great value" proposition of BIC® Products.

- In developed markets, BIC recorded solid growth and market share gains. As in developing markets, the "great value" positioning of the historical products (such as BIC® 3 or BIC® Soleil®) has continued to be endorsed by consumers. With the same positioning, the new products (featuring the new moveable blade technology) have also contributed to the growth. In 2011 we have continued the expansion of our moveable blade range with the introduction of the BIC® Flex 3 in Europe and North America, and BIC® Flex 4 in Europe. We have completed our triple-blade range for Women with the introduction of Simply Soleil® in North America and Soleil® Easy in Europe.
- In developing markets, the strong base of users BIC has built with the historical one-blade and two-blade shavers is still growing, while the recent triple-blade shavers continued to attract new consumers.

The 2011 Shaver normalized IFO margin was 18.2% compared to 14.2% in 2010. The improvement was due to an increase in sales and lower production costs (thanks to higher production volumes following the sales and efficiency improvements) and more than offset the increase in advertising we have initiated to support our new products and our brand.

Other Products

The Other Products consumer category includes various strategic and tactical activities. In 2011, the Other Products net sales decreased 5.1% as reported to 94.5 million euros, decreased 5.0% at constant currencies and -0.5% on a comparative basis.

- **BIC Sport:** In 2011, BIC Sport sales (surfboards, windsurfs, kayaks and sailboats) reached 17.7 million euros, up 5.9% as reported and +8.2% at constant currencies. The disengagement of the kite activity has been balanced by the fast growing segment of Stand Up paddling surf boards in particular in North America.
- In 2011, BIC disposed the PIMACO business to business divisions in Brazil and the REVA peg business in Australia.
- The Other Products Consumer category also includes the licensing revenues derived from the **BIC® Phone** developed in partnership with several different European Telecom operators. More than 200,000 BIC® Phones were sold in 2011.

Other consumer products 2011 IFO was -22.8 million euros, negatively impacted by:

- -9.9 million euros reflecting the impairment of goodwill and trademarks related to the disposals of PIMACO business-to-business divisions in Brazil and the related restructuring expenses;
- -8.7 million euros due to an impairment of goodwill, recognizing the challenging market conditions in some non-core product segments in Greece.

Full year 2011 IFO also includes +1.0 million euros non-recurrent gain related to the disposal of REVA peg business in Australia. Excluding these non-recurrent items, other consumer products normalized IFO is -5.2 million euros compared to -6.4 million euros in 2010.

Advertising and Promotional Products

BIC Advertising and Promotional Products business (BIC APP) 2011 sales reached 302.0 million euros, down 16.7% as reported, -13.7% at constant currencies and -10.4% on a comparative basis.

In North America, in an uncertain economic environment, the Advertising and Promotional Product market increased mid-single digit, with a significant discrepancy from one segment to another. The growth was driven by Apparels (32% of the total market) mainly through price increases. Writing Instruments (9% of total market) and Calendars (8% of total market) declined low-single digit while Hard Goods (51% of total market) were flat. In Europe, Southern countries like Spain, Greece and Italy declined sharply. Developing markets continued to grow.

BIC APP sales trends differed significantly from one segment to another, as the focus was given to the completion of the integration plan launched in 2010 and the rationalization of the product offer with major steps towards the rejuvenation of the portfolio.

- In Stationery (47% of BIC APP sales), the BIC Graphic branded products resisted well and we maintained our market shares. Net sales grew mid-single digit in developing markets.
- In Hard goods (35% of BIC APP sales), Norwood lost market shares as net sales were negatively impacted by customer service issues during the first Half, with improvements in the second Half.
- In Calendars (18% of BIC APP sales), BIC APP maintained its leadership and market share in the US in a soft market.

In 2011, BIC APP reported IFO margin was 6.4% compared to 7.6% in 2010. This includes 5.1 million non-recurrent items related to the integration plan. Full year 2011 normalized IFO margin reached 8.1% compared to 9.2% in 2010. 2011 savings related to the integration plan amounted 15.7 million euros.

2011 GROUP PERFORMANCE BY GEOGRAPHICAL AREA

Net sales breakdown by geographical area

(in million euros)	2010	2011	CHANGE 2010/2011 AS REPORTED	AT CONSTANT CURRENCIES [a]	ON A COMPARATIVE BASIS [b]
Europe	524.9	517.7	-1.4%	-1.4%	-0.4%
North America	773.8	728.0	-5.9%	-0.7%	+0.4%
Developing markets	532.8	578.4	+8.6%	+9.6%	+10.5%

(a) Constant currencies figures are calculated by translating the current year figures at prior year monthly average exchange rates.

(b) Comparative basis: at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, and this until their anniversary date.

Impact of change in perimeter and currency fluctuations on net sales

	2010	2011
Perimeter	+4.2%	-1.0%
Currencies	+7.1%	-2.5%
• Of which U.S. dollar	+2.5%	-2.2%
• Of which Brazilian real	+2.0%	-

Sensitivity to key currency changes on net sales

	2010	2011
+/-5% changes of U.S. dollar	+/-1.9%	+/-1.8%
+/-5% changes of Brazilian real	+/-0.6%	+/-0.6%
+/-5% changes of Mexican peso	+/-0.2%	+/-0.2%

Europe

The Europe region includes Western and Eastern Europe. In 2011, net sales in Europe reached 517.7 million euros, down 1.4% as reported, -1.4% at constant currencies and -0.4% on a comparative basis compared to 2010.

Consumer business

2011 was a good year for Europe consumer business despite the challenging economic environment, particularly in Southern Europe and Romania. The key contributors to the growth were France, the Northern area, Germany and the Eastern countries such as Russia, Ukraine and Turkey.

- The Stationery market (sell-out) was flat across Europe. In this environment, BIC gained market share in almost all countries with strong value gains in France, the UK, Spain and Italy. We benefited from a very good back-to-school, particularly in France, thanks to the on-going success of our "Econobic" loyalty program. Competitive environment remained challenging, both from branded products and private labels. 2011 was the year of the 60th anniversary of the BIC Cristal, allowing us to leverage brand support in France, UK, Italy and Spain mainly.
- In Lighters, we experienced a mid-single digit growth, with, notably, good results in France, Benelux, Germany and Russia, thanks to a more segmented offer and despite the continuous low-cost, low-quality and mostly non-compliant Asian imports.
- In Shavers, the market grew low-single digit. In 2011, we experienced our best sales performance in 8 years, grew in most geography (notably France, Italy and Eastern Europe) and gained market share in most countries. The launch of our movable blade technology coupled with the development of our franchise in Eastern Europe were the key growth drivers. We supported the launch of BIC® Flex 3, our shaver with movable technology, with the "Human Curling" campaign on the internet.

Advertising and Promotional Products

Advertising and Promotional Products sales remained soft, particularly in Southern Europe countries.

North America

The North America region includes the USA and Canada. In 2011, net sales in North America reached 728.0 million euros, down 5.9% as reported, -0.7% at constant currencies and up 0.4% on a comparative basis compared to 2010.

Consumer business

In 2011, North America Consumer Products performed well and out-paced the market in a continued challenging economy. On-going economic pressures impacted consumer spending behaviors which forced retailers to continually adjust their strategies.

- In Stationery, the market grew slightly and BIC net sales were almost flat. Following the strong performance registered in 2010, in the U.S. BIC slightly underperformed in the low growth Stationery market with continued growth in Office Products offset by flat back-to-school sales. In Canada, BIC grew market share in an overall flat market by delivering a strong back-to-school season. In both countries, results were positively impacted by the focus on our BIC® Easy-Glide System® writing technology and the introduction of new products, including the BIC® For Her™ line.
- In Lighter, net sales grew high single digit and significantly outperformed the pocket lighter market. This growth was driven by our proven safety and best quality product, continued innovation in value-added sleeve designs, specifically Playboy, Rock Bands, Animals, Pop Culture, and Pro Series, and the improvement of our distribution depth in both pocket and multipurpose lighters.
- In Shavers, BIC was the only brand in the U.S. to gain share in one-piece in 2011, establishing itself as a stronger number two disposable brand overall in both volume and value, with 23% value market share and 27% volume market share, growing at twice the rate of the category. Our performance was driven by continued growth in the women's sub-segment led by the BIC® Soleil® range complemented by gains in the men's sub-segment led by a strong second year of our BIC® Hybrid Advance™.

Advertising and Promotional Products

As in Europe, Advertising and Promotional Products sales remained soft. Norwood lost market share as net sales were negatively impacted by customer service issues during the first Half with improvements in the second Half. In Calendars, BIC APP maintained its leadership and market share in a soft market.

Developing markets

Developing markets include Latin America (Mexico, Central America, the Caribbean and South America), Middle East, Africa, Oceania and Asia. In 2011, net sales increased by 8.6% as reported to 578.4 million euros, +9.6% at constant currencies and +10.5% on a comparative basis.

Consumer business

During the year, we continued to capitalize on our historical presence in Latin America, Middle East and Africa and started to enhance BIC awareness and visibility in Asia. We grew our business in all regions and in each of our three categories, with noticeable success in lighters in Japan and shavers in Latin America.

Customers and consumer proximity, adapted product portfolio, efficient distribution remained the fundamentals of our strengths in developing market. Social responsibility helps us to play a key role in helping education progress in the countries we work in.

In Latin America, 2011 net sales increased high-single digit. The region continues to grow at a fast pace. In the main growth countries (Brazil, Mexico and Argentina) we performed well this year increasing net sales and gaining market share in all categories. We also registered solid growth in Colombia and Venezuela.

- In Stationery, we maintained our strong positions in ball pen classic and graphic pencils and grew strongly in marking, coloring and correction.
- In Lighters, we registered a strong performance in Brazil and Mexico with market share gained thanks to distribution gains.
- In Shavers, growth continued to be driven by all BIC® products (single, twin-blade and the pace-setting triple-blade) and by increasing distribution.

During the year, we continued to support our marketing programs, notably in shaver and stationery. In shaver, the BIC® Comfort 3 campaign "Homem bem feito" continues to work very well in countries like Brazil. In Stationery, we focused on the coloring segment.

In **Middle East and Africa**, despite the persistent uncertainty in some countries (Tunisia-Libya-Egypt-Syria-Yemen), our "More for your money… Always" proposition continued to generate positive results across all categories.

- In Stationery, while the BIC® Cristal® ball pen is historically very strong, we continued product range expansion in all segments (BIC® 4 Color family, Tipp-Ex® correction products).
- In Lighters, despite competition from low-cost and low-quality Asian products, sales increased thanks to a strong focus on "route to market strategy" and an improved communication on BIC's commitment to safety and quality.
- In Shavers, growth in volume and value was driven by accelerated sales in triple blade line with the BIC® Flex 3 and Flex 4 in South-Africa and the BIC® Soleil® Easy and the Astor 3 in the Middle East. We also benefited from the success of our classic line (Double Edge and Single blade) and notably the solid performance of the BIC® Lady in Africa.

We continued to support or build the BIC brand in all the regions, notably through the implementation of school programs in most of the countries. As an example, during the 2011 back to school we donated a pen to children in need to help them on the path of learning. Through this "Choose BIC and change a future" campaign, BIC will give away 1 million pens to be distributed to disadvantaged areas. This program is aimed at building brand awareness and equity and is totally in line with our BIC vision & values.

In 2011, **Asia** achieved a double digit growth mainly driven by lighters. In all countries, new product launches, distribution expansion and targeted advertising have increased BIC products visibility throughout the region. Major advertising campaigns were executed during the year in Stationery and Lighters to increase the BIC brand awareness.

- In Stationery, the "Think BIG Think BIC" campaign in South Korea and Thailand was targeted to young students and deployed on TV, buses, metro, internet and schools. Sheaffer performed very well thanks to the enhanced brand image and visibility obtained with the "Shop in Shop" concept.
- The Lighter category led overall growth thanks to the successful implementation of the ISO 9994 and child resistant regulation in Japan which was a huge opportunity to increase brand awareness and distribution in this country. BIC® Lighters were the first to be certified and listed in the main Convenience stores chains nationwide. This was complemented with an advertising campaign in Cable TV, train stations and stores. Similar activities were executed in Korea, China, Malaysia, Thailand and Singapore resulting in increasing distribution and brand awareness improvement. More than 25.000 convenience stores have listed BIC® lighters throughout Asia in 2011.
- In Shavers, the competitive landscape remained challenging in North Asia countries where System is the dominant segment within the wet shave category.

In **Oceania**, we managed to grow market shares in Stationery and Shavers and consolidated our leadership positions in Lighters.

- In Stationery, we launched the BIC® Cristal® Easy Glide and the BIC® Cristal® Extra Life brands in December in addition to the full BIC® Mark-it marking range.
- Lighters market share remained solid, particularly in the key Grocery, Petrol & Convenience channels.
- Shavers benefited from the solid performance of our triple blade products.

Advertising and Promotional Products

BIC APP registered a solid sales performance in developing markets.

4.2. Financial situation

At the end of 2011, net cash position was 329.5 million euros, compared to 397.1 million euros as of December 31, 2010.

2011 cash generation is impacted by the dividend payment for -90.6 million euros, -101.4 million euros of cash paid on share buy-back and -89.0 million euros CAPEX.

Main balance sheet items

(in million euros)	2009	2010	2011
Shareholders' equity	**1,304.3**	**1,444.6**	**1,467.1**
Current borrowings and bank overdraft	53.7	11.7	8.8
Non-current borrowings	161.5	2.8	1.6
Cash and cash equivalents - assets	480.3	371.2	300.7
Other current financial assets	40.1	40.7	39.2
Net cash position	**305.3**	**397.1**	**329.5**
Goodwill	215.0	219.9	211.6
Intangible assets	40.2	38.2	51.0
TOTAL ASSETS	**2,029.1**	**2,024.2**	**2,080.5**

NB: SOCIÉTÉ BIC did not request any rating from any credit ratings agency nor, to the best of its knowledge, has it been the object of any unsolicited rating.

Condensed cash flow statement

(in million euros)	2009	2010	2011
Cash flow from operations	247.7	302.7	340.8
Increase/(Decrease) in net working capital	92.0	(1.3)	(114.8)
Other operating cash flows	3.4	(41.2)	(25.2)
Net cash from operating activities	343.1	260.2	200.8
Net cash from investing activities	(216.9)	(37.8)	(91.9)
Net cash from financing activities	110.0	(362.1)	(176.8)
Net increase/(decrease) in cash and cash equivalents	236.2	(139.6)	(68.0)
Closing cash and cash equivalents	478.9	368.0	299.4

4.3. 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 forward contracts and options. The Group does not hedge against FOREX conversion variations arising in the consolidation of foreign affiliates, except for intragroup dividends. Direct and equity investments are also usually carried out in local currencies.

BIC manages foreign exchange risks only in order to protect profitability, enhance liquidity and security and does not engage in any speculative transactions. Group Treasury is not a profit centre 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 the parent company level, except for non-convertible currencies.

A regular reporting process common for all subsidiaries allows the identification of FOREX positions for each currency and their forward-looking evolution within the year. SOCIÉTÉ BIC consolidates subsidiaries' FOREX risks and hedges the residual risk on financial markets.

The Group main currency exposure is the EUR-USD rate.

In 2011, the yearly exposure for commercial flows was hedged at the average rate of 1 euro = 1.2846 U.S. dollars. Regarding the 2012 exposure, as of December 31, 2011, 94% of the exposure has been hedged at an average rate of 1.3550 U.S. dollars. As of January 18, 2012, 100% of the exposure has been hedged at an average of 1.3491 U.S. dollars.

The main other currencies exposures in order of volume are the Canadian dollar, the British pound and the Australian dollar. These exposures are hedged at least at 95% for the all year 2012.

As soon as a transaction is traded on the financial markets, Group Treasury categorises 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 leveraging or deactivating effect that could create a position opposed to the intended direction of the Group exposure. This strict discipline in such levels of market volatility is fundamental for the financial security of the Group.

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

All hedging contracts are set up with top-level banking institutions, making counterparty risk very low. Within a context of a worldwide financial crisis, the ratings of our counterparties may have been negatively impacted, nevertheless almost all our transactions are negotiated with the historical banks of BIC Group, which all have adopted a business model of "universal bank" with a good protective balance between their different activities that makes them less sensitive to market risks. To date, the minimum Long Term Standard & Poor's rating of our main banking counterparties is A-, the scale of ratings goes from AA- to A-.

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 latin America 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.

HEDGING INTEREST RATE RISK

Exposure to interest rate fluctuations is very limited. All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of a too limited timescale to require any relevant hedging.

4.4. 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 and balance sheet strength, as well as comparisons with peer companies in the same sector. BIC does not foresee a material change in this distribution policy of dividends.

Considering the Group's strong full-year 2011 performance, and confident in BIC Group's prospects and sustainability of its strong financial situation, the Board of Directors will propose 2.20 euros as an ordinary dividend per share as well as 1.80 euros as an exceptional dividend, at the Annual Shareholders' Meeting on May 10, 2012. The pay-out ratio (calculated with the ordinary dividend) would be 44% in 2011, compared to 44% in 2010.

The dividends paid for the last three fiscal years were as follows:

	NET ORDINARY DIVIDEND *(in euros)*	NET ORDINARY DIVIDEND DIVIDED BY EARNINGS PER SHARE (PAY-OUT RATIO)
2010	1.90	44%
2009 [(a)]	1.40	44%
2008	1.35	45%

(a) For the fiscal year 2009, the company paid a special dividend of 1.00 euros.

The Company continues to maintain a strong balance sheet.

During the full year 2011, the Board of Directors approved the cancellation of 1,213,559 shares.

As of December 31, 2011, the common stock was down 3 million euros compared to December 31, 2010.

4.5. Investments

PRINCIPAL INVESTMENT OVER THE PAST FEW YEARS

Regarding industrial investments, the BIC Group has organized its manufacturing activities in two areas for several years:

- first, in continued quality improvement for each production line, including continuous investments in manufacturing processes and new technologies;
- second, in the specialization of focused production sites by product category.

In 2004, we acquired our distributor in Japan (today BIC Japan KK) and Stypen® in France.

In November 2005, BIC opened its own stationery production facility in China.

In 2006, we opened a distribution subsidiary in Turkey. Moreover, we acquired PIMACO Company, Brazil's leading manufacturer and distributor of adhesive labels for office, school and home use, in order to help BIC grow in the office segment.

In 2007, BIC acquired Atchison Products Inc., supplier of imprinted promotional bags in the USA, a strong addition to our promotional products business.

In December 2008, BIC Group announced its intent to acquire Antalis Promotional Products entities (Sequana Group). The acquisition was completed on March 11, 2009, after the signing of an agreement on the basis of a total enterprise value of 33.5 million euros. After the purchase of Antalis Promotional Products, BIC Group announced in June 2009 the acquisition of Norwood Promotional Products. Norwood PP is a U.S. supplier of promotional product with leadership positions in calendars, bags, awards, drinkware and other promotional goods. The acquisition was completed on July 6, 2009 and total consideration for the acquisition was 125 million U.S. dollars plus 31 million U.S. dollars in assumed liabilities.

On January 21, 2009, the BIC Group and the Cello Group announced that they had signed a definitive agreement whereby BIC Group acquired 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC has a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings. This agreement was partially completed on March 5, 2009 for 3.8 billion Indian rupees. Proportionate share of Cello Pens net income has been accounted through the equity method in BIC accounts since April 1, 2009.

BIC launched in April 2009 a worldwide cost reduction plan to adjust to the slowdown of its key markets. This initiative negatively impacted full year 2009 IFO by 34.4 million euros. The impact on profit was partially offset by the negative goodwill related to the Antalis Promotional Products acquisition. The net impact was 24.1 million euros.

On January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure their implementation. On August 4, 2010, BIC announced that it is iniating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.

➔ PRINCIPAL INVESTMENT IN 2011

On April 27, 2011, BIC Group announced that BIC CORPORATION., its U.S. subsidiary, has acquired Sologear LLC, a Middleton, Wisconsin based company. Sologear is the maker of FlameDisk®, a portable charcoal-alternative heat source for grilling. BIC also acquired Sologear's unique technology for solidifying ethanol.

On November 30, 2011, BIC Group announced that its Canadian subsidiary, BIC Inc. has acquired the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology.

➔ PRINCIPAL INVESTMENT IN PROGRESS: GEOGRAPHIC DISTRIBUTION AND FINANCING METHODS

In February 2012, BIC Group has acquired land for the construction of a writing instrument facility in the fast growing African and Middle East region to enhance its manufacturing footprint and better meet consumer demand in this region. Located in Tunisia (region of Bizerte), the facility will be operational in 2013. The total investment is estimated to be around 12 million euros over the next two years.

➔ PRINCIPAL FUTURE INVESTMENTS

Not applicable.

4.6. Prospects for 2012 and strategy

➔ 2012 OPERATIONAL OUTLOOK

In 2012, we will focus on leveraging the solid competitive positions acquired over the last two years and continue to invest in brand support, research and innovation to fund the Group's future profitable growth.

Developing markets will be one of the key areas of investment either to enhance manufacturing footprint or to support the launch of new products. We will increase our investments in fuel cell following the acquisition of Angstrom.

Consumer business

Stationery

- In developed countries, 2012 will be challenging with continued competitive pressure and escalating demands from retailers struggling to generate growth. In this context, we will continue to focus on consumer needs with our "More for your money…Always" value message and to increase distribution depth.
- In developing countries, we will benefit from our existing leadership positions and continue to invest in manufacturing capacity, brand development and geographical expansion.

Lighters

- In all regions, we will continue to rely on our proven safety and best quality added-value lighters to increase distribution and gain market shares. We should continue to benefit from our innovative and segmented value-added sleeve design, such as "Miss BIC" for women in Europe and "Tatoos" in the USA Developing markets should grow mid-to-high-single digit and we will continue to strengthen our footprint in Middle East, Africa and Asia through increased distribution.

Shavers

- In all geographies, we will continue to leverage our "More for your money…Always" proposition to strengthen our market share. In developed markets, we should grow faster than the category and we expect our growth rate to continue in the mid-to-high single digit range. In developing countries, particularly in Latin America, growth rates should continue at a high-single digit pace, as achieved in the past year.

Advertising and Promotional Products

2012 should remain volatile due to the macroeconomic environment. While the Advertising and Promotional market should increase low single digit in the USA and decline slightly in Europe, we expect BIC APP net sales to be flat to slightly declining. 2012 will show new product development initiatives and renewed customer focus now that our service levels are back to industry standards.

GROUP MID-TERM OUTLOOK

Consumer business

For the consumer business, our objective remains to grow faster than our markets thanks to our quality and price positioning and to continue to improve operational efficiency. As a result, we expect to increase net sales between +2% and +4% [(1)] per year, with high-single digit growth in developing markets, and to achieve 15% to 20% normalized IFO margin.

Advertising and Promotional Products

For BIC APP, the timing of the upturn in net sales will be a function of the economic recovery of developed countries but more importantly, it will rely on our ability to regain market shares. As a consequence, we expect to reach low to mid-single digit annual sales growth within the next 3 to 5 years. Thanks to the benefits of the integration plan, we will be able to maintain normalized IFO margin between 8% and 12% per year despite lower sales growth than initially anticipated.

RISKS AND OPPORTUNITIES

In summary, we foresee the major challenges for 2012 to be:

- continued economic uncertainty in Europe;
- continued foreign currency volatility;
- global geopolitical environment.

While many of these issues are outside of our control, we will make every effort to minimize these risks in all aspects of our operations.

We believe that our greatest opportunity for growth remains the strength of the BIC® brand, combined with the diverse talents of our multinational workforce in more than 160 countries around the world. Our teams are delivering products and programs, including advertising and promotional support, that speak directly to today's consumers in their local marketplaces, meeting their specific needs.

PERFORMANCE GOALS

Sales growth, market share gains, margins, cash flow and a strong balance sheet are the principal indicators of the Group's performance.

In 2012, our objectives are to continue to rely on our solid and international organization, our strong management team and all BIC employees around the world, to effectively manage our business, achieve market share increases and protect cash generation.

RECENT EVENTS

Disposal of the French Phone Cards activity

In February 2012, BIC subsidiary DAPE 74 (sales to tabacco shops in France – consolidated in the "Other consumer business" category) has sold its phone refills distribution business to SPF for 0.8 million euros.

Favourable award related to the full completion of the agreements on the acquisition of Cello Pens

On February 16, 2012, BIC Group received a favourable award from the Tribunal, constituted under the Rules of the Singapore International Arbitration Center, in respect of the acquisition of 40% shares in the 7th and last entity Cello Pens & Stationery (CPS) as per the definitive agreements signed on January 21, 2009. BIC now intends to proceed with the share purchase in CPS. The Cello Group has a period of 90 days to appeal.

This decision was issued after the establishment of the financial statements adopted by the Board of Directors on February 14, 2012. It does not affect the position taken by the BIC Group reflected in the consolidated financial statements as of December 31, 2011.

(1) Excluding currency impacts and bolt-on acquisitions.

5

FINANCIAL STATEMENTS

5.1. Consolidated financial statements

1. CONSOLIDATED INCOME STATEMENT

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Net sales		1,562,696	1,831,514	1,824,087
Cost of goods	3	(842,952)	(960,875)	(925,606)
Gross profit		**719,744**	**870,639**	**898,481**
Distribution costs	3	(258,436)	(295,698)	(291,439)
Administrative expenses	3	(159,457)	(182,804)	(177,126)
Other operating expenses	3	(76,857)	(98,133)	(88,537)
Other income	4	26,721	33,029	23,636
Other expenses	4	(35,708)	(22,435)	(25,348)
Income from operations		**216,007**	**304,598**	**339,667**
Income from cash and cash equivalents	5	11,271	9,482	10,602
Finance costs	5	(8,531)	(11,260)	(1,428)
Income before tax		**218,747**	**302,820**	**348,841**
Income tax expense	6	(70,843)	(100,363)	(115,060)
Net income from consolidated entities		**147,904**	**202,457**	**233,781**
Income from associates	12	3,820	5,000	4,100
Net income from continued operations		151,724	207,457	237,881
Net income from discontinued operations		-	-	-
Income before non-controlling interest		**151,724**	**207,457**	**237,881**
Non-controlling interest		-	-	-
GROUP NET INCOME		**151,724**	**207,457**	**237,881**
Earnings per share *(in euros)*	7	3.15	4.29	5.00
Diluted earnings per share *(in euros)* [a]	7	3.14	4.26	4.95
Weighted average number of shares outstanding net of treasury shares	7	48,151,691	48,341,785	47,565,299

(a) Dilutive elements considered are stock options and free shares.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Group net income		151,724	207,457	237,881
Other comprehensive income				
Gain/(Loss) on cash flow hedge	22	60	(6,595)	(11,415)
Exchange differences arising on translation of overseas operations [(a)]		38,156	66,838	(4,077)
Actuarial differences on post employement benefits	20-4	(139)	(11,237)	(56,982)
Available for sale investments		1	(2)	(2)
Other comprehensive income from associates	12-1	-	-	(1,040)
Deferred tax and current tax recognized on other comprehensive income	6-2	(1,772)	5,272	22,933
Other comprehensive income - Net of tax		**36,306**	**54,276**	**(50,583)**
TOTAL COMPREHENSIVE INCOME		**188,030**	**261,733**	**187,298**
Attributable to:				
• BIC Group		188,030	261,733	187,298
• Non-controlling interest		-	-	-
TOTAL		**188,030**	**261,733**	**187,298**

(a) The main items impacting the translation reserve variance for the period are as follows: U.S. dollar 26.2 million euros, Brazilian real -16.8 million euros, Mexican peso -6.2 million euros, Canadian dollar -2.9 million euros, South african rand -2.5 million euros.

3. CONSOLIDATED BALANCE SHEET

Assets

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Property, plant and equipment	9-1, 9-2	372,511	358,188	360,242
Investment properties	9-3	2,547	2,339	2,304
Net goodwill	10	215,047	219,869	211,600
Intangible assets	11	40,155	38,162	51,020
Investments in associates	12	67,101	72,103	75,161
Other non-current assets	13	12,567	16,555	14,610
Deferred tax assets	21	110,664	136,140	158,159
Derivative financial instruments	22	1	-	223
Non-current assets		**820,593**	**843,356**	**873,319**
Inventories	14	300,973	344,001	411,281
Income tax advance payments		8,373	10,520	14,089
Trade and other receivables	14, 15-5	361,172	389,314	416,928
Other current assets		8,863	14,291	17,984
Current derivative financial instruments	15-6, 22	5,906	5,192	904
Other derivative instruments	22	1,896	-	33
Other current financial assets		40,113	40,672	39,223
Cash and cash equivalents		480,343	371,191	300,733
Assets held for sale	9-4	890	5,671	6,008
Current assets		**1,208,529**	**1,180,852**	**1,207,183**
TOTAL ASSETS		**2,029,122**	**2,024,208**	**2,080,502**

Equity and liabilities

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Share capital	16	184,231	184,128	179,683
Accumulated profits		1,113,245	1,191,112	1,230,507
Translation reserve		(5,080)	61,758	56,641
Cash flow hedge derivatives		11,669	7,650	271
Group Shareholders' equity		**1,304,065**	**1,444,648**	**1,467,102**
Non-controlling interest		219	-	-
Shareholders' equity	**SHEQ**	**1,304,284**	**1,444,648**	**1,467,102**
Non-current borrowings	18	161,466	2,781	1,584
Other non-current liabilities		118	106	743
Employee benefits obligation	20	153,649	166,880	203,016
Provisions	19	36,676	50,479	56,822
Deferred tax liabilities	21	19,390	22,367	19,014
Non-current hedging contracts	15-6, 22	672	29	82
Non-current liabilities		**371,971**	**242,642**	**281,261**
Trade and other payables	14	120,430	130,255	110,765
Current borrowings	18	53,695	11,709	8,761
Current tax due		20,735	12,226	20,013
Other current liabilities		149,777	177,930	185,486
Other derivative intruments	15-6, 22	-	1,481	-
Current hedging contracts	15-6, 22	8,230	3,317	7,114
Current liabilities		**352,867**	**336,918**	**332,139**
TOTAL EQUITY AND LIABILITIES		**2,029,122**	**2,024,208**	**2,080,502**

SHEQ: See consolidated statement of changes in equity.

4. CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Operating activities				
Net income	IS	151,724	207,457	237,881
Adjustments to reconcile net income to net cash:				
Amortization of intangible, tangible assets and investment properties	3, 9, 11	75,024	77,318	70,477
Impairment loss	9, 11	5,095	6,014	114
Antalis Promotional Products negative goodwill and goodwill impairment	10-1	(10,250)	3,410	8,678
Provision for employee benefits	20-3	26,832	16,740	9,616
Other provisions (excluding provisions on current assets)		3,964	9,139	7,821
Hedging and derivative instruments		250	2,265	(5,071)
Option premium expense		305	658	464
Recognition of share-based payments	17, SHEQ	5,705	7,368	7,632
Deferred tax variation	21	(6,611)	(11,598)	(1,696)
Income from associates	12	(3,820)	(5,000)	(4,100)
(Gain)/Loss from disposal of fixed assets	4, 9, 10, 11, (a)	(555)	(11,067)	8,985
Cash flow		**247,663**	**302,704**	**340,801**
(Increase)/Decrease in net working capital	14	92,005	(1,319)	(114,802)
Payments related to employee benefits	20-1	(25,264)	(25,081)	(30,469)
Financial expense/(income)	5	(2,227)	297	(7,209)
Interests (paid)/received	5	4,298	(5,123)	8,371
Income tax expense	6-1	77,464	104,865	108,057
Income tax paid		(50,799)	(116,117)	(103,928)
NET CASH FROM OPERATING ACTIVITIES	**(g)**	**343,140**	**260,226**	**200,821**
Investing activities				
Disposal of fixed assets	4	7,115	7,335	3,800
Purchases of property, plant and equipment	9	(47,639)	(56,647)	(76,214)
Purchases of intangible assets	11	(5,429)	(6,343)	(12,753)
Acquisition of equity investment	12	(63,271)	-	-
(Increase)/Decrease in other investments		11,161	487	46
Business (acquisitions) / divestitures	10, (b)	(118,848)	17,376	(6,823)
NET CASH FROM INVESTING ACTIVITIES		**(216,911)**	**(37,792)**	**(91,944)**

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Financing activities				
Dividends paid	SHEQ, 8, (c)	(65,001)	(116,432)	(90,567)
Non-controlling interest buy-back		-	(200)	-
Borrowings/(Repayments)	18, (d)	190,347	(226,931)	(1,657)
Repayments of obligations under finance leases		1,033	462	(354)
Purchase of financial instruments	(e)	(127)	(690)	(405)
(Purchase)/Sale of other current financial assets		(19,416)	(309)	150
Increase in treasury shares and exercise of stock options	16-2, 17-1, (f)	3,175	(17,955)	(84,001)
NET CASH FROM FINANCING ACTIVITIES		**110,011**	**(362,055)**	**(176,834)**
Net increase/(decrease) in cash and cash equivalents		236,240	(139,621)	(67,957)
Opening cash and cash equivalents	BS	222,471	478,885	367,972
Exchange difference		20,174	28,708	(645)
CLOSING CASH AND CASH EQUIVALENTS	**BS**	**478,885**	**367,972**	**299,370**

IS: See consolidated income statement.
SHEQ: See consolidated statement of changes in equity.
BS: See consolidated balance sheet.

Closing cash and cash equivalents include cash, cash equivalents of 300,733 thousand euros and bank overdrafts of 1,363 thousand euros.

(a) Main disposals on 2011 are the following:

- REVA peg business in Australia (net gain of 1 million euros);
- PIMACO business to business divisions in Brazil (net loss of 9.6 million euros).

Main disposals on year 2010 were the following:

- divestiture of BIC APP funeral products business activity, as well as Artwork, for 17.4 million euros, generating a gain of 7.3 million euros;
- disposal of lands and buildings in France, Australia and USA, generating a gain of 3.4 million euros.

(b) During 2011, BIC Group:

- acquired Sologear in the USA for 1 million euros, with an earn-out that could be paid over five years (see Note 10-2);
- acquired certain assets from Angstrom Power Incorporated (Canada) for 13.5 million euros (see Note 10-3);
- disposed the REVA peg business in Australia for 1.5 million euros;
- disposed the PIMACO business to business divisions in Brazil for a total of 6.5 million euros, of which 0.3 million euros to be received within one year.

(c) The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its shareholders (see Note 8).

(d) In 2009, new borrowings had been contracted in France for Cello Pens (156 million U.S. dollars) and Norwood Promotional Products LLC (125 million U.S. dollars) acquisitions. Those loans have been fully repaid in 2010 for a counterpart of 118.6 million euros and 98.8 million euros respectively.

(e) During 2011, SOCIÉTÉ BIC purchased option premiums for 0.4 million euros (0.7 million euros during full year 2010).

(f) During 2011, 1,608,948 shares were repurchased by SOCIÉTÉ BIC for 101.4 million euros. Also, 358,459 shares were bought according to the liquidity agreement for 22.9 million euros and 363,861 shares were sold for 23.3 million euros. In addition, 415,357 options were exercised in the period for 19.1 million euros, of which 8.4 million euros have not been cashed in end of December 2011. Moreover, SOCIÉTÉ BIC received early 2011, 6.3 million euros related to stock options exercised at the end of 2010.

During 2010, 694,780 shares were repurchased by SOCIÉTÉ BIC for 42.0 million euros. Also, 382,544 shares were bought according to the liquidity agreement for 22.0 million euros and 384,029 shares were sold for 22.4 million euros. In addition, 658,821 options were exercised in the period for 29.9 million euros, of which 6.3 million euros have not been cashed in end of December 2010. Moreover, SOCIÉTÉ BIC received early 2010, 0.5 million euros related to stock options exercised at the end of 2009.

(g) 2011 net cash from operating activities include 10.9 million euros cashed out related to restructuring. For the full year 2010, it included 10 million euros cashed out for the BIC APP integration plan and the roll-over of the 2009 cost reduction plan.

5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	NOTES	SHARE CAPITAL	ACCU-MULATED PROFITS	TRANSLATION RESERVE	CASH FLOW HEDGE DERIVATIVE	GROUP SHARE-HOLDERS' EQUITY	NON-CONTROLLING INTEREST	SHARE-HOLDERS' EQUITY
At January 1, 2010		**184,231**	**1,113,245**	**(5,080)**	**11,669**	**1,304,065**	**219**	**1,304,284**
Dividends paid	8	-	(116,432)	-	-	(116,432)	-	(116,432)
Decrease in share capital		(2,086)	(25,899)	-	-	(27,985)	-	(27,985)
Increase in share capital		2,517	27,356	-	-	29,873	-	29,873
Treasury shares		(534)	(13,441)	-	-	(13,975)	-	(13,975)
Recognition of share-based payments	17	-	7,368	-	-	7,368	-	7,368
Non-controlling interest buy-back		-	-	-	-	-	(219)	(219)
Other		-	1	-	-	1	-	1
Total comprehensive income		-	*198,914*	*66,838*	*(4,019)*	*261,733*	-	*261,733*
At January 1, 2011		**184,128**	**1,191,112**	**61,758**	**7,650**	**1,444,648**	**-**	**1,444,648**
Dividends paid	8	-	(90,567)	-	-	(90,567)	-	(90,567)
Decrease in share capital [(a)]		(4,636)	(71,116)	-	-	(75,752)	-	(75,752)
Increase in share capital [(b)]		1,587	17,485	-	-	19,072	-	19,072
Treasury shares		(1,396)	(23,827)	-	-	(25,223)	-	(25,223)
Recognition of share-based payments	17	-	7,632	-	-	7,632	-	7,632
Other		-	(6)	-	-	(6)	-	(6)
Total comprehensive income		-	*199,794*	*(5,117)*	*(7,379)*	*187,298*	-	*187,298*
At December 31, 2011		**179,683**	**1,230,507**	**56,641**	**271**	**1,467,102**	**-**	**1,467,102**

(a) On February 15, 2011, the Board of Directors, authorized by the May 12, 2010 Annual Shareholders' Meeting, decided to cancel 197,675 shares. On May 11, 2011 and on December 14, 2011, the Board of Directors, authorized by the May 11, 2011 Annual Shareholders' Meeting, decided to cancel respectively 609,314 and 406,570 shares (see Note 16).

(b) Following the exercise of stock options (subscription plan), the share capital was increased by 415,357 shares.

6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Approval of the financial statements

The BIC Group's consolidated financial statements for 2011 have been approved by the Board of Directors' Meeting of February 14, 2012 and are submitted for approval to the Annual Shareholders' Meeting held on May 10, 2012.

The 2011 financial year was impacted by the ongoing economic and financial crisis, the scope and length of which cannot be precisely anticipated beyond December 31, 2011. The 2011 consolidated financial statements were prepared in recognition of this environment, especially regarding financial asset valuation, assessment of inventory turnover and collection of trade receivables. Assets with values linked to long-term projections, especially intangible assets, were valued according to assumptions taking into account the economic and financial crisis. Particular attention was paid to the potential impact on the discounting of operating cash flows, as the financial parameters used are the market ones at the end of 2011.

1 Accounting policies

1-1 General

According to the European regulation n°1606/2002 of July 19, 2002, the consolidated financial statements of BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. The international standards include the IFRS (International Financial Reporting Standards) and the IAS (International Accounting Standards), as well as their interpretations.

The full-year 2011 consolidated financial statements have been prepared using the measurement and recognition rules defined in all IAS/IFRS standards existing at that date.

The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments. The principal accounting policies remain unchanged compared to last year except for the following policies, effective since January 1, 2011.

1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

Standards, interpretations and amendments effective in the current period

The following standards, interpretations and amendments are effective since January 1, 2011 and have been applied to the consolidated financial statement as of December 31, 2011:

- Revised IAS 24 – Related parties;
- IAS 32 Amended – Classification of rights issues;
- IFRIC 14 Amended – Prepayments of a minimum funding requirement;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- Improvements to IFRS 2010.

The implementation of these new regulations had no significant impact on the consolidated financial statements as of December 31, 2011.

Optional standards, interpretations and amendments issued and adopted by the European Union in 2011

In 2011, the Group did not elect to early apply any standards, interpretations or amendments approved by the European Union, particularly regarding the amendment IFRS 7 – Disclosures – Transfers of financial assets.

The Group is currently conducting analysis on the practical consequences of this new regulation and the effects of its implementation on the financial statements. So far, as of today, no significant impact on the financial statements is anticipated.

Standards, interpretations and amendments issued and not yet adopted by the European Union:

- Amendments IAS 1 – Presentation of financial statements – Presentation of comprehensive income;
- Amendments IAS 12 – Deferred tax – Recovery of underlying assets;
- Amendment IAS 19 – Employee benefits;
- Amendment IAS 27 – Consolidated and separate financial statements;
- Amendment IAS 28 – Investments in associates and joint ventures;
- IFRS 9 – Financial instruments – Classification and measurement;
- IFRS 10 – Consolidated financial statements;
- IFRS 11 – Joint arrangements;
- IFRS 12 – Disclosure of interests in other entities;
- IFRS 13 – Fair value measurement.

The Group is conducting analysis on the practical consequences of these new regulations and the effects of their implementation on the financial statements.

1-3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of SOCIÉTÉ BIC and entities controlled by SOCIÉTÉ BIC ("its subsidiaries"). Control is achieved where SOCIÉTÉ BIC has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest (formerly "minority interest") in the net assets of consolidated subsidiaries is identified separately from the Group's equity therein. It consists of the amount of those non-controlling interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the non-controlling interest in the subsidiary's equity are allocated against the interest of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

1-4 Business combinations

In accordance with revised IFRS 3 "Business Combinations", business combinations completed after January 1, 2010 are accounted following the purchase method. Identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date and, when appropriate, non-controlling interest in the acquiree is measured at either fair value or at the proportionate part in the fair value of assets and liabilities of the acquired entity. This option is available on an individual basis for each operation of the business combination.

Any share previously held in the acquiree before the takeover, should be reassessed at fair value and the profit or the corresponding loss recorded in income statement.

Badwill are recorded immediately in income statement.

When incurred, acquisition costs are recognized immediately as an expense.

Any potential price adjustment is estimated at fair value as of the acquisition date and initial assessment can later be adjusted against goodwill only in case of new information related to facts and circumstances existing at the date of acquisition and in the case the evaluation was still described as provisional (trial period limited to 12 months); any subsequent adjustments that do not meet these criteria are recorded as a liability or debt through the Group income statement.

1-5 Investments in associates

An associate is an entity over which the Group has significant influence or joint control and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over the policies. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The results, assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations." Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate) are not recognized.

Any excess of the cost of acquisition over the Group's shares of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Where a Group entity transacts with an associate of the Group, profit and losses are eliminated to the extent of the Group's interest in the relevant associate.

1-6 Goodwill

Goodwill arising from the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is calculated in the currency of the acquired subsidiary. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to cash generating units ("CGU") or groups of CGU, which are generally composed of subsidiaries or business units that benefit from synergies and cost savings generated through the acquisition. These CGU or groups of CGU represent the finest level at which the goodwill is monitored at group level. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, impairment loss is first allocated to the reduction of carrying amount of any goodwill allocated to the cash generating unit and then to the other assets of the unit prorated on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or jointly controlled entity, the attributable amount of goodwill is included in the determination of the gain or loss disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described under "Investments in associates" above.

1-7 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

1-8 Revenue recognition

Revenue is measured at the fair value of the counterpart received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recorded as follows:

- sales of goods are recognized when goods are delivered and title are transferred;
- interest income is accrued on time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash

receipts through the expected life of the financial asset to the asset's net carrying amount;

- dividend income from investments is recognized when shareholders' rights to receive payment have been established.

Considering the nature of BIC Group's activities, interest and dividends received are disclosed as financial income in the income statement.

1-9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a/ The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

The Group is only involved as lessor in operating leases on land and buildings disclosed in the balance sheet as investment properties.

b/ The Group as lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are appointed between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income statement.

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

1-10 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates, namely its functional currency. For the purpose of the consolidated financial statements, the result and financial position of each entity are expressed in a common currency. Euro is the functional currency of SOCIÉTÉ BIC as well as the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the dates of the transactions. At each closing date, monetary items denominated in foreign currencies are retranslated at the rate prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value are translated using the exchange rates prevailing at the date of the measurement.

Exchange differences arising from the settlements of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period.

In order to hedge its exposure to certain foreign exchange risk, the Group enters into forward contracts and options (see Note 1-21 for details of the Group's accounting policies regarding derivative financial instruments).

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in euro using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

The following exchange rates were used to translate the financial statements of the main foreign subsidiaries, excluding euro countries.

The following schedule shows foreign currency equivalents of one euro (for instance: average 2011 is 1 euro = 1.39 U.S. dollar).

FOREIGN CURRENCIES	AVERAGE 2010	AVERAGE 2011	DEC. 31, 2010	DEC. 31, 2011
	Euro	Euro	Euro	Euro
US dollar - USD	1.33	1.39	1.34	1.29
Australian dollar - AUD	1.44	1.35	1.31	1.27
Canadian dollar - CAD	1.37	1.38	1.33	1.32
Swiss franc - CHF	1.38	1.23	1.25	1.22
Chinese renminbi - CNY	8.97	9.00	8.80	8.16
British pound - GBP	0.86	0.87	0.86	0.84
Hong Kong dollar - HKD	10.30	10.84	10.39	10.05
Indian rupee - INR	60.55	64.83	59.70	68.71
Japanese yen - JPY	116.41	111.05	108.65	100.20
Korean won - KRW	1,532.03	1,541.16	1,499.06	1,498.69
Malaysian ringgit - MYR	4.26	4.25	4.09	4.11
New Zealand dollar - NZD	1.84	1.76	1.72	1.67
Philippine peso - PHP	59.69	60.28	58.45	56.75
Polish zloty - PLN	3.99	4.11	3.98	4.46
Swedish krona - SEK	9.55	9.03	8.97	8.91
Singapore dollar - SGD	1.81	1.75	1.71	1.68
South African rand - ZAR	9.72	10.08	8.86	10.48
Argentinian peso - ARS	5.18	5.75	5.30	5.57
Brazilian real - BRL	2.33	2.32	2.22	2.42
Mexican peso - MXN	16.72	17.26	16.48	18.05

Goodwill and fair value adjustment arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1-11 *Borrowing costs*

All borrowing costs are recognized in profit or loss in the period in which they are incurred.

1-12 *Government grants*

Government grants are recognized in profit or loss over the periods necessary to match them with related costs and deducted in reporting the related expense.

1-13 *Research and development tax credit*

The research and development tax credit is deducted from operating expenses.

1-14 *Retirement benefit costs and other employee benefits*

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit plans are dealt with as payments to defined contribution plans where the Group's obligation under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement plans, the cost of providing is determined using the Projected Units Credit Method, with actuarial valuations being carried out for each balance sheet date. BIC applies the SoRIE Amendment to the IAS 19 Standard. Consequently, all actuarial differences are now recognized in equity in the period in which they occur. Past services cost is recognized immediately to the extent that the benefit is already vested, and otherwise is amortized on a straight-line basis over the average period until the benefit becomes vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1-15 *Income tax*

Income tax expense represents the sum of the tax currently payable and deferred tax included in the determination of the net income of the period.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted at the balance sheet date.

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method and tax rate enacted or nearly at the balance sheet date. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and associates, and interest in joint ventures, except when the Group is able to control the reversals of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred taxes is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the periods when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to a transaction or an event directly credited or charged to equity, in which case the deferred tax is also dealt with equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

BIC Sport, BIMA 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, Compagnie de Moulages, DAPE 74 Distribution, Stypen, Electro-Centre and BIC Clichy are part of the SOCIÉTÉ BIC tax Group.

1-16 *Property, plant and equipment*

Land and building held for use in the production or supply of goods or services, or for administrative purposes, are in the balance sheet at their historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Certain property, plant and equipment have been revalued according to the first adoption of IFRS (IFRS 1).

Depreciation is booked to profit or loss. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any identified impairment losses. Depreciation of these assets, on the same basis as other property assets, starts when the assets are ready for their intended use.

Fixture and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is booked so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful life, using the straight-line method.

Assets held under finance leases (leases transferring risks and rewards linked to ownership) are booked in assets with a financial debt as a counterpart. They are depreciated over their expected useful life on the same basis as owned assets or, where shorter, on the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

The depreciation method is the straight-line method, on the following basis:

Buildings	25 years
Fixtures, machinery and equipment	5 to 8 years
Vehicles	3 to 5 years

1-17 *Investment property*

Investment property (lands or buildings), which is held to earn rentals and/or for capital appreciation, is stated at its cost at the balance sheet date, less depreciation and impairment losses if any. Investment property is depreciated according to the same method as property, plant and equipment.

1-18 *Intangible assets*

a/ Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from Group development or development step is recognized only if all of the following conditions are met:

- the asset created is identifiable;
- it is probable that the asset created will generate future economic benefits for the Group; and
- the development cost attributable to the asset can be measured reliably.

Internally-generated intangible assets are amortized on a straight-line basis over their estimated useful life.

Where no internally generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

b/ Patents, trademarks, licenses and softwares

Patents, trademarks, licenses and softwares are measured initially at purchase cost less accumulated amortization and impairment loss, if any, and are amortized on a straight-line basis over their estimated useful lives.

1-19 Impairment of tangible and intangible assets (excluding goodwill)

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1-20 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct material and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution.

1-21 Financial instruments

Financial assets and financial liabilities are recognized on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

a/ Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, actualized at the effective interest rate calculated at initial recognition of the receivables.

b/ Investments

Investments are recognized and derecognized on a trade basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable cost.

After initial recognition, investments for which the Group has the positive intention and ability to hold to maturity (Held-to-maturity investments) are measured at amortized cost using the effective interest method, less any impairment loss booked to reflect unrecoverable amounts. An impairment loss is recognized in profit or loss when there is objective evidence that the financial asset is impaired and the amount of the loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The previously recognized impairment loss is reversed in a subsequent period if the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognized in profit or loss.

Investments other than those held to maturity are classified as either investments held for trading (temporary cash investment) or as available-for-sale (equity investment), and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognized directly in equity, until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in the profit or loss for the period. Impairment losses recognized in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognized in profit or loss for debt instruments classified as available-for-sale, are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

c/ Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The implementation of IAS 7 has resulted in monetary mutual funds with a historical volatility over the last twelve months of above 0.5% being considered non eligible as "cash equivalent." These items are now classified as "Other current financial assets."

d/ Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deduction of all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

e/ Bank borrowing

Interesting-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement of redemption of borrowing is recognized in profit or loss over the term of the borrowing in accordance with the Group's accounting policy for borrowing costs.

f/ Trade payables

Trade payables are initially measured at fair value, and subsequently measured at amortized cost, using the effective interest rate method.

g/ Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

h/ Derivative financial instruments and hedge accounting

The Group's activities expose it primarily to the financial risk of changes in foreign exchange and interest rates.

The Group uses derivative financial instruments (primarily foreign currency forward contracts and currency options) to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these as cash flow hedges of foreign currency.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

MEASUREMENT AND PRESENTATION

Derivatives are initially recognized at fair value of received counterpart on the contract date and are remeasured to fair value at subsequent reporting dates. They are disclosed in the balance sheet in current assets for the part within one year and in non-current assets for the part beyond one year.

The fair value of forward exchange contracts and currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).

The fair value of foreign exchange options is determined in the same way, using interest rate curves, exchange rates, as well as the volatility of each related currency.

HEDGE ACCOUNTING

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group clearly identifies the hedging instrument and the hedged item as soon as the hedge is set up, and formally documents the hedging relationship stating the hedging strategy, the risk hedged and the method used to determine the effectiveness of the hedge. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge:

- **cash flow hedges:** no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in equity, while the ineffective portion is included in the income statement. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.

  If cash flow hedge of a commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognized, the associated gains or losses on the derivative that had previously been recognized in equity are included in the initial measurement of the asset or liability.

  For hedges that do not result in the recognition of an assets or a liability, amounts deferred in equity are recognized in the income statement in the same period in which the hedged item affects the net income.

  Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognized in equity is retained in equity until the forecasted transaction occurs.

  If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to profit or loss for the period;

- **hedge of net investment in a foreign operation:** the hedging instrument is adjusted to fair value. Following this adjustment, the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in equity. The cumulative amount included in equity is transferred to the income statement at the date of liquidation or sale of the net investment.

  Derivatives embedded in other financial instruments or other non financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains or losses reported in profit or loss. None were contracted within BIC Group over the past three years.

i/ Fair value hierarchy

Financial instruments measured at fair value are classified within three fair value levels (IFRS 7 amendment):

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

1-22 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

1-23 Share-based payments

The Group issues equity-settled share-based payment to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the share that will eventually be vested and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using the method given in Note 17. The expected life used in the model has been adjusted, based on management's best estimates, for the effect of non-transferability, exercise restrictions and behavioral considerations.

1-24 Estimates and judgments

In preparing the consolidated financial statements, BIC Group has to make estimates and assumptions that impact the consolidated financial statements and amounts reported in some financial notes. BIC Group regularly reviews these estimates and assumptions in order to take into account past experience as well as changes in the economic environment. The results of this review could lead to publishing in future consolidated financial statements different amounts than those previously disclosed.

2 Change in Group structure

During the first half 2011, BIC signed agreements to dispose small non-core assets:

- PIMACO business to business divisions in Brazil;
- REVA peg business in Australia.

These activities are consolidated in "other products - consumer."

In April 2011, BIC Group announced that BIC CORPORATION, its U.S. subsidiary, has acquired Sologear LLC, a Middleton, Wisconsin based company. Sologear is the maker of FlameDisk®, a portable charcoal-alternative heat source for grilling. BIC also acquired Sologear's unique technology for solidifying ethanol.

In November 2011, BIC Group announced that its Canadian subsidiary, BIC Inc. has acquired the assets of Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology. BIC expects to bring a portable fuel cell device and fuel cell cartridge to market in 2 to 5 years.

NOTE 2 OPERATING SEGMENTS

2-1 General information

BIC operating segments have been determined based on the reports regularly reviewed by the management and used to make strategic decisions.

The management considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if needed.

Starting 2010 and following 2009 significant acquisitions in Advertising and Promotional businesses, the categories are now the following: Stationery consumer, Lighters, Shavers, Other consumer and BIC APP (Advertising and Promotional Products).

The reportable operating segments derive their revenue primarily from the manufacture and sale of each kind of product.

The segments also derive minor revenue from freight recharged to customers, royalties and financial income. These revenues are not presented in the note below as they are not significant compared to the net sales and are not followed by category by the chief operating decision makers.

2-2 Information on income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations which is the income from operations restated from exceptional items (real estate gains, gain/loss on sale of businesses and restructuring costs);
- capital additions which are the purchases and internal generation of tangible and intangible fixed assets for the period.

	DEC. 31, 2009					
(in million euros)	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**
Income statement						
• Net sales	510	399	269	97	288	**1,563**
• Amortization	(19)	(9)	(18)	(19)	(10)	**(75)**
• Impairment loss	-	(1)	(2)	-	-	**(3)**
• Income from operations	43	128	30	(9)	24	**216**
Restatements made to obtain the normalized income from operations						
• *Real estate gains*						***(0.6)***
• (Gain)/loss on business disposals [(a)]						**-**
• *Negative Antalis Promotional Products goodwill*						***(10.3)***
• *Goodwill impairment (see Note 10-1)*						**-**
• *Restructuring costs*						***34.4***
• Normalized income from operations	49	136	34	(9)	30	**240**
• Income from associates	4	-	-	-	-	**4**

(a) Regarding 2011, the 9.0 million euros correspond to the impairment of goodwill and trademarks related to the disposals of the PIMACO business to business divisions in Brazil (-9.6 million euros) and related restructuring expenses (-0.3 million euros) and to the gain related to the disposal of the REVA peg business in Australia (+1.0 million euros). As of 2010, the 7.3 million euros of gain correspond to the sale of BIC Advertising and Promotional Products (BIC APP) funeral products business. As of December 31, 2011, as at December 31, 2010 and 2009, the BIC Group has not identified any major customer with which it realized more than 10% of its net sales.

	DEC. 31, 2009					
(in thousand euros)	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**
Capital additions	16,017	12,202	10,083	12,280	2,435	**53,017**
Net inventories	128,016	52,258	50,356	14,633	55,710	**300,973**

2-3 Information by geographies

Since 2010, the geographies followed by the management are: Europe, North America and developing markets.

	DEC. 31, 2009			
(in million euros)	Europe	North America	Developing markets	**TOTAL**
Net sales	504	641	418	**1,563**
Non-current assets [(a)]	379	226	103	**708**

(a) Other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

	DEC. 31, 2010						DEC. 31, 2011					
	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**
	581	481	308	100	362	**1,832**	588	511	328	95	302	**1,824**
	(20)	(12)	(16)	(17)	(12)	**(77)**	(19)	(12)	(15)	(17)	(7)	**(70)**
	(1)	-	(1)	-	-	**(2)**	-	-	-	-	-	**-**
	69	174	42	(7)	27	**305**	84	200	60	(23)	19	**340**
						(1.3)						***-***
						(7.3)						***9.0***
						-						***-***
						-						***8.7***
						18.9						***5.1***
	70	174	44	(6)	33	**315**	84	200	60	(5)	24	**362**
	5	-	-	-	-	**5**	4	-	-	-	-	**4**

	DEC. 31, 2010						DEC. 31, 2011					
	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**	Stationery consumer	Lighters	Shavers	Other consumer	BIC APP	**TOTAL**
	12,769	13,312	13,545	13,488	9,876	**62,990**	20,041	22,400	19,480	14,393	12,655	**88,968**
	154,593	62,520	55,009	16,091	55,788	**344,001**	179,828	87,143	73,225	15,865	55,220	**411,281**

	DEC. 31, 2010				DEC. 31, 2011			
	Europe	North America	Developing markets	**TOTAL**	Europe	North America	Developing markets	**TOTAL**
	525	774	533	**1,832**	518	728	578	**1,824**
	371	224	109	**703**	383	238	92	**713**

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NOTE 3 OPERATING EXPENSES

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Raw materials, consumables used and change in inventory	486,063	548,842	512,890
Staff costs	417,242	480,163	474,021
Amortization expenses	75,024	77,318	70,478
Impairment loss	2,794	2,182	71
Other operating expenses	358,739	427,602	430,922
(Gain)/Loss on operational foreign currency translation	(2,160)	1,403	(5,674)
TOTAL	**1,337,702**	**1,537,510**	**1,482,708**

Other operating income and expenses are not included in the total amount and are disclosed in Note 4. Research and development costs expensed for 2011 amount to 24.5 million euros versus 20.3 million euros for 2010. In 2011, they include the French research and development tax credit for 2 million euros, versus 2.1 million euros for 2010.

NOTE 4 OTHER INCOME AND EXPENSES

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Royalties income	74	87	42
Freight recharged to customers	15,842	21,875	18,756
Gain on business divestitures and disposal of fixed assets	555	11,067	2,050
APP retirement benefits harmonization	-	-	2,788
Negative Antalis Promotional Products goodwill	10,250	-	-
Other income	**26,721**	**33,029**	**23,636**
Royalties expenses	(12)	(2)	-
Impairment expenses	(685)	(268)	(8,721)
Cost reduction plan and BIC APP's integration plan	(34,411)	(21,048)	(5,349)
Stypen factory closure in Joigny (France)	(28)	-	-
Loss on business divestitures and disposal of fixed assets	-	-	(10,780)
Other	(572)	(1,117)	(498)
Other expenses	**(35,708)**	**(22,435)**	**(25,348)**
TOTAL	**(8,987)**	**10,594**	**(1,712)**

Other income/expenses related to 2011 mainly includes:

- 1 million euros of gain on the divestiture, in June, of REVA peg business in Australia;
- 9.6 million euros of loss on the divestiture, on the second Quarter, of PIMACO business to business divisions in Brazil and 0.3 million euros of restructuring expenses related to these sales;
- 5 million euros relating to the Norwood Promotional Products' integration plan still in progress;
- the full impairment of the BIC Violex goodwill part allocated to the Other Consumer Products sold on the Greek market (mainly pantyhoses) for 8.7 million euros (see Note 10-1).

Other income/expenses related to 2010 mainly included:

- 7.3 million euros relating to the sale of BIC Advertising and Promotional Products (BIC APP) funeral products business in the USA;
- 3.4 million euros relating to real estate gains in France, Australia and the USA;
- 13.3 million euros relating to the Norwood Promotional Products integration plan;
- restructuring expenses mainly in Europe which include the roll-over of the 2009 cost reduction plan for 5.6 million euros and expenses related to our Hungarian business restructuring for 2.1 million euros.

NOTE 5 FINANCE COSTS AND REVENUE

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Interest income from cash and cash equivalents	6,189	3,705	4,315
Interest on bank deposits	5,082	5,777	6,287
Income from cash and cash equivalents	**11,271**	**9,482**	**10,602**
Interest expenses	(9,043)	(9,779)	(3,393)
Hedging instruments revaluation	493	(1,644)	2,693
Net financial foreign exchange difference	19	163	(728)
Finance costs	**(8,531)**	**(11,260)**	**(1,428)**
FINANCE (COSTS)/REVENUE	**2,740**	**(1,778)**	**9,175**

During 2011, interest income from cash and cash equivalent is increasing compared to 2010, interest yield rates being more favorable than in 2010.

Finance costs end of December 2011 are positively impacted by the significant decrease in interest expense following the repayment of Cello and Norwood loans in the first Half 2010 and early July 2010.

During 2010, income from cash and cash equivalent was impacted by lower interest rates, although volume of investments was higher.

As of December 31, 2010, interest expenses included interests from the Norwood loan contracted early July 2009, as well as interests on the Cello loan. They also included 3.3 million euros of financial expense linked to the early unwind of the interest rate swaps on the Cello and Norwood loans that were early repaid.

NOTE 6 INCOME TAX

6-1 Income tax expense

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Current tax:	77,464	104,865	108,057
• *Domestic*	*24,155*	*25,406*	*42,908*
• *Foreign*	*53,309*	*79,459*	*65,150*
Deferred tax	(6,621)	(4,502)	7,002
INCOME TAX EXPENSE	**70,843**	**100,363**	**115,060**

The normal domestic income tax rate is 36.10% (including social and exceptional contributions) for the fiscal year 2011, compared to 34.43% in 2010.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation between theoretical tax charge and effective income tax expense:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Income before tax	218,747	302,820	348,841
Tax rate	34.43%	34.43%	36.10%
Theoretical tax charge	**75,315**	**104,261**	**125,932**
Effects of:			
• differences of tax rates	(2,092)	(3,782)	(10,187)
• income taxed at reduced rate	(3,552)	(2,252)	(1,747)
• permanent differences	652	12,712	14,404
• intercompany accruals eliminations	2,577	(1,989)	(957)
• tax assets not activated on tax losses	7,814	4,727	2,947
• tax assets activated on prior year losses	(200)	(3,094)	(1,525)
• tax credits	(9,737)	(10,597)	(14,461)
• foreign exchange differences	66	377	654
Income tax expense	**70,843**	**100,363**	**115,060**
EFFECTIVE TAX RATE	**32.39%**	**33.14%**	**32.98%**

In addition, BIC Group has, as of December 31, 2011, 20.9 million euros of deferred tax assets not booked related to unused tax losses, compared to 19.2 million euros as of December 31, 2010.

In 2011, the permanent differences included the negative impact for 3.1 million euros of the impairment of BIC Violex goodwill.

In 2009, the permanent differences included the positive impact for 3.5 million euros of the negative goodwill on Norwood Europe (formerly Antalis Promotional Products).

6-2 Deferred and current tax recognized on other comprehensive income

Deferred & current tax recognized on other comprehensive income results from the following items:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Cash flow hedge	1,722	2,576	4,036
Actuarial differences on post-employment benefits	(1,045)	1,950	21,134
Share-based payments	-	690	300
Foreign exchange impact	(2,371)	193	(2,990)
Treasury shares transactions	(79)	(137)	453
Other	1	-	-
TOTAL	**(1,772)**	**5,272**	**22,933**

NOTE 7 EARNINGS PER SHARE

Earnings per share and the diluted earnings per share correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share is the weighted average number of shares outstanding during the year less the number of shares held in treasury stock by SOCIÉTÉ BIC and BIC CORPORATION.

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period which corresponds to the number of shares used for the basic earnings per share, adjusted with the dilutive effect of stock options and free shares.

As of December 31, 2011, 372,950 shares have a relutive impact and the maximum dilutive effect from stock options not exercised is around 2% of the share capital.

	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Numerator *(in thousand euros)*			
Group net income	151,724	207,457	237,881
Denominator *(in number of shares)*			
Weighted average number of ordinary shares in circulation	48,151,691	48,341,785	47,565,299
Dilutive effect of stock options and free shares	161,782	383,838	459,659
Diluted weighted average number of ordinary shares in circulation	48,313,473	48,725,623	48,024,958
Earnings per share *(in euros)*			
Earnings per share	3.15	4.29	5.00
Diluted earnings per share	3.14	4.26	4.95

NOTE 8 DIVIDENDS

For the year 2010, the shareholders received an ordinary dividend of 1.90 euro per share on May 25, 2011.

For the year 2009, an ordinary dividend of 1.40 euro per share and a special dividend of 1.00 euro per share have been distributed to the shareholders as of May 25, 2010.

NOTE 9 FIXED ASSETS

9-1 Property, plant and equipment - Gross value

(in thousand euros)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2010	**321,089**	**930,038**	**42,655**	**32,697**	**1,326,479**
Additions	4,633	9,236	39,517	3,261	56,647
Disposals/Write-offs	(8,103)	(48,400)	(855)	(3,477)	(60,835)
Transfers to non-current assets held for sale (see Note 9-4)	(8,519)	(465)	-	(52)	(9,036)
Other transfers	9,592	35,885	(46,119)	642	-
Exchange differences	11,317	38,829	1,526	1,151	52,823
At January 1, 2011	**330,009**	**965,123**	**36,724**	**34,222**	**1,366,078**
Additions	2,215	16,509	55,552	1,938	76,214
Acquisition through business combination	198	1,129	-	-	1,327
Business disposal	-	(13,008)	-	-	(13,008)
Disposals/Write-offs	(2,401)	(28,634)	(438)	(6,150)	(37,623)
Transfers to non-current assets held for sale (see Note 9–4)	(3,378)	-	-	-	(3,378)
Other transfers	5,830	35,424	(44,983)	125	(3,604)
Exchange differences	(551)	(8,471)	(224)	(357)	(9,603)
At December 31, 2011	**331,922**	**968,072**	**46,631**	**29,778**	**1,376,403**

The gross value of property, plant and equipment includes 4 million euros of finance lease assets as of December 31, 2011 (3.7 million euros as of December 31, 2010).

9-2 Property, plant and equipment- Depreciation and impairment loss

(in thousand euros)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTAL
At January 1, 2010	**171,979**	**756,786**	**4,917**	**20,286**	**953,968**
Amortization for the period	11,711	51,445	-	5,390	68,546
Impairment loss	344	2,823	41	689	3,897
Disposals/Write-offs	(5,664)	(46,504)	(58)	(2,010)	(54,236)
Transfers to non-current assets held for sale (see Note 9–4)	(722)	(486)	-	(52)	(1,260)
Other transfers	216	(90)	(126)	-	-
Exchange differences	3,920	32,590	(11)	476	36,975
At January 1, 2011	**181,784**	**796,564**	**4,763**	**24,779**	**1,007,890**
Amortization for the period	12,204	47,694	-	3,199	63,097
Impairment loss	-	(98)	208	-	110
Disposals/Write-offs	(1,743)	(27,849)	(18)	(5,194)	(34,804)
Business disposal	-	(8,243)	-	-	(8,243)
Transfers to non-current assets held for sale (see Note 9–4)	(3,060)	-	-	-	(3,060)
Other transfers	(2)	(205)	(914)	(691)	(1,812)
Exchange differences	(366)	(6,349)	3	(305)	(7,017)
At December 31, 2011	**188,817**	**801,514**	**4,042**	**21,788**	**1,016,161**
NET VALUE					
At December 31, 2011	**143,105**	**166,558**	**42,589**	**7,991**	**360,242**
At December 31, 2010	**148,225**	**168,559**	**31,961**	**9,443**	**358,188**

The net value of the property, plant and equipment includes 2.3 million euros of finance lease assets as of December 31, 2011 (2.6 million euros as of December 31, 2010).

9-3 Investment property

(in thousand euros)	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2010	**3,622**	**(1,075)**	**2,547**
Disposals	(1,033)	756	(277)
Amortization for the period	-	(99)	(99)
Impairment loss	-	21	21
Exchange differences	239	(92)	147
At January 1, 2011	**2,828**	**(489)**	**2,339**
Amortization for the period	-	(89)	(89)
Exchange differences	76	(22)	54
At December 31, 2011	**2,904**	**(600)**	**2,304**

Main investment properties as of December 31, 2011 are located in the USA (1.8 million euros).

The fair value of the Group's investment property is based on an internal valuation of land and buildings based on transaction price for similar properties or of the market price. For each investment property, fair value exceeds net booked value. Global fair value amounts to 2.7 million euros.

None of the Group investment property has been pledged.

The property rental income earned by the Group from its investment properties for 2011 amounts to 0.6 million euros (0.7 million euros for 2010).

Rental payments to be received for the coming years are as follows:

- 0.7 million euros within one year;
- 2.4 million euros between two and five years;
- No rent is expected beyond five years.

Main direct operating expenses arising on the investment properties in the period, except depreciation, correspond to insurance, maintenance and security costs and amount to 0.4 million euros (0.3 million euros for 2010).

9-4 Assets held for sale and discontinued activities

(in thousand euros)	GROSS VALUE	DEPRECIATION AND IMPAIRMENT LOSS	NET VALUE
At January 1, 2010	**3,130**	**(2,240)**	**890**
Transfer from property, plant and equipment and intangible assets (see Notes 9-1, 9-2 and 11)	9,041	(1,264)	7,777
Disposals	(3,658)	2,788	(870)
Impairment loss	-	(2,076)	(2,076)
Exchange differences	(73)	23	(50)
At January 1, 2011	**8,440**	**(2,769)**	**5,671**
Transfers from property, plant and equipment (see Notes 9-1 and 9-2)	3,378	(3,060)	318
Disposals	(279)	116	(163)
Exchange differences	269	(87)	182
At December 31, 2011	**11,808**	**(5,800)**	**6,008**

On second Half 2011, land and buildings in Boulogne-sur-Mer (France) were transferred to assets held for sale. The disposal should occur during the first Quarter of 2012.

As of December 31, 2011, the other assets held for sale mainly correspond to Janesville and San Antonio sites due to the BIC APP's integration plan in the USA The Group received an offer for the site of Janesville and signed a sale agreement on December 16, 2011. Furthermore, the Group is actively marketing the site of San Antonio via realtors.

NOTE 10 GOODWILL

10-1 Goodwill changes

(in thousand euros)	GROSS VALUE	IMPAIRMENT LOSS	NET VALUE
At January 1, 2010	**219,592**	**(4,545)**	**215,047**
Divestiture of BIC APP funeral products business	(2,714)	-	(2,714)
Impairment loss	-	(3,410)	(3,410)
Exchange differences	11,081	(135)	10,946
At January 1, 2011	**227,959**	**(8,090)**	**219,869**
Sologear acquisition	1,201	-	1,201
Angstrom acquisition	1,455	-	1,455
Divestiture of PIMACO business to business divisions in Brazil	(4,696)	-	(4,696)
Impairment loss	-	(8,678)	(8,678)
Exchange differences	2,079	370	2,449
At December 31, 2011	**227,998**	**(16,398)**	**211,600**

During 2011, the changes in goodwill correspond to:

- the new goodwill generated following the acquisition of Sologear for 1.2 million euros (see Note 10-2);
- the new goodwill generated following the acquisition of Angstrom for 1.5 million euros (see Note 10-3);
- the release of the goodwill allocated to PIMACO business to business divisions in Brazil for 4.7 million euros;
- the full impairment of the BIC Violex goodwill part allocated to the Other Consumer Products sold on the Greek market (mainly pantyhoses) for 8.7 million euros. The significant decrease in activity and the major economic crisis, impacting heavily the Greek market, led the Group to recognize this impairment.

During 2010, BIC APP funeral products business was sold in June, thus decreasing the goodwill by the related amount. In addition, BIC Hungaria's goodwill was fully impaired further to the decision of business restructuring in Hungary.

The balance, as of December 31, 2011, includes the main following net goodwill:

(in thousand euros)	DEC. 31, 2010	DEC. 31, 2011
BIC CORPORATION	100,893	103,549
BIC Violex	57,852	49,174
Norwood North America [(a)]	26,774	27,649
PIMACO	15,799	10,005
Others	18,551	21,223
TOTAL	**219,869**	**211,600**

(a) Following the reorganization of the BIC APP activity, the goodwill of Norwood North America includes the goodwill of Norwood Promotional Products and Atchison.

To perform the impairment tests, the Group used the following discounted and infinite growth rates:

	WEIGHTED AVERAGE COST OF CAPITAL (WACC) BEFORE TAX		INFINITE GROWTH RATE	
	2010	2011	2010	2011
BIC CORPORATION	11.0%	11.8%	1.3%	1.5%
BIC Violex	15.4%	17.0%	3%	3%
Norwood North America [(a)]	10.6%	11.8%	1.3%	1.5%
PIMACO	9.6%	11.6%	2.5%	2.2%

(a) Before 2011, Atchison and Norwood Promotional Products impairment tests were performed separately.

Each goodwill has been applied to a cash generating unit depending on the activity of the related subsidiary. These cash generating units are largely independent of the consolidated Group and represent the finest level at which those goodwill are monitored by the Group.

The goodwill on BIC CORPORATION is then mainly allocated to cash generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The remaining goodwill on BIC Violex is limited to the cash generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

The impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash generating units with the cash generating unit's net asset carrying value (including goodwill).

Such recoverable amounts are determined using discounted cash flows over three years with an infinite rate and a discounted residual value using the constantly growing perpetuity method. The discount rate before taxes used is the Group weighted average cost of capital. The infinite growth rates were determined based on external (inflation rate) and internal (business growth) sources.

In particular, impairment tests include the following:

- assumptions used to determine cash flows of main cash generating units take into account the potential impacts of the financial crisis, notably in Greece. The assumptions used concerning sales growth and terminal values are reasonable and in line with market data available for each cash generating unit;
- particular attention has been paid to the analysis of main market items used for the calculation of the discount rate. A country risk has then been added for the countries most sensitive to the economic crisis;
- the Group conducted sensitivity analysis to changes in discount rate and infinite growth rate. This analysis did not reveal any particular risk, rates leading to no margin being unreasonnable compared to the ones used in the tests. An increase of the discount rate or a decrease of the infinite growth rate by 1 point would not lead to an impairment.

Further impairment tests are carried out in case of triggering events indicating a potential impairment.

10-2 Sologear acquisition

As of April 27, 2011, BIC CORPORATION, a BIC Group U.S. subsidiary, acquired Sologear LLC, a Middleton, Wisconsin based company. Sologear is the maker of FlameDisk®, a portable charcoal-alternative heat source for grilling. BIC also acquired Sologear's unique technology for solidifying ethanol.

Net assets acquired, consolidated in May 2011, and provisional goodwill are set out below (translated with the monthly average rate of the month of May):

(in thousand euros)	PROVISIONAL GOODWILL DETERMINATION
Cash paid	989
Net discounted value of the earn-out	757
TOTAL ACQUISITION COST	**1,746**
Net assets acquired	
• Property, plant and equipment	582
• Inventories	81
• Trade receivables	34
• Other current assets	1
• Other current liabilities	(153)
Fair value of net assets acquired	**545**
PROVISIONAL GOODWILL	**1,201**

As of December 31, 2011, the net sales consolidated since May 2011 amount to 73 thousand euros and the income from operations to -457 thousand euros.

If the acquisition had been completed on January 1, 2011, the net sales would have amounted to 170 thousand euros and the income from operations to -594 thousand euros.

10-3 Angstrom acquisition

As of November 30, 2011, the Group acquired certain assets from Angstrom Power Incorporated, Vancouver, B.C., a company specializing in the development of portable fuel cell technology.

Net assets acquired, consolidated in December 2011, and provisional goodwill are set out below:

(in thousand euros)	PROVISIONAL GOODWILL DETERMINATION
Cash paid	13,477
TOTAL ACQUISITION COST	**13,477**
Net assets acquired	
• Patents	10,144
• Other intangible assets	1,132
• Property, plant and equipment	745
Fair value of net assets acquired	**12,021**
PROVISIONAL GOODWILL	**1,455**

BIC expects to bring a portable fuel cell device and fuel cell cartridge to market in 2 to 5 years.

Angstrom, as a portable fuel cell research company, has not had any revenue in 2010.

NOTE 11 INTANGIBLE ASSETS

(in thousand euros)	SOFTWARE	TRADEMARKS & PATENTS	RESEARCH & DEVELOPMENT	INTANGIBLE IN PROGRESS	OTHER	TOTAL
GROSS VALUE						
At January 1, 2010	**67,175**	**44,749**	**3,529**	**2,849**	**6,204**	**124,506**
Additions	234	930	-	3,491	52	4,707
Internally generated	-	-	-	1,636	-	1,636
Disposals/Write-offs	(5,881)	(68)	-	(11)	(3,108)	(9,068)
Transfer	3,142	-	-	(3,142)	-	-
Transfers to non-current assets held for sale (see Note 9-4)	-	(1)	-	-	(4)	(5)
Exchange differences	1,177	4,002	152	(120)	583	5,794
At January 1, 2011	**65,847**	**49,612**	**3,681**	**4,703**	**3,727**	**127,570**
Additions	569	789	40	9,760	53	11,211
Acquisition through business combination	-	10,144	-	566	566	11,276
Internally generated	-	-	-	1,542	-	1,542
Disposals/Write-offs	(1,165)	(2)	(3)	(12)	(4)	(1,186)
Business disposal	-	(5,756)	-	-	-	(5,756)
Transfers	4,788	233	-	(1,662)	239	3,598
Exchange differences	156	147	68	842	106	1,319
At December 31, 2011	**70,195**	**55,167**	**3,786**	**15,739**	**4,687**	**149,574**
AMORTIZATION AND IMPAIRMENT LOSS						
At January 1, 2010	**49,977**	**29,272**	**3,427**	**-**	**1,675**	**84,351**
Amortization for the period	7,185	1,195	94	-	199	8,673
Impairment loss	62	-	-	-	-	62
Disposals/Write-offs	(5,876)	(21)	-	-	(1,130)	(7,027)
Transfers to non-current assets held for sale (see Note 9-4)	-	-	-	-	(4)	(4)
Exchange differences	934	2,194	152	-	73	3,353
At January 1, 2011	**52,282**	**32,640**	**3,673**	**-**	**813**	**89,408**
Amortization for the period	6,116	1,085	8	-	82	7,291
Impairment loss	4	-	-	-	-	4
Disposals/Write-offs	(1,150)	-	(3)	-	(4)	(1,157)
Transfers	1,674	24	-	-	108	1,806
Exchange differences	126	989	68	-	19	1,202
At December 31, 2011	**59,052**	**34,738**	**3,746**	**-**	**1,018**	**98,554**
NET VALUE						
At December 31, 2011	**11,143**	**20,429**	**40**	**15,739**	**3,669**	**51,020**
At December 31, 2010	**13,565**	**16,972**	**8**	**4,703**	**2,914**	**38,162**

5

Software

Internally generated software is principally related to investments linked to the upgrade of information systems.

Trademarks and patents

In 2011, BIC Group:

- disposed Gumtac and Label trademarks, previously grouped under Pimaco® trademark;
- acquired from Angstrom company patents linked to the portable fuel cell technology (see Note 10-3).

The main trademark booked in the balance sheet as of December 31, 2011 is the Pimaco® trademark for 7.1 million euros acquired in 2006. This trademark has an infinite lifetime. For impairment test purposes, it is linked to the PIMACO subsidiary cash generating unit.

Intangible in progress

They mainly correspond to the implementation of an Enterprise Resource Planning for APP business, for 13.3 million euros.

NOTE 12 INVESTMENTS IN EQUITY AFFILIATES

12-1 Changes in value of equity affiliates

(in thousand euros)	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2010	INCOME FROM EQUITY AFFILIATES	DIVIDENDS RECEIVED	IMPAIRMENT LOSS	FOREIGN CURRENCY TRANSLATION ADJUSTMENTS	VALUE OF EQUITY AFFILIATES AS OF DEC. 31, 2011
Cello Pens [(a)]	72,092	4,100	-	-	(1,040)	75,152
Other	11	-	-	-	(3)	9
TOTAL	**72,103**	**4,100**	**-**	**-**	**(1,043)**	**75,161**

(a) Value of equity affiliates includes the Cello® trademark for 12 million euros and the goodwill for 34.3 million euros recognized by the BIC Group at the acquisition date of the six entities.

On January 21, 2009, BIC signed a definitive agreement with the Indian Cello Group whereby BIC Group acquires 40% of the Cello Writing Instrument business for 7.9 billion Indian rupees. As part of the agreement, BIC benefits from a call option in 2013 to increase its stake to 55% at a price based on a formula tied to earnings.

On March 5, 2009, BIC Group acquired 40% of first six entities for 3.8 billion Indian rupees. Proportionate share of net income was accounted through the equity method in BIC accounts from April 1, 2009. The completion for the balance of the transaction (40% of one entity) did not occur in 2009.

On January 4, 2010, Cello management proposed to the BIC Group to unwind and terminate the definitive agreements signed on January 21, 2009 "on terms and conditions to be mutually agreed between the parties". BIC Group confirmed its intention to ensure their implementation.

On August 4, 2010, BIC announced that it is initiating arbitration proceedings in order to enforce the full completion of these agreements, meaning the completion of the acquisition of 40% of one remaining entity.

The arbitration proceedings are closed and the award is expected to be issued by mid-March 2012.

12-2 Financial information relating to equity affiliates

As BIC Group undertakes a joint control over the first six entities, it opted for their consolidation through equity method since April 1, 2009.

The table below shows the summarized financial information relating to investments in equity affiliates determined on the basis of the latest available financial statements. This information is the consolidation of 100% of the six acquired entities as of March 31, 2011, year end closing date of the Cello group.

(in million of Indian rupees)	NET SALES	INCOME FROM OPERATIONS	NET INCOME	TOTAL ASSETS	SHAREHOLDER EQUITY	OTHER LIABILITIES
Cello Pens	4,053	1,103	827	4,070	3,690	380

NOTE 13 OTHER NON-CURRENT ASSETS

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Other investments		78	70	39
Guarantee deposits		2,613	2,218	3,843
Deferred pensions	20-2	1,870	4,126	1,587
Other non-current assets		8,006	10,141	9,141
TOTAL		**12,567**	**16,555**	**14,610**

NOTE 14 CHANGE IN NET WORKING CAPITAL

(in thousand euros)	NOTES	DEC. 31, 2010	CASH FLOWS IMPACT	IMPACTS OF BUSINESS ACQUISITIONS/ DIVESTITURES	FOREIGN EXCHANGE AND OTHERS	DEC. 31, 2011
Net inventory		344,001	69,793	(1,266)	(1,247)	411,281
• *Inventory - Gross value*		*367,737*	*69,108*	*(1,266)*	*(1,368)*	*434,211*
• *Inventory - Depreciation*		*(23,736)*	*685*	*-*	*121*	*(22,930)*
Trade and other receivables		389,314	32,131	407	(4,924)	416,928
Trade and other payables		(130,255)	18,196	-	1,294	(110,765)
Other assets and liabilities		(153,329)	(5,318)	(909)	472	(159,084)
NET WORKING CAPITAL	**CF**	**449,731**	**114,802**	**(1,768)**	**(4,405)**	**558,360**

CF: See consolidated cash flow statement.

NOTE 15 EXPOSURE TO MARKET RISKS

15-1 Counterparty risk

All financial instruments are set up with top-ranking banking institutions, making counterparty risk very low. The minimum Long Term Standard & Poor's rating of main banking counterparties is A-, the rating range being from AA- to A-.

Counterparty risk (both depositary and conservators) of cash investment decisions is strictly studied. The main part of the portfolio as of December 31, 2011 is on investment grade rated supports. Counterparty risk is estimated not significant as of December 31, 2011.

15-2 Foreign exchange risk

See Note 22.

15-3 Interest rates

See Note 22.

15-4 Liquidity risk

BIC Group manages its equity in order to keep a cash position positive and available, in order to be able to achieve its development and/or external growth strategy. The excess cash and the funding needs of the Group are managed by the Group Treasury, following a secure policy guideline, that aims for capital security and liquidity. The excess cash is mainly invested in monetary mutual funds, deposit and cash equivalents whose volatility is below 0.5 with a recommended holding period of less than three months. The more structural portion of the cash can be invested in monetary funds qualified as "dynamics", with a recommended holding period that can be above six months. All the investments are valuated mark-to-market twice a month by the Group Treasury, and the target is to reach an average yearly performance above the Eonia capitalized rate.

No fund held on December 31, 2011 is based on a mono-strategy on credit risk. The most important mutual fund line in the portfolio at year end represents 15% of the total assets under management. As of December 31, 2011, the portfolio structure turned into an asset made up of 64.7% of "pure monetary" products with daily liquidity.

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Cash equivalents: mutual funds	329,526	193,891	128,195
Cash	150,817	177,300	172,538
CASH AND CASH EQUIVALENTS, BANK OVERDRAFT EXCLUDED	**480,343**	**371,191**	**300,733**

15-5 Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Trade and other receivables comprise:

- gross amounts receivable for the sale of goods as well as other receivables, mainly related to VAT credit. These trade and other receivables are short-term assets, with maturity dates within 12 months;
- an allowance for estimated unrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default experience and based on the current economic environment. It is booked in a separate account.

BIC Group considers that the carrying amount of trade and other receivables approximates to their fair value. Receivables past due but not impaired are not significant at Group level as of December 31, 2011.

Maximum exposure to credit risk corresponds to the net booked value of financial assets in the balance sheet, including derivatives with positive market value (see table below):

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Gross receivables			
• Not yet due or past due for less than 60 days	338,331	370,521	384,707
• Past due for 60 to 90 days	5,167	5,322	5,529
• Past due for 90 to 120 days	4,564	3,559	3,826
• Past due for more than 120 days	7,420	5,968	6,317
Total gross receivables	**355,482**	**385,370**	**400,379**
Doubtful	**9,176**	**11,656**	**16,322**
TOTAL BEFORE ALLOWANCE	**364,658**	**397,026**	**416,701**
Allowance on receivables	**(20,318)**	**(22,224)**	**(22,808)**
Other receivables	**16,832**	**14,511**	**23,035**
TRADE AND OTHER RECEIVABLES - NET	**361,172**	**389,314**	**416,928**

15-6 Fair value of financial assets and liabilities

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Financial assets			
At fair value through the income statement			
• Held for trading [(a)] - Level 1	369,639	234,563	152,220
• Designed as such upon initial recognition	-	-	-
Derivatives - Hedging accounting - Level 2	7,803	5,192	1,159
• *Including forward exchange contracts*	*7,765*	*5,122*	*1,148*
• *Including foreign exchange options*	*38*	*70*	*11*
Held-to-maturity investments [(b)] - Level 1	-	-	15,199
Loans and receivables (including cash)	511,989	566,743	589,466
Available for sale	78	70	39
Financial liabilities			
At fair value through the income statement			
• Held for trading	-	-	-
• Designed as such upon initial recognition	-	-	-
Derivatives - Hedging accounting - Level 2	8,902	4,827	7,196
At amortized cost	335,591	144,745	121,110

(a) Include some monetary mutual funds and other financial current assets.
(b) Include negociable debt securities non classable as cash and cash equivalent.

BIC Group considers that the carrying amount of financial assets and liabilities approximates to their fair value.

Above financial instruments valued at fair value are classified into levels as follows:

- level 1 (quoted prices (unadjusted) in active markets): monetary mutual funds and other financial current assets;
- level 2 (inputs observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices)): derivatives - hedging accounting;
- level 3 (inputs for the asset or liability that are not based on observable market data): no such instrument hold as of December 31, 2011.

15-7 Net income per category

Following net income related to financial assets and liabilities have been booked in the income statement during the year 2011:

(in thousand euros)	INTERESTS	REVALUATION			NET INCOME		
Financial assets and liabilities		Fair value [(a)]	Translation	Depreciation	DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
At fair value through the income statement	4,315	-	-	-	4,315	3,705	6,189
Derivatives - Hedging accounting	-	338	-	-	338	(1,930)	194
Loans and receivables (including cash)	6,287	-	8,227	(584)	13,930	15,720	8,281
At amortized cost	(3,393)	-	(1,599)	-	(4,992)	(8,705)	(7,262)
TOTAL	**7,209**	**338**	**6,628**	**(584)**	**13,591**	**8,789**	**7,402**

(a) Including 2,269 thousand euros transferred from equity to operating income.

NOTE 16 SHARE CAPITAL

16-1 Share capital

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Authorized, issued and fully paid	185,559	185,991	182,941
Repurchase of shares of the Company	(1,328)	(1,863)	(3,258)
SHARE CAPITAL	**184,231**	**184,128**	**179,683**

As of December 31, 2011, the share capital of SOCIÉTÉ BIC is 182,941,404.40 euros divided into 47,890,420 shares of 3.82 euros each, the par value. The registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC held 817,808 of these shares, acquired at the average price of 61.27 euros in accordance with the Article L. 225-209 of the French Commercial Code, which represent 1.71% of the share capital.

16-2 SOCIÉTÉ BIC owned shares and repurchase of shares of the Company as of December 31, 2011

PURPOSE OF THE REPURCHASE	NUMBER OF SHARES	AVERAGE ACQUISITION PRICE *(in euros)*	% CAPITAL
Liquidity agreement [a]	577	67.81	-
Free share grants [a]	817,231	61.26	1.71%
TOTAL [b]	**817,808**	**61.27**	**1.71%**

(a) Article L. 225-209 of the French Commercial Code.
(b) As of December 31, 2011, BIC CORPORATION holds in addition 35,430 SOCIÉTÉ BIC shares representing 0.07% of the share capital.

SOCIÉTÉ BIC obtained authorization at the Annual Shareholders' Meeting on May 11, 2011 to renew its share repurchase program.

NUMBER OF SHARES PURCHASED IN 2011 [a]	
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 12, 2010	609,314
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 11, 2011	999,634
Average share repurchase price for the purchases during 2011 *(in euros)*	63.01

(a) Excluding the liquidity contract.

NUMBER OF SHARES CANCELLED IN 2011	TOTAL	BOARD OF DIRECTORS FEBRUARY 15, 2011	BOARD OF DIRECTORS MAY 11, 2011	BOARD OF DIRECTORS DECEMBER 14, 2011
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 12, 2010	197,675	197,675	-	-
• share repurchase program authorized by the Annual Shareholders' Meeting held on May 11, 2011	1,015,884	-	609,314	406,570
TOTAL	**1,213,559**	**197,675**	**609,314**	**406,570**

During the last 24 months, SOCIÉTÉ BIC cancelled 1,759,485 shares, 4% of the share capital as of December 31, 2011.

To the best of the Company's knowledge as of December 31, 2011, the shareholders who hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	AT DECEMBER 31, 2011	
	% of shares (approx.)	% of voting rights (approx.)
M.B.D.	26.24%	35.99%
Bich Family	17.10%	21.48%

NOTE 17 SHARE-BASED PAYMENTS

17-1 Grant of share option plans

All granted plans are equity settled plans.

Group stock option plans:

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided not to award stock options in 2011 and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible) will receive three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

BREAKDOWN BY PLAN	PLAN N° 5	PLAN N° 6	PLAN N° 7	PLAN N° 8	PLAN N° 9	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Annual Shareholders' Meeting date	May 12, 1998	May 28, 2003	May 28, 2003	May 28, 2003	May 24, 2006	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 10, 2002	Dec. 17, 2003	Dec. 15, 2004	Dec. 14, 2005	Dec. 13, 2006	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	564	555	563	575	567	633	613	602	643
Number of options available for subscription	375,000	377,550	370,450	427,850	398,500	440,500	371,400	360,000	382,950
Among which, options granted to:									
• the current members of the leadership Management team as of December 31, 2011 *(see Corporate Governance- §3.3.2.3.2.)*	44,000	56,500	46,650	48,650	40,650	43,500	-	-	-
• the Corporate Officers	12,000	20,500	17,000	20,000	5,000	5,000	-	-	-
• *Mario Guevara*	*12,000*	*14,000*	*12,000*	*15,000*	-	-	-	-	-
• *Marie-Aimée Bich-Dufour*	-	*6,500*	*5,000*	*5,000*	*5,000*	*5,000*	-	-	-
• the ten highest paid employees who are not Corporate Officers	61,100	61,500	48,500	47,500	49,500	51,500	34,050	33,800	33,350
Date from which options may be exercised	Dec. 11, 2005	Dec. 18, 2006	Dec. 16, 2007	Dec. 15, 2008	Dec. 14, 2009	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiration date	Dec. 9, 2012	Dec. 16, 2013	Dec. 14, 2014	Dec. 13, 2015	Dec. 12, 2014	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price *(in euros)* [(a)]	30.93	36.96	36.76	50.01	52.35	49.62	40.18	47.99	63,71
Number of options exercised as of December 31, 2011	286,740	267,907	250,212	243,000	215,631	193,427	104,900	200	-
Number of void options as of December 31, 2011	66,810	66,750	73,000	74,500	51,750	30,550	20,700	13,650	10,000
Number of remaining options as of December 31, 2011	21,450	42,893	47,238	110,350	131,119	216,523	245,800	346,150	372,950

(a) No discount on the exercise price.

The plans n°1 and n°2 (purchase plans) expired on December 16, 2008 and December 16, 2009 respectively.

The plans n°3 and n°4 (subscription plans) expired on December 17, 2010 and December 12, 2011 respectively.

Estimated fair value of options granted and impact on the income statement as of December 31, 2011:

PLAN - AWARD DATE	PLANS' UNIT FAIR VALUE - BINOMIAL MODEL (in euros)		EXPENSE BOOKED IN INCOME STATEMENT (in thousand euros)		
	French beneficiaries	Other beneficiaries	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Plan n° 9 - 2006	13.19	12.67	1,575	-	-
Plan n° 10 - 2007	11.67	11.27	1,571	1,526	-
Plan n° 11 - 2008	11.76	11.38	1,285	1,342	1,149
Plan n° 12 - 2009	11.32	11.07	52	1,210	1,210
Plan n° 13 - 2010	15.71	15.36	-	72	1,775
TOTAL			**4,483**	**4,150**	**4,134**

Assumptions for fair value calculation of share options plans according to binomial model:

	PLAN N° 9	PLAN N° 10	PLAN N° 11	PLAN N° 12	PLAN N° 13
Expected volatility	30.00%	25.00%	29.00%	26.00%	26.00%
Free risk rate	3.78%	4.16%	3.56%	2.95%	3.31%
Expected dividend yield	2.00%	2.50%	2.50%	2.75%	2.90%
Expected life in years [(a)]	5.18 & 4.79	6.29 & 5.89	6.18 & 5.70	6.36 & 5.94	6.32 & 5.87

(a) First figure is for French tax residents, second figure for foreign tax resident.

17-2 Free, performance-based share allocations

From 2005, exercising the power placed at its disposal by successive Annual Shareholders' Meetings, the Board of Directors resolved, upon the recommendation of the Compensation and Nomination Committee, to put in place a policy of three-year performance-based free share grants.

For plans number 1 to 5, shares are granted either by SOCIÉTÉ BIC or BIC CORPORATION. Shares granted by SOCIÉTÉ BIC are delivered to the beneficiaries at the definitive grant date.

For U.S tax reasons, the shares granted by BIC CORPORATION will only be delivered at the conclusion of a three-year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the acquisition period and the real date of delivery, additional shares will be delivered at that time.

For plans number 6 and 7, shares are only granted by SOCIÉTÉ BIC. For French beneficiaries, shares are delivered at the definitive grant date.

For foreign beneficiaries, shares are delivered at the conclusion of a three year period following the definitive grant date. As a compensation for dividends not received between the conclusion of the acquisition period and the real date of delivery, additional shares are delivered at that time.

	PLAN N° 1		PLAN N° 2		PLAN N° 3		PLAN N° 4		PLAN N° 5		PLAN N° 6	PLAN N° 7
Annual Shareholders' Meeting date	May 19, 2005		May 19, 2005		May 19, 2005		May 23, 2007		May 23, 2007		May 23, 2007	May 12, 2010
Board of Directors' Meeting date	May 19, 2005		Dec. 14, 2005		Dec. 13, 2006		Dec. 11, 2007		Feb. 10, 2009		Feb. 16, 2010	Feb. 15, 2011
Grant	Main	Secondary	Main	Secondary	Main	Secondary	Main	Secondary	Main	Secondary	Main	Main
Number of beneficiaries	12	11	12	11	9	8	11	10	17	16	27	28
Number of free shares granted	31,800	2,618	31,800	2,618	33,450	2,352	37,550	2,644	57,500	2,643	83,475	87,650
Definitive grant date	May 19, 2008	May 19, 2012	Mar 14, 2009	Mar 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016	Mar. 16, 2013	Mar. 15, 2014
Number of free share grants definitively acquired at December 31, 2011	20,405	-	15,741	-	31,443	-	37,550	-	-	-	-	-
Which number of shares transferred to beneficiaries by:												
• SOCIÉTÉ BIC	7,420	-	5,724	-	7,473	-	9,950	-	-	-	-	-
• BIC CORPORATION	12,985	-	10,017	-	23,970	-	27,600	-	-	-	N/A	N/A
Delivery date of the shares by:												
• SOCIÉTÉ BIC	May 19, 2008	May 19, 2012	Mar 14, 2009	Mar 14, 2013	Mar. 13, 2010	Mar. 13, 2014	Mar. 11, 2011	Mar. 11, 2015	Mar. 10, 2012	Mar. 10, 2016		
• *French beneficiaries*											Mar. 16, 2013	Mar. 15, 2014
• *Foreign beneficiaries*											Mar. 16, 2016	Mar. 15, 2017
• BIC CORPORATION	May 19, 2011	May 19, 2015	Mar 14, 2012	Mar 14, 2016	Mar. 13, 2013	Mar. 13, 2017	Mar. 11, 2014	Mar. 11, 2018	Mar. 10, 2015	Mar. 10, 2019	N/A	N/A
Shares delivered by BIC CORPORATION as a compensation for dividends not received	1,645	-	-	-	-	-	-	-	-	-	-	-
Shares to be delivered by BIC CORPORATION as a compensation for dividends not received	-	-	1,127	-	1,807	-	823	-	-	-	-	-
Total number of void free share grants as of December 31, 2011 (a)	11,395	1,456	16,059	1,722	2,007	696	-	604	-	-	-	625
Total number of free share grants still under acquisition period as of December 31, 2011	-	1,162	-	896	-	1,656	-	2,040	57,500	2,643	83,475	87,025

(a) Those free share grants are void due to beneficiaries leaving the Company or to all performance conditions not achieved.

Estimated fair value of shares granted and impact on the income statement as of December 31, 2011:

FREE SHARES PLAN	PLANS' UNIT FAIR VALUE - BINOMIAL MODEL (in euros)		EXPENSE/(INCOME) BOOKED IN INCOME STATEMENT (in thousand euros)		
	Main grant	Secondary grant	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
May 19, 2005	40.51	38.00	8	3	1
Dec. 14, 2005	48.09	45.10	10	(5)	2
Dec. 13, 2006	50.67	46.77	427	356	11
Dec. 11, 2007	44.99	40.71	308	846	12
Feb. 10, 2009	36.10	32.34	459	865	704
Feb. 16, 2010	47.17	N/A	-	1,138	1,313
Feb. 15, 2011	58.83	N/A	-	-	1,443
Dividend equivalents [a]			12	15	12
TOTAL			**1,224**	**3,218**	**3,498**

(a) Dividend equivalents correspond to additional shares transferred in 2011 or that will be transfered in 2012 and 2013 by BIC CORPORATION.

NOTE 18 BORROWINGS

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Bank overdrafts	1,458	3,219	1,363
Bank loans (see detail below)	211,708	8,559	6,611
Obligations under financial leases	1,995	2,712	2,371
BANK BORROWINGS AND OVERDRAFTS	**215,161**	**14,490**	**10,345**

Bank overdrafts are due within one year. Long-term part of obligations under financial leases is not significant.

Bank loans have the following maturities:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
On demand or within one year	51,449	7,880	6,611
In the second year	43,225	679	-
In the 3rd year	39,012	-	-
In the 4th year	39,011	-	-
In the 5th year	39,011	-	-
After five years	-	-	-
TOTAL	**211,708**	**8,559**	**6,611**

Main bank loans/credit lines are the following:

(in thousand euros)	CURRENCY	EURO EQUIVALENTS		
Borrowing country		DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
• France	USD	195,089	-	-
• Brazil	BRL	8,894	5,162	623
• Malaysia	MYR	2,154	806	853
• Russia	USD / RUB	1,735	-	2,541
• Romania	EUR	1,566	-	-
• Others	Misc.	2,270	2,590	2,594
TOTAL		**211,708**	**8,559**	**6,611**

In Brazil the remaining loan relates to asset purchases.

As of 2009, loans in France corresponded to those contracted for the acquisitions of Cello Pens and Norwood Promotional Products for a total of 156 and 125 million U.S. dollars respectively. These loans had been contracted on a reference of variable interest rate LIBOR USD 3 months, plus margin, and had been hedged through an interest rate swap versus fixed rate with a maturity of five years and repayment on a straight line basis. Those whole loans have been early repaid in 2010.

Information on interest rates

As of December 31, 2011, remaining loans and short term credit lines were contracted with a floating rate ranging between 2.46% and 12.0%. Relative exposure, estimated not to be significant, has not been hedged (see Note 22).

Information on covenants

None of the loans contain any covenant that could advance the exigibility date of the debt.

NOTE 19 PROVISIONS

(in thousand euros)	LITIGATION	OTHER RISKS AND CHARGES	TOTAL
At January 1, 2010	**6,358**	**30,318**	**36,676**
Additional provisions	1,889	13,936	15,825
Utilized during the period	(263)	(1,767)	(2,030)
Unused amounts reversed	(657)	(2,642)	(3,299)
Exchange differences	523	2,406	2,929
Transfers and reclassification from current liabilities	(522)	900	378
At January 1, 2011	**7,328**	**43,151**	**50,479**
Additional provisions	1,651	15,646	17,297
Utilized during the period	(1,416)	(3,467)	(4,883)
Unused amounts reversed	(1,617)	(2,976)	(4,593)
Exchange differences	(222)	(1,423)	(1,645)
Transfers and reclassification from current liabilities	165	2	167
At December 31, 2011	**5,889**	**50,933**	**56,822**

The litigation provision mainly represents distributor and commercial agent risks for 4 million euros as of December 31, 2011, stable compared to December 31, 2010.

The other risks are mainly tax risks and workers' compensation in the U.S, as well as BIC CORPORATION product liability provision for 2.1 million euros.

NOTE 20 PENSION AND OTHER EMPLOYEE BENEFITS

20-1 Change in the net obligation of defined benefits plan

(in thousand euros)		PENSION	OTHER BENEFITS	TOTAL EMPLOYEE BENEFITS
PRESENT VALUE OF OBLIGATION				
At January 1, 2011		**371,560**	**76,235**	**447,795**
Reclassification		(238)	238	-
Period costs:		24,461	(114)	24,347
• *Service costs*		*8,326*	*1,865*	*10,191*
• *Interest costs*		*19,104*	*3,687*	*22,791*
• *Curtailment and settlement*		*(2,969)*	*(5,666)*	*(8,635)*
• *Past service costs*		-	-	-
Benefits paid		(19,050)	(2,602)	(21,652)
Actuarial difference on obligation		47,360	11,729	59,089
Past service costs not vested		100	-	100
Exchange differences		11,503	2,113	13,616
At December 31, 2011	**A**	**435,696**	**87,599**	**523,295**
FAIR VALUE OF PLAN ASSETS				
At January 1, 2011		**281,651**	**-**	**281,651**
Total period costs:		15,091	-	15,091
• *Return on assets*		*18,180*	-	*18,180*
• *Curtailment and settlement*		*(3,089)*	-	*(3,089)*
Benefits paid		(14,194)	-	(14,194)
Contributions paid		23,011	-	23,011
Actuarial difference on assets		2,107	-	2,107
Exchange differences		11,081	-	11,081
At December 31, 2011	**B**	**318,747**	**-**	**318,747**
PAST SERVICE COSTS NOT RECOGNIZED				
At January 1, 2011		**4,479**	**(1,089)**	**3,390**
Total period costs:		(559)	199	(360)
• *Curtailment and settlement*		-	-	-
• *Past service costs*		*(559)*	*199*	*(360)*
Past service costs not recognized		100	-	100
Exchange differences		11	(22)	(11)
At December 31, 2011	**C**	**4,031**	**(912)**	**3,119**
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2011	**D = A-B-C**	**112,918**	**88,511**	**201,429**
NET LIABILITY IN THE BALANCE SHEET AS OF DECEMBER 31, 2010		**85,430**	**77,324**	**162,754**

20-2 Funded / unfunded obligations

(in thousand euros)	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2011			
Fair value of funded obligations	391,379	-	391,379
Fair value of plan assets	(318,747)	-	(318,747)
Excedent of obligation over assets	**72,632**	**-**	**72,632**
Fair value of unfunded obligations	44,317	87,599	131,916
Past service costs not recognized	(4,031)	912	(3,119)
Net Value in the balance sheet	**112,918**	**88,511**	**201,429**
- Asset			**1,587**
- Liability			**203,016**

(in thousand euros)	PENSION	OTHER BENEFITS	TOTAL
At December 31, 2010			
Fair value of funded obligations	332,869	-	332,869
Fair value of plan assets	(281,651)	-	(281,651)
Excedent of obligation over assets	**51,218**	**-**	**51,218**
Fair value of unfunded obligations	38,691	76,235	114,926
Past service costs not recognized	(4,479)	1,089	(3,390)
Net Value in the balance sheet	**85,430**	**77,324**	**162,754**
- Asset			**4,126**
- Liability			**166,880**

Evolution over five years:

(in thousand euros)	2007	2008	2009	2010	2011
Fair value of funded obligations	262,847	249,587	291,508	332,869	391,379
Fair value of plan assets	(210,523)	(181,951)	(233,729)	(281,651)	(318,747)
Excedent of obligation over assets	**52,324**	**67,636**	**57,779**	**51,218**	**72,632**
Fair value of unfunded obligations	51,380	83,891	96,265	114,926	131,916
Past service costs not recognized	(1,471)	(1,718)	(2,265)	(3,390)	(3,119)
Net Value in the balance sheet	**102,233**	**149,809**	**151,779**	**162,754**	**201,429**
- Asset	**1,866**	**753**	**1,870**	**4,126**	**1,587**
- Liability	**104,099**	**150,562**	**153,649**	**166,880**	**203,016**

Change in the net debt over 5 years:

(in thousand euros)	NOTES	2007	2008	2009	2010	2011
Net value of employee benefits in the balance sheet at January 1		**134,457**	**102,233**	**149,809**	**151,779**	**162,754**
Period costs booked to income statement	20-3	12,690	13,166	26,832	16,740	9,616
Actuarial differences booked to equity	20-4/OCI	(17,699)	70,220	139	11,237	56,982
Payments related to employee benefits	20-1/CF	(16,939)	(34,073)	(25,264)	(25,081)	(30,469)
Acquisition of subsidiary	20-1	-	-	1,819	-	-
Transfer to short term liability	20-1	-	-	-	768	-
Exchange difference		(10,276)	(1,737)	(1,556)	7,311	2,546
Net value of employee benefits in the balance sheet at December 31		**102,233**	**149,809**	**151,779**	**162,754**	**201,429**
CHANGE IN THE BALANCE SHEET NET VALUE		**(32,224)**	**47,576**	**1,970**	**10,975**	**38,675**

OCI: See statement of comprehensive income.
CF: See consolidated cash flow statement.

20-3 Period costs

(in thousand euros)	OBLIGATION		ASSETS		PAST SERVICE COSTS		TOTAL		TOTAL EMPLOYEE BENEFITS		
	Pension	Other benefits	Pension	Other benefits	Pension	Other benefits	Pension	Other benefits	DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
Service costs	8,326	1,865	-	-	-	-	8,326	1,865	**10,191**	9,754	8,766
Interest costs	19,104	3,687	-	-	-	-	19,104	3,687	**22,791**	24,318	20,303
Return on assets	-	-	(18,180)	-	-	-	(18,180)	-	**(18,180)**	(18,110)	(12,536)
Curtailment and settlement	(2,969)	(5,666)	3,089	-	-	-	120	(5,666)	**(5,546)**	376	9,536
Past service costs	-	-	-	-	(559)	199	559	(199)	**360**	402	764
TOTAL PERIOD COSTS	**24,461**	**(114)**	**(15,091)**	**-**	**(559)**	**199**	**9,929**	**(313)**	**9,616**	**16,740**	**26,832**

In the context of APP integration plan in the USA, retirement benefits for BIC Graphic employees have been aligned to Norwood USA level of benefits. This positive impact has been booked in "Other income and expense" and is partly offset by compensation granted to the BIC Graphic employees.

20-4 Additional information

Follow up by nature of actuarial gain and loss recognized to equity:

(in thousand euros)	ACTUARIAL DIFFERENCE RESULTING FROM DBO [(a)]- PENSION	ACTUARIAL DIFFERENCE RESULTING FROM DBO [(a)]- OTHER BENEFITS	ACTUARIAL DIFFERENCE RESULTING FROM ASSET- PENSION	TOTAL
At January 1, 2011				
Discount rate	(19,510)	(6,421)	23	(25,908)
Experience	(10,591)	3,871	(14,553)	(21,273)
Other assumptions	(25,918)	(5,259)	713	(30,464)
TOTAL	**(56,019)**	**(7,809)**	**(13,817)**	**(77,645)**
Change during the period (excluding foreign exchange impact)				
Discount rate	(42,705)	(9,626)	(82)	(52,413)
Experience	(7,722)	(2,095)	2,189	(7,628)
Other assumptions	3,067	(8)	-	3,059
TOTAL	**(47,360)**	**(11,729)**	**2,107**	**(56,982)**
Exchange impact				
Discount rate	(1,200)	(353)	(2)	(1,555)
Experience	(280)	126	(133)	(287)
Other assumptions	(625)	(173)	5	(792)
TOTAL	**(2,105)**	**(400)**	**(129)**	**(2,634)**
At December 31, 2011				
Discount rate	(63,415)	(16,400)	(61)	(79,876)
Experience	(18,593)	1,902	(12,497)	(29,188)
Other assumptions	(23,476)	(5,440)	718	(28,198)
TOTAL	**(105,484)**	**(19,938)**	**(11,840)**	**(137,262)**

(a) Defined Benefit Obligation.

Nature of plan assets:

(in thousand euros)	AT DECEMBER 31, 2010		AT DECEMBER 31, 2011	
Equity	176,831	62.8%	139,453	43.8%
Bond and other fixed income	99,244	35.2%	174,666	54.8%
Monetary	1,945	0.7%	1,944	0.6%
Other	3,631	1.3%	2,684	0.8%
TOTAL	**281,651**	**100.0 %**	**318,747**	**100.0 %**

During 2011, BIC CORPORATION evaluated the current asset allocation of its two qualified pension plans. In July 2011, the allocation was changed, resulting in a decrease of the equity portion while increasing the fixed income percentage.

20-5 Actuarial hypothesis for main countries

Actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located. They were adjusted according to the actual interest rate and the mortality table. Below are assumptions for plans representing our main obligations.

AT DECEMBER 31, 2011	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate	4.64%	4.80%	4.50%
Expected return on plan assets	7.25%	5.00%	3.75%
Expected rate of salary increases	4.00%	N/A	3.00%

AT DECEMBER 31, 2010	UNITED STATES	UNITED KINGDOM	FRANCE
Discount rate	5.52%	5.60%	4.75%
Expected return on plan assets	8.00%	6.42%	3.75%
Expected rate of salary increases	4.00%	4.20%	3.00%

The discount rates for our U.S. and UK retirement programs were developed using the Mercer Pension Discount Yield Curve which is built from the yields of high quality (AA) corporate bonds. For our other international plans, the discount rates are set by benchmarking against investment grade corporate bonds rated AA or better.

The rate shown for the U.S is for the main plan, each U.S. plan being valuated with a specific discount rate (from 3% to 4.77%)

Sensitivity of the obligation to a change in discount rate

According to the Group's estimates, a +/-1% change in the discount rate for these three countries would result in a change of respectively -12.2% and +15.2% in the obligations. This change would not fully impact the Group net liability on employee benefits as a change in plan assets fair value may partly offset the impact.

20-6 Information by geographies

AT DECEMBER 31, 2011 *(in thousand euros)*		OBLIGATION		PLAN ASSET		NET LIABILITY
Europe	89,132	17.0%	46,226	14.5%	39,433	19.6%
North America	425,989	81.4%	270,774	84.9%	155,581	77.2%
Other countries	8,174	1.6%	1,748	0.6%	6,415	3.2%
TOTAL	**523,295**	**100%**	**318,747**	**100%**	**201,429**	**100%**

AT DECEMBER 31, 2010 *(in thousand euros)*		OBLIGATION		PLAN ASSET		NET LIABILITY
Europe	84,208	18.8%	45,841	16.3%	34,599	21.3%
North America	355,202	79.3%	234,175	83.1%	121,418	74.6%
Other countries	8,385	1.9%	1,635	0.6%	6,737	4.1%
TOTAL	**447,795**	**100%**	**281,651**	**100%**	**162,754**	**100%**

For plans located in North America and Europe (mainly United Kingdom), plan asset levels as of December 31, 2011 are in agreement with minimum funding obligations, legally or contractually defined.

NOTE 21 DEFERRED TAX

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Deferred tax assets	110,664	136,140	158,159
Deferred tax liabilities	(19,390)	(22,367)	(19,014)
NET POSITION	**91,274**	**113,773**	**139,145**

The movement for the year in the Group's deferred tax position was as follows:

(in thousand euros)	2011
At January 1	**113,773**
Deferred tax income/(expense) for the period [a]	1,696
Booked in Shareholders' equity	22,933
Exchange differences	743
At December 31	**139,145**

(a) Excluding amounts booked to provision for risks and charges.

Origin of deferred tax assets:

(in thousand euros)	DEC. 31, 2011
Deferred tax assets calculated on temporary differences	157,522
Deferred tax assets activated on tax losses	637
Deferred tax assets	**158,159**

NOTE 22 FINANCIAL INSTRUMENTS

22-1 Derivatives and hedge accounting

The financial risk management is mainly concentrated at the SOCIÉTÉ BIC level, and managed and/or coordinated by the Group Treasury. This department is not a profit center.

Group Treasury has ongoing contact with subsidiaries and collects information throughout the year to identify, follow and lead risk management.

Regarding foreign exchange risk, the Group policy is to hedge the net position currency by currency on a yearly basis. Buyer and seller positions are aggregated and the determined net nominal is hedged on the market.

According to the fluctuation of the foreign exchange market, Group Treasury can speed up the hedging pace in order to benefit from favourable trends or slow down so as not to fix too early a rate and remain flexible. All the positions are constantly monitored in real-time by the Group Treasury, which has the necessary information and analytical tools. An update of all the positions is transmitted to management each month and detailed by currency, product (forward, option, etc.), and purpose (commercial flows or net investments).

In case of local constraints that would not permit the centralization at optimum conditions, the hedges are performed locally under the strict control of Group Treasury.

22-2 Foreign exchange risk

To manage its exchange rate exposure, the Group uses forward foreign currency contracts, currency swaps and currency options. Forward foreign currency contracts are recognized as hedges insofar as they are designated as such. These hedges may cover the net investment of the Group in certain foreign entities, foreign currency receivables or debts, or budgets in foreign currency.

As Group Treasury is centralized, SOCIÉTÉ BIC has current accounts with its main subsidiaries. Credit balances in foreign currencies are swapped against the euro for a very short term and the euro is invested in monetary mutual funds and other short-term investments.

Every day, Group Treasury adjusts the liquidity situation of the current accounts as a result of currency swaps realized on the market. This strategy, even though it uses exchange instruments, cannot be considered a full foreign exchange risk management hedging program, as there is no definitive translation of bank accounts. It only relates to optimization of funding by SOCIÉTÉ BIC through foreign liquidity management.

22-3 Interest rate risk

As of December 31, 2011 BIC Group has no significant debt neither related hedging instrument.

The exposure to interest rate fluctuations on borrowings is very limited. All the local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level and are of too limited a time scale to require any relevant hedging.

22-4 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2011

The following amounts have been booked as the fair value of derivatives at the end of December 2011 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX [(a)] - NOTE 5	OTHER COMPREHENSIVE INCOME BEFORE TAX [(a)]	CURRENT ASSETS [(b)]	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
Hedging revaluation impact - excluding Cello and Norwood acquisition financing							
Commercial flows	Cash flow hedge / Foreign exchange risk	2,693	(11,472)	893	223	(7,114)	(82)
Dividends	Net investment/ Foreign exchange risk	-	57	-	-	-	-
Subtotal (1)		**2,693**	**(11,415)**	**893**	**223**	**(7,114)**	**(82)**
Revaluation of cross-currency swaps related to cash positions in foreign currencies **Subtotal (2)**	At fair value through P&L/Foreign exchange risk	**1,514**	**-**	**33**	**-**	**-**	**-**
Impact of Norwood acquisition financing							
Norwood - Reversal of December 2010 swap hedging exposure of the intercompany loan in USD [(c)]	At fair value through P&L/Foreign exchange risk	914	-	-	-	-	-
Subtotal (3)		**914**	**-**	**-**	**-**	**-**	**-**
TOTAL 1+2+3		**5,121**	**(11,415)**	**926**	**223**	**(7,114)**	**(82)**

(a) It corresponds to mark-to-market of hedging instruments in the portfolio end of December 2011, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2010. In addition, BIC subsidiaries with hedge rates have revaluated their account receivables and payables at those rates end of December 2011, impacting the income from operations for 2.3 million euros.

(b) In addition, SOCIÉTÉ BIC has options not yet exercised representing a current asset of 11 thousand euros.

(c) In 2010, SOCIÉTÉ BIC has internally replicated the loan it had with the banks. This intercompany loan in U.S. dollars was not yet repaid as of December 31, 2010 and a EUR/USD swap had been implemented. At the end of December 2011, the swap has been settled and this intercompany loan has been restructured for BIC CORPORATION financing needs for the Norwood USA acquisition.

22-5 Impact of interest rate and foreign exchange risks' hedging on consolidated financial statements as of December 31, 2010

The following amounts have been booked as the fair value of derivatives at the end of December 2010 (in thousand euros):

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX [a] - NOTE 5	OTHER COMPREHENSIVE INCOME BEFORE TAX [a]	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
Hedging revaluation impact - excluding Cello and Norwood acquisition financing							
Commercial flows	Cash flow hedge / Foreign exchange risk	(1,644)	(792)	5,073	-	(2,346)	(29)
Dividends	Net investment/ Foreign exchange risk	-	(8)	48	-	(57)	-
Subtotal (1)		**(1,644)**	**(800)**	**5,122**	**-**	**(2,403)**	**(29)**
Revaluation of cross-currency swaps related to cash positions in foreign currencies **Subtotal (2)**	At fair value through P&L/Foreign exchange risk	**(3,377)**	**-**	**-**	**-**	**(1,481)**	**-**
Impact of Cello acquisition financing							
Cello - Reversal of December 2009 revaluation of NDF USD/ INR and swap EUR/USD	Cash flow hedge / Foreign exchange risk	-	7,529	-	-	-	-
Cello - Net gain realized on matured NDF [b]	Cash flow hedge / Foreign exchange risk	-	845	-	-	-	-
Cello - Net loss realized on matured swap EUR/ USD [c]	Cash flow hedge / Foreign exchange risk	-	(4,502)	-	-	-	-
Cello - Reversal of December 2009 revaluation of interest rate swaps [d]	Cash flow hedge / Interest rate risk	-	186	-	-	-	-
Cello - 2010 impact of foreign exchange result realized on the loan [e]	Net investment / Foreign exchange risk	-	(10,293)	-	-	-	-
Subtotal (3)		**-**	**(6,235)**	**-**	**-**	**-**	**-**

DERIVATIVE ITEMS AND REVALUATION	HEDGE QUALIFICATION/ HEDGED RISK	FINANCIAL NET INCOME/ (EXPENSE) BEFORE TAX [(a)] - NOTE 5	OTHER COMPREHENSIVE INCOME BEFORE TAX [(a)]	CURRENT ASSETS	NON-CURRENT ASSETS	CURRENT LIABILITIES	NON-CURRENT LIABILITIES
Impact of Norwood acquisition financing							
Norwood - Reversal of December 2009 revaluation of interest rate swaps [(f)]	Cash flow hedge / Interest rate risk	-	440	-	-	-	-
Norwood - Revaluation of current swap hedging exposure of the intercompany loan in USD [(g)]	At fair value through P&L/Foreign exchange risk	(914)	-	-	-	(914)	-
Subtotal (4)		**(914)**	**440**	**-**	**-**	**(914)**	**-**
TOTAL 1+2+3+4		**(5,935)**	**(6,595)**	**5,122**	**-**	**(4,798)**	**(29)**

(a) It corresponded to mark-to-market of hedging instruments in the portfolio as of December 31, 2010, restated with the reverse of the mark-to-market of the portfolio of hedging instruments as of December 31, 2009.

Commercial flows in U.S. dollars for 2011 had been revised upwards. In order to take this into consideration, BIC management had decided in September 2010, to reclassify all hedges initially qualified as net investment hedge to commercial flows hedge with immediate effect. This reclassification did not have a significant impact on 2010 income statement.

In addition, BIC subsidiaries with hedge rates had revaluated their account receivables and payables at hedge rate as of December 31, 2010, impacting the income from operations for 746 thousand euros.

(b) As the second step of Cello acquisition has been delayed, the Non Deliverable Forward (NDF) initialy contracted to hedge the translation of USD to INR had matured and new NDF had been successively put in place, last one having expired in February 2010. The net gains realized on those matured NDF (5,071 thousand euros in 2009 and 845 thousand euros in 2010) were booked through Shareholders' equity and will decrease the acquisition price of the second step.

(c) As the second step of Cello acquisition had been delayed, the swap initialy contracted to hedge the translation of EUR to USD had been successively rolled over to finally mature in February 2010. The loss realized on this swap was booked through Shareholders' equity and will increase the acquisition price of the second step.

(d) As BIC had early repaid the whole loans linked to Cello acquisition in February and May 2010, the interest rate swaps on those loans had then been early unwinded, leading to a cost in interest expenses of 1.2 million euros (see Note 5).

(e) According to IAS 32/39, the Cello loans had been qualified as BIC CORPORATION net investment hedging. The impact of the revaluation in euros of those loans was then booked in equity. As of December 31, 2009, the impact in equity was 13.9 million euros. After total repayment of the loan in 2010, equity is definitively impacted by 3.6 million euros.

(f) BIC had decided to early repay the whole loan linked to Norwood acquisition at the first annual payment date, early July 2010. The interest rate swap on this loan had been early unwinded in June 2010, being then disqualified from cash flow hedge and leading to a cost in interest expenses of 2.1 million euros (see Note 5).

(g) SOCIÉTÉ BIC had internally replicated the loan it had with the banks. This intercompany loan in U.S. dollars was not yet repaid as of December 31, 2010 and a swap had been implemented to cover this FX exposure.

22-6 Portfolio of foreign exchange risks hedge as of December 31, 2011

In addition, in relation to its annual exposure, BIC had the following hedges as of December 31, 2011:

MATURITY	HEDGE	FORWARD	CURRENCY	OPTIONS	CURRENCY
2012	EUR/USD	212,500,000	USD	50,000,000	USD
	USD/CAD	30,500,000	USD		
	AUD/USD	5,000,000	USD		
	EUR/GBP	17,600,000	GBP		
	EUR/AUD	25,100,000	AUD		
	EUR/CHF	6,800,000	CHF		
	EUR/JPY	750,000,000	JPY		
	EUR/CAD	13,000,000	CAD		
	EUR/NZD	6,000,000	NZD		
	EUR/PLN	18,500,000	PLN		
	EUR/RON	11,000,000	RON		
	EUR/ZAR	2,750,000	EUR		
	USD/CLP	2,526,000	USD		
	USD/MXN	64,409,000	MXN		
	EUR/SEK	2,217,000	SEK		
	USD/JPY	5,000,000	USD		
	NZD/USD	150,000	USD		
2013	EUR/AUD	1,000,000	AUD	4,000,000	AUD
	EUR/CHF	2,000,000	CHF	1,000,000	CHF
	EUR/GBP	1,000,000	GBP		
	AUD/USD	500,000	USD		
	USD/CAD	2,000,000	USD	2,500,000	USD
	USD/JPY	3,000,000	USD		
2014	USD/JPY	2,000,000	USD		
	EUR/CHF	2,000,000	CHF		
2015	EUR/CHF	2,000,000	CHF		

As of December 31, 2011, the main significant exchange exposure relates to EUR/USD for 280 million U.S. dollars. This exposure is 94% hedged as of December 31, 2011 and related cash flows will occur in 2012.

Net income and equity sensitivity to a variance of +/-1% EUR/USD on balance sheet items as of December 31, 2011, as defined in IFRS 7, is not considered as significant for the Group.

As of December 31, 2010, the main significant exchange exposure related to EUR/USD for 260 million U.S. dollars. This exposure was 90% hedged as of December 31, 2010 and related cash flows occurred in 2011.

22-7 Main balance sheet items deriving from foreign currencies

Regarding the balance sheet items, the weight of the different currencies is as follows as of December 31, 2011, for the main non-current items:

(in thousand euros)	TOTAL	EUR	TRANSLATED FROM USD	TRANSLATED FROM BRL	TRANSLATED FROM MXM	OTHERS
Property, plant and equipment	360,242	219,018	76,320	32,665	20,803	11,436
Net goodwill	211,600	77,541	112,878	11,936	-	9,245
Cash and cash equivalent (excluding bank overdrafts)	300,733	160,073	33,144	63,907	10,292	33,317
Employee benefits obligation	(203,016)	(18,864)	(156,283)	-	(2,885)	(24,984)

NOTE 23 RELATED PARTIES

According to IAS 24 requirements, BIC Group has considered the following related parties:

- all consolidated subsidiaries and entities integrated through equity method (see Note 28);
- all members of the Board of Directors (see *Corporate Governance - §3.1. Mandates of the Directors and the Corporate officers as of December 31, 2011*) as well as their close relatives;
- all companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right.

23-1 Consolidated subsidiaries and entities integrated through equity method

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated through the consolidation process.

Transactions between the parent company and equity investments were not significant in 2011.

23-2 Members of the Board of Directors and of the Leadership Team

All transactions with members of the Board of Directors and members of the Leadership Team as of December 31, 2011 are as follows:

	EXPENSES	NET AMOUNT IN BALANCE SHEET
Short-term employee benefits	7,322	245
Post-employment benefits	2,996	29,501
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	2,988	-
TOTAL OF TRANSACTIONS	**13,306**	**29,746**

Directors' fees are not included in the table above and are disclosed in *Corporate Governance - §3.2.1.3. Directors' fees.*

23-3 Companies in which a member of the Board of Directors or of the Leadership Team has a significant voting right

As of December 31, 2011, we did not identify such related parties.

NOTE 24 OFF-BALANCE SHEET ITEMS

The following schedule summarizes the off-balance sheet avals and guarantees for the Group. All significant items are disclosed in this schedule.

No other security for assets or registered shares is to be reported.

24-1 Guarantee issued

Nothing to report.

24-2 Guarantee received

(in thousand euros)	FALL DUE			DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			
Securities for credit lines	618	1,337	-	1,956	6,642	5,591
Trade guarantees	123	185	-	308	1,797	748
Lease guarantees	-	528	466	994	994	994
Endorsements and guarantees	1,500	211	136	1,847	347	347
Other guarantees	-	-	614	614	771	766
TOTAL	**2,241**	**2,261**	**1,216**	**5,718**	**10,551**	**8,446**

As of December 31, 2011, the securities for credit line mainly relate to Group's subsidiaries in South Korea and Singapour for 1.6 million euros. The endorsements and guarantees relate to environment liabilities in Greece for 1.5 million euros.

As of December 31, 2010, the securities for credit lines were mainly related to Group's subsidiaries in Russia, Turkey and South Korea.

NOTE 25 OBLIGATIONS UNDER FINANCIAL LEASES

Finance leases represent a non significant portion of the Group's property, plant and equipment (less than 1%).

The fair value of the Group's lease obligations approximates to their carrying amount.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

NOTE 26 CONTINGENT LIABILITIES

As of December 31, 2011, neither SOCIÉTÉ BIC nor its other subsidiaries had any significant pending litigation, claims or disputes which, in the opinion of management, after consultation with their advisors, would have a material adverse impact on the consolidated financial statements.

NOTE 27 OPERATING LEASE ARRANGEMENTS

27-1 The BIC Group as lessee

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Rentals under operating leases recognized as an expense in the year	7,249	7,272	8,201

At the balance sheet date, the BIC Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Within one year	6,839	5,895	7,139
In the second to fifth year inclusive	8,750	12,284	12,168
After five years	1,976	929	5,862
TOTAL	**17,565**	**19,108**	**25,169**

Operating lease rentals are primarily linked to office properties.

27-2 The BIC Group as lessor

See Note 9-3 on investment property.

NOTE 28 CONSOLIDATED SUBSIDIARIES

The main operating companies at December 31, 2011, are as follows:

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
FULLY CONSOLIDATED SUBSIDIARIES				
FRANCE				
BIC Clichy SAS	Clichy	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Services SASU	Clichy	BIC Clichy SAS	100.0%	Services
BIMA 83 SASU	Clichy/Cernay	BIC Clichy SAS	100.0%	Manufacturing consumer products
Société du Briquet Jetable 75 SASU	Clichy/Redon	BIC Clichy SAS	100.0%	Manufacturing consumer products
DAPE 74 Distribution SASU	Clichy	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Électro-Centre SAS	Velars-sur-Ouche	BIC Clichy SAS	99.9%	Manufacturing consumer products
BIC Technologies SA (EX SO.BI.TU)	Clichy	BIC Clichy SAS	99.9%	Manufacturing consumer products
BIC Rasoirs SASU	Verberie	BIC Clichy SAS	100.0%	Manufacturing consumer products
BIC Sport SASU	Vannes	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
Conté SASU	Boulogne-sur-Mer	BIC Clichy SAS	100.0%	Manufacturing consumer products
BIC Graphic France SASU	Clichy	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Écriture 2000 SASU	Clichy / Montévrain	BIC Clichy SAS	100.0%	Manufacturing consumer products
Voiles Gateff SAS	La Garde	BIC Clichy SAS	90.0%	Manufacturing and distribution of consumer products
SI Valiton Gesnouin SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
SI BIC Clichy SASU	Clichy	BIC Clichy SAS	100.0%	Real estate
Stypen SASU	Clichy / Montévrain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
EUROPE				
BIC Deutschland GmbH & Co. OHG	Germany	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Erzeugnisse GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC Verwaltungs GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC GmbH	Germany	SOCIÉTÉ BIC SA	100.0%	Holding company
BIC (Austria) Vertriebsgesellschaft mbH	Austria	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Belgium SPRL	Belgium	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Iberia SA	Spain	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products
BIC Graphic Europe SA	Spain	BIC Iberia SA	100.0%	Manufacturing and distribution of consumer products
Norwood Promotional Products Europe S.L.U.	Spain	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Violex SA	Greece	BIC Clichy SAS BIC CORPORATION Furtuna Holding Co. Ltd.	100.0%	Manufacturing and distribution of consumer products
BIC Hungaria Kft.	Hungary	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC (Ireland) Ltd.	Ireland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Italia Spa	Italy	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Italia SPA	Italy	BIC Graphic Europe SA	100.0%	Distribution of consumer products
BIC Netherlands BV	Netherlands	BIC Clichy SAS	100.0%	Distribution of consumer products
Norwood Promotional Products Nederland BV	Netherlands	BIC Graphic Europe SA	100.0%	Distribution of consumer products
JOMO Holding B.V	Netherlands	BIC UK Ltd.	100.0%	Holding company
BIC Polska SP ZOO	Poland	BIC Clichy SAS	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
BIC Portugal SA	Portugal	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Romania) Marketing & Distribution SRL	Romania	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC UK Ltd.	United Kingdom	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Slovakia SRO	Slovakia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
Sheaffer Slovakia SRO	Slovakia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC CIS	Russia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Nordic AB	Sweden	BIC Clichy SAS	100.0%	Distribution of consumer products
Société BIC (Suisse) SA	Switzerland	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Pazarlama Ltd. Sti.	Turkey	SOCIÉTÉ BIC SA BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Ukraine	Ukraine	BIC Clichy SAS	100.0%	Distribution of consumer products
NORTH AMERICA				
BIC Inc.	Canada	BIC CORPORATION	100.0%	Distribution of consumer products
BIC CORPORATION	United States	BIC Clichy SAS	100.0%	Holding company
BIC USA Inc.	United States	BIC CORPORATION	100.0%	Distribution of consumer products
BIC Consumer Products Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing consumer products
BIC Graphic USA Manufacturing Co. Inc.	United States	BIC USA Inc.	100.0%	Manufacturing consumer products
Norwood Promotional Products LLC	United States	BIC USA Inc.	100.0%	Distribution of consumer products
Sheaffer Manufacturing LLC	United States	BIC USA Inc.	100.0%	Manufacturing and distribution of consumer products
BIC Sport North America Inc.	United States	BIC Sport SASU	100.0%	Manufacturing and distribution of consumer products
Wite out Products Inc.	United States	BIC CORPORATION	100.0%	Manufacturing and distribution of consumer products
Furtuna Holding Co. Ltd.	British Virgin Islands	BIC CORPORATION	100.0%	Holding company
Xenia Insurance Co. Ltd.	Bermuda	BIC CORPORATION	100.0%	Insurance coverage
OCEANIA				
BIC Australia Pty. Ltd.	Australia	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC (NZ) Ltd.	New Zealand	BIC Clichy SAS	100.0%	Manufacturing and distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
LATIN AMERICA				
BIC Argentina SA	Argentina	BIC Clichy SAS SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Brasil SA	Brazil	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Graphic Brasil Ltda.	Brazil	BIC Brasil SA BIC Amazonia SA	100.0%	Distribution of consumer products
BIC Amazonia SA	Brazil	BIC Brasil SA SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
PIMACO Autoadesivos Ltda.	Brazil	BIC Amazonia SA BIC Brasil SA	100.0%	Manufacturing and distribution of consumer products
BIC Chile SA	Chili	BIC Brasil SA	100.0%	Distribution of consumer products
BIC Colombia SA	Colombia	SA Nelgor BIC Brasil SA	100.0%	Distribution of consumer products
BIC de Costa Rica SA	Costa Rica	BIC de Guatemala SA	100.0%	Distribution of consumer products
BIC Ecuador SA	Ecuador	BIC Brasil SA	100.0%	Manufacturing and distribution of consumer products
BIC de Guatemala SA	Guatemala	BIC CORPORATION	100.0%	Distribution of consumer products
No Sabe Fallar SA de CV	Mexico	BIC CORPORATION Industrial de Cuautitlan SA de CV	100.0%	Manufacturing and distribution of consumer products
Industrial de Cuautitlan SA de CV	Mexico	BIC CORPORATION No Sabe Fallar SA de CV	100.0%	Manufacturing and distribution of consumer products
BIC Peru SA	Peru	SOCIÉTÉ BIC SA BIC Clichy SAS	100.0%	Distribution of consumer products
BIC Uruguay SA	Uruguay	BIC Brasil SA	100.0%	Distribution of consumer products
SA Nelgor	Uruguay	BIC Brasil SA	100.0%	Holding company
BIC de Venezuela CA	Venezuela	BIC Brasil SA	100.0%	Distribution of consumer products
ASIA				
BIC Stationery (Shanghai) Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC (Shanghai) Stationery Manufacturing Co. Ltd.	China	SOCIÉTÉ BIC SA	100.0%	Manufacturing and distribution of consumer products
BIC Product (Korea) Ltd.	South Korea	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Advertising and Promotional Products Asia Limited	Hong Kong	BIC Graphic France SASU	100.0%	Distribution of consumer products
BIC India Pvt. Ltd.	India	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
PT Buana Inti Cakrawala ("BIC")	Indonesia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products

NAME OF SUBSIDIARY	PLACE OF INCORPORATION (OR REGISTRATION) AND OPERATION	MAIN SHAREHOLDERS	PROPORTION OF OWNERSHIP INTEREST (DIRECT OR INDIRECT)	PRINCIPAL ACTIVITY
BIC Japan KK	Japan	BIC Clichy SAS	100.0%	Distribution of consumer products
BIC GBA Sdn. Bhd.	Malaysia	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Singapore) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Asia) Pte. Ltd.	Singapore	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
BIC Product (Thailand) Ltd.	Thailand	SOCIÉTÉ BIC SA	100.0%	Distribution of consumer products
MIDDLE EAST AND AFRICA				
BIC (South Africa) Pty. Ltd.	South Africa	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Manufacturing consumer products
BIC Holdings Southern Africa (Pty.) Ltd.	South Africa	SOCIÉTÉ BIC SA BIC UK Ltd. JOMO Holding B.V	100.0%	Holding company
BIC Middle East FZ - LLC	Dubai	BIC Clichy SAS	100.0 %	Distribution of consumer products
BIC Malawi Pty. Ltd.	Malawi	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Mozambique Ltd.	Mozambique	BIC Holdings Southern Africa (Pty.) Ltd.	100.0%	Distribution of consumer products
BIC Zambia Ltd.	Zambia	BIC Holdings Southern Africa (Pty.) Ltd.	99.0%	Distribution of consumer products

ENTITIES CONSOLIDATED USING EQUITY METHOD

INDIA				
Cello Writing Instruments and Containers private Limited	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Cello Stationery Products private Limited	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Pentek Pen and Stationery private Limited	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products
Cello Plastic Products private Limited	India	BIC Clichy SAS	40.0%	Manufacturing consumer products
Cello Tips and Pens private Limited	India	BIC Clichy SAS	40.0%	Manufacturing consumer products
Cello Pens private Limited	India	BIC Clichy SAS	40.0%	Manufacturing and distribution of consumer products

NOTE 29 AUDITORS' FEES

Joint audit firms' yearly audit fees included in the Group income statement:

(in thousand euros)	DELOITTE & ASSOCIÉS				GRANT THORNTON			
	AMOUNT (EXCLUDING VAT)		%		AMOUNT (EXCLUDING VAT)		%	
	2010	2011	2010	2011	2010	2011	2010	2011
Audit								
Statutory audit, certification, review of statutory and consolidated accounts								
• Issuer	409	378	27%	19%	71	71	12%	11%
• Fully consolidated subsidiaries	925	1,200[(a)]	61%	62%	497	559	81%	89%
Other inspections and services directly linked to the Statutory Auditor's mission								
• Issuer	15	10	1%	1%	6	-	1%	-
• Fully consolidated subsidiaries	17	82	1%	4%	36	-	6%	-
Subtotal	**1,366**	**1,670**	**90%**	**86%**	**610**	**630**	**100%**	**100%**
Other network services for the fully consolidated subsidiaries								
• Legal, tax, labor-related	160	267[(a)]	10%	14%	-	-	-	-
Subtotal	**160**	**267**	**10%**	**14%**	**-**	**-**	**-**	**-**
TOTAL	**1,526**	**1,937**	**100%**	**100%**	**610**	**630**	**100%**	**100%**

(a) Includes additional non-recurring procedures performed in the United States as part of the integration of the BIC APP activity.

5.2. Statutory Auditors' report on the consolidated financial statements

FOR THE YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2011 on:

- the audit of the accompanying consolidated financial statements of SOCIÉTÉ BIC,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with the IFRSs as adopted by the European Union.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

Notes 1-6 and 1-14 to the consolidated financial statements outline the accounting rules and methods relating to the goodwill carrying amount and retirement costs and other employee benefits. Our procedures consisted in verifying the appropriateness of the accounting methods applied, data and assumptions used, documentation provided and resulting valuations. We also satisfied ourselves that Notes 10 and 20 provide appropriate disclosure.

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific verification

In accordance with professional standards applicable in France and as required by law, we also verified the Group information presented in management report.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton	**Deloitte & Associés**
French Member of Grant Thornton International	
Gilles HENGOAT	Jean-François VIAT

5.3. Statutory financial statements of SOCIÉTÉ BIC (French GAAP)

1. INCOME STATEMENT

(In thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Net sales	11	485,078	531,469	592,597
Reversal of depreciation and provision, transfer of charges		1,595	6,529	5,097
Other revenues	12	46,186	50,276	60,065
Operating revenues		**532,859**	**588,274**	**657,759**
Purchases of goods and changes in inventories		(307,361)	(324,439)	(353,446)
Purchases of raw materials, other consumables and changes in inventories		(15,929)	(20,303)	(17,372)
Other purchases and external charges		(135,962)	(148,494)	(157,006)
Taxes and similar payments		(2,345)	(2,751)	(3,800)
Payroll costs	13	(1,607)	(2,089)	(1,917)
Depreciations and provisions		(10,870)	(10,906)	(12,294)
Other expenses		(197)	(96)	(25)
Operating expenses		**(474,271)**	**(509,078)**	**(545,860)**
NET OPERATING INCOME		**58,588**	**79,196**	**111,899**
NET FINANCIAL INCOME	**14**	**27,951**	**113,346**	**145,132**
NON-RECURRING INCOME AND EXPENSES	**15**	**4,169**	**(2,817)**	**(2,187)**
Income tax	16 to 18	(24,379)	(21,716)	(38,603)
NET INCOME		**66,329**	**168,009**	**216,241**

2. BALANCE SHEET

Assets

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011		
		Net	Net	Gross	Deprec., amort. and provisions	Net
Research and development expenses		91	-	3,823	(3,823)	-
Patents and similar rights		19,034	16,922	74,973	(48,136)	26,837
Intangible assets under construction		2,110	1,512	2,070	-	2,070
Intangible assets	**3, 4**	**21,235**	**18,434**	**80,866**	**(51,959)**	**28,907**
Land		1,680	1,490	1,490	-	1,490
Buildings		922	1,353	14,190	(12,853)	1,337
Industrial and technical plants		1,838	1,961	11,117	(9,290)	1,827
Other tangible assets		3,031	3,039	9,858	(6,863)	2,995
Fixed assets under construction		1,169	1,268	4,239	(2,686)	1,553
Tangible assets	**3, 4**	**8,640**	**9,111**	**40,894**	**(31,692)**	**9,202**
Equity investments	23	839,197	837,854	881,665	(43,322)	838,343
Loans to equity investments	5, 6	87,598	94,469	981	-	981
Other long-term investments	3	10,154	25,032	50,877	-	50,877
Long-term investments		**936,949**	**957,355**	**933,523**	**(43,322)**	**890,201**
Non-current assets		**966,824**	**984,900**	**1,055,283**	**(126,973)**	**928,310**
Raw materials and supplies		655	739	826	-	826
Work-in-process goods		150	8	646	(646)	-
Consumables		23,400	29,793	26,678	(928)	25,750
Inventories		**24,205**	**30,540**	**28,150**	**(1,574)**	**26,576**
Advances and prepayments paid		391	1,436	1,466	-	1,466
Trade receivables and related accounts	5, 6	75,108	99,015	111,792	(1,500)	110,292
Other receivables	5, 6	79,436	87,886	131,015	(14,655)	116,360
Short-term financial investments	7	368,396	231,576	165,505	-	165,505
Cash and cash equivalents		2,086	7,819	4,085	-	4,085
Prepaid expenses	5	1,849	826	791	-	791
Unrealized losses from foreign exchange	8	3,589	1,097	1,180	-	1,180
Current assets		**555,060**	**460,195**	**443,984**	**(17,729)**	**426,255**
TOTAL ASSETS		**1,521,884**	**1,445,095**	**1,499,267**	**(144,702)**	**1,354,565**

Liabilities & Shareholders' equity

(in thousand euros)	NOTES	BEFORE APPROPRIATION OF EARNINGS DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Share capital		185,559	185,991	182,941
Share premium, merger contribution		34,777	62,133	79,618
Legal reserve		22,410	22,410	22,410
General reserve		180,379	180,379	180,379
Retained earnings		340,214	264,091	270,350
Net income for the year		66,329	168,009	216,241
Shareholders' equity	**9**	**829,668**	**883,013**	**951,939**
Provisions for contingencies and losses	10	10,328	8,656	16,502
Provisions for contingencies and losses		**10,328**	**8,656**	**16,502**
Bank borrowings (Bank overdraft)	5	200,192	2,907	840
Other borrowings	5	370,748	436,720	279,356
Financial liabilities		**570,940**	**439,627**	**280,196**
Trade payables and related accounts	5, 6	69,179	84,549	77,243
Tax and employee-related liabilities	5	15,483	7,440	17,390
Other liabilities	5	5,785	7,238	8,529
Deferred income	5	3,684	10,215	2,658
Operating liabilities		**94,131**	**109,442**	**105,820**
Unrealized gains from foreign exchange		16,817	4,357	108
Liabilities		**681,888**	**553,426**	**386,124**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		**1,521,884**	**1,445,095**	**1,354,565**

3. CASH FLOW STATEMENT

(in thousand euros)	NOTES	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Operating activities				
Net income		66,329	168,009	216,241
Dividends received		(23,453)	(115,938)	(140,558)
Depreciation and provisions on non-current assets		9,667	7,576	19,529
(Gain)/Loss on the disposal of fixed assets		(6,060)	(1,301)	(4,103)
Gross cash flow from operating activities		**46,483**	**58,346**	**91,109**
(Increase)/Decrease in net current working capital		64,274	(47,167)	(9,027)
NET CASH FLOW FROM OPERATING ACTIVITIES		**110,757**	**11,179**	**82,082**
Investing activities				
Dividends received from subsidiaries	14	23,453	115,938	140,558
Proceeds from disposals of intangible and tangible assets		977	1,553	4,916
Purchases of tangible assets		(919)	(2,130)	(2,030)
Acquisition of intangible assets		(3,095)	(1,711)	(14,427)
(Increase)/Decrease in treasury shares		3,661	(11,853)	(81,953)
Other investing expenses		(313)	164	80
Acquisitions of subsidiaries	23-2	(1,431)	(1,033)	(2,244)
NET CASH FLOW FROM INVESTING ACTIVITIES		**22,333**	**100,928**	**44,900**
Financing activities				
Dividends paid		(65,068)	(116,552)	(90,634)
Loans		195,042	(195,073)	(16)
New intercompany loans		2	-	93,488
Movement in current accounts		(47,137)	67,428	(196,409)
NET CASH FLOW FROM FINANCING ACTIVITIES		**82,839**	**(244,197)**	**(193,571)**
Net increase/(decrease) in cash		215,929	(132,090)	(66,589)
Opening cash and cash equivalents		151,504	367,433	235,343
CLOSING CASH AND CASH EQUIVALENTS		**367,433**	**235,343**	**168,754**

4. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

NOTE 1 MAIN EVENTS

None.

NOTE 2 ACCOUNTING PRINCIPLES, RULES AND METHODS

The financial statements are prepared according to French accounting regulations applicable for the year ended December 31, 2011.

They have been drawn up according to the basic accounting principles of:

- going concern;
- consistency;
- appropriate cut-off.

The items presented in the accounts are valued on a historical cost basis.

The main accounting rules and methods adopted are the following:

a) Intangible assets

Research and development expenditures are capitalized when major applied research and development projects in progress (above 500,000 euros) can be clearly defined, costs separately identified and reliably measured, and the project has a significant chance of commercial profitability. Capitalized research and development expenditures are depreciated on a straight-line basis over a period of three to five years from the commencement of production. Research and development expenditures that do not meet these criteria are expensed in the fiscal year.

Patents and technical processes are amortized over their period of protection or use.

Softwares are depreciated on a straight-line basis over a period of three to five years.

b) Property, plant and equipment

Property, plant and equipment are valued at their purchase price or production cost. Depreciation is calculated on a straight-line basis over periods depending on the asset type:

Buildings	25 years
Fixtures and fittings	8 to 10 years
Industrial plant, machinery and fittings	2 to 8 years
Vehicles	3 to 4 years
Office and IT equipment, furniture	3 to 8 years

c) Fixed assets valuation

At year end, SOCIÉTÉ BIC checks the existence of internal or external indicators that could lead to a change in the net realizable value of its assets.

When the carrying amount of fixed assets exceeds the net realizable value of the asset, an impairment charge is recorded.

d) Long-term investments

Long-term investments are recorded at the value they were brought into assets.

An impairment is booked when the current value of an investment is less than its purchase cost.

The current value is determined in reference to Shareholders' equity of the relevant investment, adjusted to take into consideration the importance of the Company to the Group and its development and profit perspectives.

In addition, BIC shares purchased following the Article L. 225-209 of the French Commercial Code (Code de commerce), not intended exclusively for stock option plans or in order to regulate the stock market price, are recorded within long-term investments. Treasury shares are valued at purchase cost and an impairment is booked at year-end when the probable trading value (based on the average shares market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than purchase cost. Loans in foreign currency are translated at the closing exchange rate.

e) Inventory and work-in-process

Consumables are valued at purchase cost, including incidental expenses, in accordance with the weighted-average cost method.

Inventory provisions are booked, when necessary, to reduce inventory value to the market value.

f) Receivables and payables

Receivables and payables are recorded at nominal value.

Receivables are written down by way of provision, when appropriate, to take into consideration recovery risks.

Foreign currency denominated receivables and payables are translated at the official closing exchange rate.

Unrealized losses on foreign exchange are booked as assets with a related provision for foreign exchange risk. Unrealized profits on foreign exchange are booked as liabilities.

Profit and loss on foreign exchange for current account are directly impacting the profit and loss account without any effects on assets and liabilities.

g) Financial investments

Financial investments are composed of investments in transferable securities, and BIC shares bought back according to Article L. 225-209 of the French Commercial Code (Code de commerce). Treasury shares are valued at purchase cost. An impairment provision is booked at year-end when the probable trading value (based on the average stock market price during the last month of the fiscal year or the exercise price of the options for which they were purchased) is less than purchase cost.

h) Provisions for contingencies and losses

Provisions for contingencies and losses are liabilities for which maturity or amounts are not valuated precisely. Provisions for contingencies and losses are calculated with the best estimation of needed funds to close the liability.

i) Borrowings

Borrowings in foreign currency are translated at the official closing exchange rate.

NOTES TO THE BALANCE SHEET

NOTE 3 NON-CURRENT ASSETS

(in thousand euros)	GROSS VALUE AS OF DEC. 31, 2010	ADDITIONS	DISPOSALS	GROSS VALUE AS OF DEC. 31, 2011
Research and development expenses	3,823	-	-	3,823
Other intangible assets	62,617	14,631	(205)	77,043
INTANGIBLE ASSETS	**66,440**	**14,631**	**(205)**	**80,866**
Land	1,490	-	-	1,490
Buildings	13,891	299	-	14,190
Industrial and technical plants	10,170	947	-	11,117
Other tangible assets	10,451	309	(902)	9,858
Fixed assets under construction	3,765	1,426	(952)	4,239
TANGIBLE ASSETS	**39,767**	**2,981**	**(1,854)**	**40,894**
Equity Investments [(a)]	880,234	2,244	(813)	881,665
Loans to equity investments [(b)]	94,469	61	(93,549)	981
BIC Shares [(c)]	24,176	102,521	(76,595)	50,102
Loans and other long-term investments	856	-	(81)	775
TOTAL LONG-TERM INVESTMENTS	**999,735**	**104,826**	**(171,038)**	**933,523**

(a) Equity Investments are detailed in Note 23.

(b) Includes the loan to BIC CORPORATION USA, 125 million U.S. dollars for the acquisition of Norwood Promotional Products reimbursed during the year.

(c) These refers to 817,231 shares for the free share plans and 577 shares related to the liquidity's contract.

NOTE 4 DEPRECIATION AND AMORTIZATION

(in thousand euros)	DEPREC. AND AMORT. AS OF DEC. 31, 2010	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEPREC. AND AMORT. AS OF DEC. 31, 2011
Research and development expenses	3,823	-	-	3,823
Other intangible assets	41,637	3,953	-	45,590
TOTAL INTANGIBLE ASSETS	**45,460**	**3,953**	**-**	**49,413**
Buildings	12,538	315	-	12,853
Industrial and technical plants	8,209	1,081	-	9,290
Other tangible assets	7,412	353	(902)	6,863
TOTAL TANGIBLE ASSETS	**28,159**	**1,749**	**(902)**	**29,006**

NOTE 5 MATURED ASSETS AND LIABILITIES ANALYSIS

ASSETS *(in thousand euros)*	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES RECEIVABLES	INCL. ASSOC. UNDERTA-KINGS
Loans to equity investments	981	-	981	-	981
Other long-term investments	50,877	50,877	-	-	-
Trade receivables and related accounts	111,792	111,792	-	4,100	77,682
Other receivables	131,015	131,015	-	-	111,023
Prepayments	791	791	-	-	-
TOTAL	**295,456**	**294,475**	**981**	**4,100**	**189,686**

LIABILITIES *(in thousand euros)*	GROSS	WITHIN ONE YEAR	MORE THAN ONE YEAR	NOTES PAYABLES	INCL. ASSOC. UNDERTA-KINGS
Bank borrowings	840	840	-	-	-
Other borrowings	279,356	279,356	-	-	279,356
Trade payables and related accounts	77,243	77,243	-	-	30,643
Tax and employee-related liabilities	17,390	17,390	-	-	-
Other liabilities	8,529	8,529	-	-	2,436
Deferred Income	2,658	2,658	-	-	2,658
TOTAL	**386,016**	**386,016**	**-**	**-**	**315,093**

NOTE 6 AFFILIATES' INFORMATION

GROSS VALUE *(in thousand euros)*	DEC. 31, 2011
Assets	
Equity investments	881,665
Other long-term investments	981
Trade receivables and related accounts	77,682
Other receivables	111,023
Liabilities	
Other long-term loan and investments	279,356
Trade payables and related accounts	30,643
Other debts	2,436
Deferred income	2,658

NOTE 7 SHORT-TERM FINANCIAL INVESTMENTS

GROSS VALUE *(in thousand euros)*	DEC. 31, 2011
Short-term investment securities [(a)]	165,505
TOTAL	**165,505**

(a) These are low-risk short term securities.

NOTE 8 TRANSLATION ADJUSTMENTS

Unrealized losses on foreign exchange are recorded as a provision for contingencies and losses (1,180 thousand euros).

NOTE 9 SHARELHOLDERS' EQUITY

9.1 Share capital

The share capital is 182,941,404.40 euros divided into 47,890,420 shares of 3.82 euros each. The registered shares held for more than two years carry double voting rights. To the knowledge of the Company, as of December 31, 2011, shareholders known to hold more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	% OF SHARES (approx.)	% OF VOTING RIGHTS (approx.)
SOCIETE M.B.D.	26.24 %	35.99 %
Bich Family	17.10 %	21.48 %

As of December 31, 2011, SOCIÉTÉ BIC held 817,808 BIC shares classified as long-term investments (817,231 shares for the free share plans and 577 shares related to the liquidity contract).

9.2 Movements in Shareholders' equity

(in thousand euros)	
Shareholders' equity as of December 31, 2010 (before appropriation)	**883,013**
Dividend distribution with respect to fiscal year 2010	90,634
Shareholders' equity as of December 31, 2010 (after appropriation)	**792,379**
Increase in share capital [(a)]	1,587
Decrease in share capital [(b)]	(4,636)
Share premium [(a)]	17,485
Retained earnings [(b)]	(71,117)
Net income for the year	216,241
Shareholders' equity as of December 31, 2011 (before appropriation)	**951,939**

(a) The increase in share capital relates to 415,357 subscription options exercised during 2011.
(b) During the year 2011, SOCIÉTÉ BIC cancelled 1,213,559 shares.

Following this operation, the issued capital is 47,890,420 shares with a nominal value of 3.82 euros.

NOTE 10 PROVISIONS

(in thousand euros)	DEC. 31, 2010	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR (USED)	RELEASE DURING THE YEAR (NOT USED)	DEC. 31, 2011
Risk Iran	1,128	-	-	(410)	718
Risk affiliates	1,454	400	-	(1,200)	654
Risk integrated affiliates	-	7,600	-	-	7,600
Foreign exchange losses	2,578	1,180	(2,578)	-	1,180
Sheaffer (Hong Kong) Co. Ltd.	920	61	-	-	981
Hedging of shares grants	1,396	3,827	(493)	(903)	3,827
Other provisions for contingencies	1,181	792	(39)	(392)	1,542
PROVISIONS FOR CONTINGENCIES AND LOSSES	**8,657**	**13,860**	**(3,110)**	**(2,905)**	**16,502**

(in thousand euros)	DEC. 31, 2010	CHARGE FOR THE YEAR	RELEASE DURING THE YEAR	DEC. 31, 2011
Tangible assets	5,042	208	(19)	5,231
Investments	42,380	942	-	43,322
Work-in-process goods	646	-	-	646
Consumables	1,138	928	(1,138)	928
Trade receivables	1,845	1,500	(1,845)	1,500
Other trade receivables	11,203	3,452	-	14,655
PROVISIONS FOR DEPRECIATION	**62,254**	**7,030**	**(3,002)**	**66,282**

NOTES TO THE INCOME STATEMENT

NOTE 11 NET SALES BREAKDOWN

The net sales can be analyzed as follows:

(in thousand euros)	DEC. 31, 2009			DEC. 31, 2010			DEC. 31, 2011		
	France	Export	Total	France	Export	Total	France	Export	Total
Stationery consumer	93,775	166,320	260,095	94,262	194,846	289,108	99,575	208,925	308,500
Lighters	16,427	120,884	137,311	17,098	134,777	151,875	19,014	163,022	182,036
Shavers	21,115	55,614	76,729	21,493	62,862	84,355	23,262	64,075	87,337
Other consumer	356	10,587	10,943	591	5,540	6,131	996	13,728	14,724
TOTAL	**131,673**	**353,405**	**485,078**	**133,444**	**398,025**	**531,469**	**142,847**	**449,750**	**592,597**

NOTE 12 OTHER REVENUES

Other revenues are mainly composed of royalties (29,606 thousand euros) and management fees (30,114 thousand euros) invoiced to affiliates.

NOTE 13 MANAGEMENT COMPENSATION

(in thousand euros)	DEC. 31, 2010	DEC. 31, 2011
Administrative bodies	243	270
Management bodies	1,327	1,406

SOCIÉTÉ BIC has no salaried employees as of December 31, 2011.

Two members of the Management bodies have the same additional retirement plan (defined benefits plan) as the BIC Group subsidiaries' managers in France.

NOTE 14 FINANCIAL INCOME

Net financial income amounts to 145,132 thousand euros and is detailed as follows:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Dividends received	23,453	115,938	140,558
Interest income	2,682	4,326	2,617
Net reversal of provisions	2,247	(1,126)	(3,396)
Foreign exchange gain and loss	3,243	906	4,720
Other	(3,674)	(6,698)	633
FINANCIAL INCOME	**27,951**	**113,346**	**145,132**

NOTE 15 NON-RECURRING INCOME AND EXPENSES

The non-recurring income and expenses breakdown as follows:

(in thousand euros)	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
Capital gains/(losses) on asset disposals	39	1,301	-
Capital gains/(losses) on investment disposals	6,056	-	4,103
Provision for contingencies (net of reversal)	2,272	(1,251)	(6,861)
Subsidy granted	(3,000)	-	-
Debt waiver	(552)	(3,700)	-
Other tax impact	776	211	217
Compensation for contract breaking	-	-	(350)
Other	(1,422)	622	704
NON-RECURRING INCOME AND EXPENSES	**4,169**	**(2,817)**	**(2,187)**

NOTE 16 INCOME TAX BREAKDOWN

(in thousand euros)	NET INCOME BEFORE TAX	TAX CHARGES	NET INCOME AFTER TAX
Income before tax and non recurring operations	257,031	(38,741)	218,290
Non-recurring income and expenses	(2,187)	138	(2,049)
TOTAL	**254,844**	**(38,603)**	**216,241**

NOTE 17 TAX GROUPING

SOCIÉTÉ BIC is the parent company of the tax Group composed of the following companies as of December 31, 2011: BIC Sport, BIMA 83, BIC Écriture 2000, BIC Services, Conté, Société Immobilière BIC Clichy, Société Immobilière Valiton Gesnouin, BIC Rasoirs, Société du Briquet Jetable 75, BIC Graphic France, BIC Assemblage, BIC Technologies, Compagnie de Moulages, DAPE 74 Distribution, Stypen, BIC Clichy and Electro-Centre.

As parent company, SOCIÉTÉ BIC books in its accounts the gain or loss related to the effects of the tax consolidation. For this purpose, the gain recorded by SOCIÉTÉ BIC in 2011 amounts to 2,139,587 euros.

NOTE 18 MAIN INCREASES/DECREASES IN THE DEFERRED TAX BASIS

(in thousand euros)	DEC. 31, 2011
Organic	1,052
Provision on current accounts	2,600
Provision for contingencies	461
Provision on trade receivables	382
Provision on inventories	928
Foreign exchange losses	741
Financial investments	2,702
Provision on free shares	2,421
Other	208
TOTAL	**11,495**
Decrease in deferred tax liabilities	**(4,150)**

NOTES TO THE OFF-BALANCE SHEET COMMITMENTS

NOTE 19 OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

The following are SOCIÉTÉ BIC's main off-balance sheet financial instruments:

19.1 Currency derivatives

Hedge nominals different from euro are converted to euro as of December 31, 2011 closing rates.

The mark-to-market of the hedges is computed according to international banking standards in terms of inputs (spot, yield curve, volatility curve) and pricing models.

Forward portfolio detail:

HEDGING SUPPORT	NOMINAL *(euros)*	MARK TO MARKET *(euros)*	INSTRUMENT
Commercial Flows 2012	253,518,185	(7,213,449)	Forward
Commercial Flows 2013	7,775,688	39,932	Forward
Commercial Flows 2014	3,254,021	66,423	Forward
Commercial Flows 2015	1,751,850	69,787	Forward
Loans/Borrowings	39,196,786	32,933	Forward, Swap
TOTAL	**305,496,530**	**(7,004,374)**	

Options portfolio detail:

HEDGING SUPPORT	NOMINAL *(euros)*	MARK TO MARKET *(euros)*	INSTRUMENT
Commercial Flows 2012	19,021,302	(1,379,971)	Option
Commercial Flows 2013	5,832,011	(60,717)	Option
TOTAL	**24,853,313**	**(1,440,688)**	

As of December 31, 2011, SOCIÉTÉ BIC contracted:

- derivatives contracts (forward and options) maturing in 2012, 2013, 2014 and 2015 for an equivalent of 291.2 million euros. These contracts hedge, on a basis of forecasted cash flow, the Group foreign currency transaction risks. The foreign currency transactions are denominated in U.S. dollar, British pound, Canadian dollar, Australian dollar, New Zealand dollar, Japanese yen, Swiss franc, Polish zloty and Romania Leu. The fair market value of these contracts is 8.48 million euros negative;
- foreign currency swaps for an equivalent of 39.2 million euros, in connection with the inter company debt and deposit. The fair market value of these contracts is positive for 32,933 euros.

For the year 2012, the foreign currency exposure transaction is hedged with a ratio above 80%.

19.2 Interest rate derivatives

As of December 31, 2011, SOCIÉTÉ BIC no longer has Interest Rate Derivatives in Portfolio.

All local funding needs are directly indexed on a short-term variable rate. Borrowers' positions are insignificant at Group level, and are of a too limited timescale to require any hedging.

NOTE 20 COMMITMENTS

20.1 Guarantees

The following schedule summarizes the off-balance sheet avals and guarantees for SOCIÉTÉ BIC. All significant items are disclosed in this schedule.

No other security for assets or registered shares is to be reported.

Guarantee issued:

(in thousand euros)	FALL DUE			DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			
Securities for credit lines	-	-	-	-	-	-
Trade guarantees	-	-	-	-	-	10
Lease guarantees	-	-	-	-	-	541
Endorsements and guarantees	-	-	-	-	-	-
Other guarantees	-	-	15,558	15,558	13,334	14,197
TOTAL	**-**	**-**	**15,558**	**15,558**	**13,334**	**14,748**

Guarantee received:

(in thousand euros)	FALL DUE			DEC. 31, 2011	DEC. 31, 2010	DEC. 31, 2009
	< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			
Securities for credit lines	2,316	-	-	2,316	599	-
Trade guarantees	-	-	-	-	-	-
Lease guarantees	-	-	-	-	-	-
Endorsements and guarantees	75	-	-	75	75	75
Other guarantees	-	-	-	-	-	-
TOTAL	**2,391**	**-**	**-**	**2,391**	**674**	**75**

20.2 Pensions obligations

(in thousand euros)	DEC. 31, 2011
Present value of pension obligation	11,252
Fair value of plan assets	(5,837)
Unrecognized past services cost	(379)
NET PENSION LIABILITY	**5,036**

➔ OTHER INFORMATION

NOTE 21 SHARE MARKET PRICE

(in euros)	DEC. 31, 2010	DEC. 31, 2011
BIC shares	64.32	68.50

NOTE 22 STOCK OPTION PLANS

As part of a policy recommended by the Compensation and Nomination Committee, the Board has decided not to award stock options in 2011 and set up a policy of free share grants. Some 500 executives receiving stock options on the basis of their position in the Company (eligible) will receive three-year performance-based free share grants. To replace the stock option programs rewarding staff selected by Management and key contributors of the year, free share grants without performance condition will be awarded.

	PLAN N°5	PLAN N°6	PLAN N°7	PLAN N°8
Annual Shareholders' Meeting date	May 12, 1998	May 28, 2003	May 28, 2003	May 28, 2003
Board of Directors' Meeting date	Dec. 10, 2002	Dec. 17, 2003	Dec. 15,2004	Dec. 14, 2005
Number of beneficiaries	564	555	563	575
Number of options available for subscription	375,000	377,550	370,450	427,850
• *Among which, options granted to the current members of the leadership Management team as of December 31, 2011*	*44,000*	*56,500*	*46,650*	*48,650*
Date from which options may be exercised	Dec. 11, 2005	Dec. 18, 2006	Dec. 16,2007	Dec. 15, 2008
Option expiration date	Dec. 9, 2012	Dec. 16, 2013	Dec. 14,2014	Dec. 13, 2015
Exercise price *(euros)* (a)	30.93	36.96	36.76	50.01
Number of options exercised as of Dec. 31, 2011	286,740	267,907	250,212	243,000
Number of void options as of Dec. 31, 2011	66,810	66,750	73,000	74,500
Number of remaining options as of Dec. 31, 2011	21,450	42,893	47,238	110,350

	PLAN N°9	PLAN N°10	PLAN N°11	PLAN N°12	PLAN N°12
Annual Shareholders' Meeting date	May 24, 2006	May 24, 2006	May 21, 2008	May 21, 2008	May 12, 2010
Board of Directors' Meeting date	Dec. 13, 2006	Dec. 11, 2007	Dec. 10, 2008	Dec. 15, 2009	Dec. 16, 2010
Number of beneficiaries	567	633	613	602	643
Number of options available for subscription	398,500	440,500	371,400	360,000	382,950
• *Among which, options granted to the current members of the leadership Management team as of December 31, 2011*	*40,650*	*43,500*	-	-	-
Date from which options may be exercised	Dec. 14, 2009	Dec. 12, 2010	Dec. 11, 2011	Dec. 16, 2012	Dec. 17, 2013
Option expiring date	Dec. 12, 2014	Dec. 10, 2015	Dec. 9, 2016	Dec. 14, 2017	Dec. 15, 2018
Exercise price *(euros)* (a)	52.35	49.62	40.18	47.99	63.71
Number of options exercised as of Dec. 31, 2011	215,631	193,427	104,900	200	-
Number of void options as of Dec. 31, 2011	51,750	30,550	20,700	13,650	10,000
Number of remaining options as of Dec. 31, 2011	131,119	216,523	245,800	346,150	372,950

(a) No discount on the exercise price.

Bruno and François Bich were not issued any options under the above stock option plans.

NOTE 23 EQUITY INVESTMENTS

23.1 Subsidiaries and equity interests

	NUMBER OF SHARES S: SHARES P: PARTS		% OF INTEREST	NET BOOK VALUE	NET LOANS	COMMON STOCK	CURRENCY
I - French Subsidiaries							
BIC Assemblage SARL	1,000	P	100%	15,245	-	15,240	EUR
BIC Clichy SAS	52,059,469	S	99%	795,468,690	-	795,469,068	EUR
DAPE 74 Distribution SASU	70,000	S	100%	510,000	-	1,070,000	EUR
Sub-total I				**795,993,935**	**-**		
II - Foreign subsidiaries							
BIC Erzeugnisse GmbH - Germany	2	P	100%	-	-	664,700	EUR
BIC Verwaltungs GmbH - Germany	2	P	100%	4	-	50,000	EUR
BIC GmbH - Germany	1	P	100%	35	-	25,600	EUR
BIC Portugal SA - Portugal	464,675	S	100%	3,524,586	-	2,323,575	EUR
BIC Slovakia SRO - Slovakia	1	P	100%	12,600,000	-	15,574,255	EUR
BIC INTERNATIONAL Co. - USA	100	S	100%	1	-	1	USD
BIC Brasil SA - Brazil	300,661,464	S	100%	13,617,043	-	183,403,495	BRL
Sheaffer (Hong-Kong) Co. Ltd. - China	7,800,000	P	100%	-	981,439	7,800,000	HKD
BIC Stationery (Shanghai) Co. Ltd. - China	-	S	100%	2,487,028	-	5,408,000	USD
BIC Stationery (Shanghai) Manufacturing Co. Ltd. - China	-	S	100%	2,411,898	-	3,300,000	USD
BIC Product (Singapore) Pte. Ltd. - Singapore	297,000	S	99%	-	-	300,000	SGD
BIC Product (Asia) Pte. Ltd. - Singapore	5,627,602	S	100%	-	-	5,627,602	SGD
BIC India Pvt. Ltd. - India	8,087,395	S	100%	-	-	80,873,960	RPS
Ball Point Manufacturing Co. - Iran	90	S	45%	-	-	16,000,000	IRR
BIC Product (Korea) Ltd. - South Korea	345,320	S	100%	-	-	1,726,600,000	KRW
BIC Product (Thailand) Ltd. - Thailand	1,713,993	S	100%	441,435	-	171,400,000	BHT
PT Buana Inti Cakrawala - Indonesia	289,999	S	100%	-	-	29,000,000,000	IDR
Mondial Sdn. Bhd. - Malaysia	1,140,000	S	30%	339,901	-	3,800,000	MYR
BIC GBA Sdn. Bhd. - Malaysia	1,257,400	S	100%	-	-	1,260,000	MYR
Sub-total II				**35,421,931**	**981,439**		
III- Participating interests							
BIC Technologies SA - France	1	S	-	-	-	7,440,988	EUR
BIC Amazonia SA - Brazil	60,013,003	S	29%	4,948,857	-	256,383,000	BRL
BIC Holdings South Africa Pty. Ltd. - South Africa	41,860	S	5%	1,522,934	-	8,372	RAN
BIC Argentina - Argentina	750	P	5%	450,500	-	15,000	ARS
BMT 11 - Tunisia	1	S	-	100	-	200,000	EUR
BIC PERU - Peru	-	-	1%	4,349	-	5,000,000	PEN
BIC Pazarlama Ltd, Sti - Turkey	5	P	1%	345	-	8,785,500	TRY
BIC Iberia SA - Spain	2	S	-	-	-	12,333,391	EUR
Sub-total III				**6,927,085**	**-**		
TOTAL				**838,342,951**	**981,439**		

Net sales, net income and Shareholder's equity other than common share of subsidiaries are not provided for commercial and industrial strategic reasons.

23.2 Analysis of movements in equity investments

(in thousand euros)	
Equity investments (net) as of December 31, 2010	**837,854**
Acquisitions, stock issues, creations and disposals in 2011	
Share capital increase of BIC Stationery (Shanghai) Co. Ltd. - China	2,240
Transfer of investments to BIC Clichy SAS	(813)
Others	3
(Charges to)/Releases of provisions in 2011	
DAPE 74 Distribution SASU	(400)
BIC Product (Korea) Ltd. - South Korea	(42)
BIC Product (Thailand) Ltd. - Thailand	(500)
Equity investments (net) as of December 31, 2011	**838,342**

5. ADDITIONAL INFORMATION ON THE COMPANY FINANCIAL STATEMENTS

1/ Five-year financial summary

(in euros)	DEC. 31, 2007	DEC. 31, 2008	DEC. 31, 2009	DEC. 31, 2010	DEC. 31, 2011
1 - Shareholders' equity at year end					
Share capital	188,621,664	185,484,038	185,559,277	185,990,536	182,941,404
Number of shares outstanding	49,377,399	48,556,031	48,575,727	48,688,622	47,890,420
Number of bonds convertible into shares	-	-	-	-	-
2 - Net results					
Net sales	545,317,809	492,374,171	485,077,986	531,469,006	592,596,618
Net income before tax, deprec., amort. and provisions	114,201,645	85,028,025	94,686,829	195,173,286	272,420,210
Income tax	32,483,128	11,994,711	24,378,992	21,716,406	38,603,086
Net income after tax, deprec., amort. and provisions	71,839,855	61,194,106	66,328,834	168,009,124	216,240,834
Dividend distribution [(a)]	65,495,232	65,068,457	116,552,261	91,676,617	90,634,186
3 - Per share data					
Net income after tax, but before deprec., amort. and provisions	1.65	1.50	1.45	3.56	4.88
Net income after tax, deprec., amort. and provisions	1.45	1.26	1.37	3.45	4.52
Dividend per share	1.35	1.35	2.40	1.90	4.00
4 - Payroll					
Non-salaried staff	3	3	3	3	3
Total payroll	1,169,394	1,210,153	1,148,533	1,454,544	1,355,399
Social welfare benefits (social security, social works)	816,061	416,566	458,407	634,945	562,015

(a) Applicable to the issued number of shares (treasury shares deducted) as of December 31, 2011. The final amount will depend on the number of shares entitled to dividend the day of payment.

2/ Law on Modernization of the Economy (LME)

SOCIÉTÉ BIC applies the new law related to the suppliers' payment terms. The Company opted for the payment of invoices with a due date of 60 days.

(in thousand euros)	TOTAL	CURRENT	OVERDUE		
			30 days	60 days	>60 days
Dec. 31, 2011	36,928	34,563	1,104	163	1,098
Dec. 31, 2010	49,618	46,927	934	838	919

5.4. Statutory Auditors' report on the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the Company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the Company financial statements. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as Statutory Auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2011 on:

- the audit of the accompanying financial statements of SOCIÉTÉ BIC,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of December 31, 2011 and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

II. Justification of our assessments

Pursuant to Article L. 823-9 of the French Commercial Code (*Code de Commerce*) governing the justification of our assessments, we bring to your attention the following matters:

Note 2 d) to the financial statements presents the accounting rules and methods adopted with respect to the valuation of long-term investments. We verified the appropriateness of these accounting methods and, where necessary, the consistency of values in use attributed to equity investments with the values adopted for the preparation of the consolidated financial statements.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. Specific procedures and disclosures

We have also performed the other procedures required by law, in accordance with professional standards applicable in France.

We have no matters to report as to the fair presentation and consistency with the financial statements of the information given in the Board of Directors' report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remunerations and benefits received by the Corporate Officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest that this information is accurate and fair.

Pursuant to the law, we have verified that the Board of Directors' report contains the appropriate disclosures as to the identity of and percentage interests and votes held by shareholders

.Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton	**Deloitte & Associés**
French Member of Grant Thornton International	
Gilles HENGOAT	Jean-François VIAT

5.5. Statutory Auditors' special report on regulated agreements and commitments with third parties

FOR THE YEAR ENDED DECEMBER 31, 2011

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with third parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (*Code de Commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We conducted our procedures in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement. Those procedures consisted in verifying the information provided to us with the relevant source documents.

Agreements and commitments submitted to the Shareholders' Meeting

Agreements and commitments authorized during the year

We hereby inform you that no agreement or commitment entered into during the year to which Article L.225-38 of the French Commercial Code would be applicable has been brought to our attention.

Agreements and commitments already approved by the Shareholders' Meeting

Agreements and commitments authorized during previous years and having continuing effect during the year

In addition, pursuant to the French Commercial Code, we have been advised that the following agreement authorized in previous years has had continuing effect during 2009.

"Top-up" retirement plan

On May 19, 2005, the Board of Directors authorized the adoption of a "top-up" retirement plan (to replace the plan set up in 1986). The beneficiaries are grade 6 Senior Executives and Corporate Officers of BIC in France, who are also members of the Group's Executive Committee and who will end their career with the Group.

The amount of their retirement will be equal to 1.25% of the final remuneration, the average remuneration of the last three years of service, per year of participation in the plan, subject to a maximum of 20 years, representing a maximum pension of 25% of the final remuneration.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton French Member of Grant Thornton International	Deloitte & Associés
Gilles HENGOAT	Jean-François VIAT

6

INFORMATION ABOUT THE ISSUER

6.1. Information on the Company

HISTORY AND DEVELOPMENT OF THE ISSUER

Legal and commercial name of the issuer

Legal name: SOCIÉTÉ BIC

Commercial name: BIC

Place of registration of the issuer and registration number

Place of registration: Nanterre

Registration number: 552 008 443

APE code:

7010Z – Registered offices activities

3299Z – Other manufacturing activities

Date of incorporation and length of life of the issuer

Date of incorporation: March 3, 1953

Date of expiration: March 2, 2052, unless an Extraordinary Shareholders' Meeting decides to wind up the Company or to extend it.

Domicile and legal form of the issuer

Domicile: 14, rue Jeanne d'Asnières – 92110 Clichy – France

Phone number: 33 (0)1 45 19 52 00

Legal form and legislation governing the issuer: Limited Company (*société anonyme*) governed by French law and in particular by the French Commercial Code.

Significant change in the issuer's financial or trading position

No significant event has occurred since the end of the last financial period.

Important events in the development of the issuer business

No event to report apart from those mentioned in the *Group Presentation - § 1.4. History.*

MEMORANDUM AND ARTICLES OF INCORPORATION

The Memorandum and articles of incorporation can be consulted at the headquarters of the Company as well as on its internet website www.bicworld.com (see *Regulated information*).

Issuer's object and purpose

Extract from the articles of incorporation (article 3) – "Object"

"The Company's object, in all countries, is the purchase, sale, commissioning, brokerage, representation, importing and exporting of all products, and in particular of all which is used for writing.

And generally speaking all personal, real estate, financial, industrial or commercial operations pertaining directly or indirectly to the foregoing object or to all similar or related products or to products apt to further the extension or development thereof.

The Company may carry out all operations falling within its object, either alone and for its own account, or for the account of third parties, as representative, licensee or intermediary, for the commissioning, brokerage, subcontracting, as lessee, farmer, manager, or in a joint venture or partnership, in any form whatsoever."

Members of the administrative and management bodies

See – Corporate Governance - § 3.1. Mandates of the Directors and the Corporate Officers as of December 31, 2011.

Rights, preferences and restrictions attached to each class of the existing shares

Double voting rights

Extract from the articles of incorporation (article 15) – "Shareholders' Meeting"

(This article was introduced in the articles of incorporation at the Extraordinary Shareholders' Meeting of June 26, 1972)

"A voting right which is double the right conferred on the other shares, in light of the portion of the share capital they represent, is attributed to all the fully paid-up shares for which proof is provided of a nominative registration for at least two years in the name of the same shareholder.

Any share converted to a bearer share or the ownership of which is transferred loses the aforementioned double voting right. Nonetheless, a transfer following death, the liquidation of the community estate of two spouses or a donation among the living in favor of a spouse or a relative entitled to inherit does not cause the loss of the right acquired and does not interrupt the two-year period referred to above.

Furthermore, in the event of a capital increase, through the incorporation of reserves, profits or share premiums, the double voting right may be conferred, at the time of issue, upon the nominative shares allotted to a shareholder at no charge due to former shares for which he enjoys this right."

Indivisibility of the shares

Extract from the articles of incorporation (article 8 ter) – "Indivisibility of the shares"

(This article was introduced into the articles of incorporation at the Extraordinary Shareholders' Meeting of September 6, 2006)

1. *"The shares are indivisible vis-à-vis the Company. Joint owners of shares are represented at Annual Shareholders' Meetings by one of them or by a joint representative of their choice. If they are unable to agree, a representative will be appointed by the Presiding Judge of the Commercial Court, ruling in chambers ("référé"), at the request of the most diligent co-owner.*

2. *If the shares are burdened with a right of usufruct, the entry in the books recording their registration will mention this right of usufruct. Unless the Company is informed of an agreement to the contrary, the voting right will belong to the usufructuary at Ordinary Annual Shareholders' Meetings and to the bare owner at Extraordinary Annual Shareholders' Meetings. However, notwithstanding any agreement to the contrary, when the usufruct results from a donation of the bare ownership of shares performed under the provisions of article 787 B of the General Tax Code, the usufructuary's voting right will be limited to decisions concerning the allocation of profits. For all other decisions that lie within the competence of an Ordinary or Extraordinary Annual Shareholders' Meeting, the voting right will belong to the bare owner. The usufructuary and the bare owner must notify the Company that they intend to take advantage of these provisions."*

Action necessary to change the shareholders' rights

The articles of incorporation do not provide any special condition to change the shareholders' rights.

Condition governing the manner in which Extraordinary and Annual Shareholders' Meetings are called and conditions of admission

Extract from the articles of incorporation (article 15) – "Shareholders' Meetings".

"Shareholders' Meetings are convened, and deliberate on the conditions stipulated by law and the enactments in force".

Provision that would have an effect of delaying, deferring or preventing a change in control of the issuer

See § 6.3 Shareholding.

Indication governing the ownership threshold above which shareholder ownership must be disclosed

Extract from the articles of incorporation (article 8 bis) – "Ownership Threshold".

(Article introduced into the articles of incorporation at the Ordinary and Extraordinary General Shareholders' Meeting on May 12, 1998).

"Any individual or company holding either a share of the capital or of the voting rights equal or superior to 2% and, from this threshold, any additional holding which is a multiple of 1%, shall notify to the Company the number of shares said individual or company has, by registered mail with return receipt requested. This notification shall be made within the two weeks a threshold is met. This requirement applies as well, in the same conditions and timing, when the holding in the share capital decreases and becomes inferior to a threshold percentage indicated above. Declaration upon attaining ownership threshold must take into consideration the sum total of shares owned by companies holding more than 50% directly or indirectly, of the declaring company. In case of non-compliance with this provision, and upon a request, duly registered in the minutes of the Shareholders' Meeting, from one or more shareholders holding at least 2% of the share capital of the Company and/or of its voting rights, all the shares exceeding the threshold which should have been declared will be deprived of their voting rights at any shareholders' Meeting until notification of compliance."

Conditions governing changes in the capital, where such conditions are more stringent than is required by law

Not applicable.

6.2. Share capital

As of December 31, 2011, the registered share capital amounts to 182,206,275.96 euros divided into 47,697,978 shares of 3.82 euros each, the par value. Issued shares are fully paid-up. Taking into account the share subscription options exercised in 2011 (and pending Board of Directors notification of the share capital increase), the share capital amounts to 182,941,404.40 euros divided into 47,890,420 shares (compared with 48,688,622 shares as of January 1, 2011).

AUTHORIZATIONS OF CAPITAL INCREASE AT THE CLOSING OF 2011 FINANCIAL YEAR

SOCIÉTÉ BIC has, at December 31, 2011, the following authorizations which were granted by the Annual Shareholders' Meeting:

I. AUTHORIZATION OF CAPITAL INCREASE WITH THE SHAREHOLDERS' PRE-EMPTIVE RIGHT OF SUBSCRIPTION [(a)] [(b)]	
Maximum amount *(in million euros)*	Ordinary shares: 50 Complex investment securities: 650
Date	May 12, 2010 (resolution 11)
Term	26 months
Limit date of validity	July 11, 2012
Use	No
Issuance price	The issuance price of ordinary shares and/or of complex investment securities (and the shares to which the latter shall give right), is set by the Board of Directors, with or without premium, in compliance with the rules and regulations in force.

(a) Since the Annual Shareholders' Meeting held in 2010, the Board of Directors decided not to propose shareholders any resolution authorizing the Board to increase the share capital without the pre-emptive right of subscription (except in particular cases specified in point III below).

(b) Articles L. 225-129, L. 228-91 and L. 228-92 of the French Commercial Code.

II. AUTHORIZATION OF CAPITAL INCREASE BY CAPITALIZATION OF RESERVES, INCOME, PREMIUMS OR OTHER [(c)]	
Maximum amount	Total amount of reserves, profits and/or premium or other sums that may likely be capitalized into the share capital and which will exist at the moment of the decision to increase the share capital, not taking into account the amount that may eventually be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.
Date	May 12, 2010 (resolution 13)
Term	26 months
Limit date of validity	July 11, 2012
Use	No

(c) Articles L. 225-129 and L. 225-130 of the French Commercial Code.

III. AUTHORIZATIONS OF CAPITAL INCREASE IN FAVOR OF EMPLOYEES AND CORPORATE OFFICERS	ISSUE OF SHARES AS PART OF AN EMPLOYEE SAVINGS PLAN [(d)]	GRANTING OF PERFORMANCE SHARES TO BE ISSUED [(e)]	OPTIONS OF SUBSCRIPTION OF SHARES [(f)]
Maximum amount	3% of the share capital	4% of the share capital on 38 months and 10% of the share capital at any time (taking into account the stock options)	4% of the share capital on 38 months and 10% of the share capital at any time (taking into account the free grant of shares)
Date	May 12, 2010 (resolution 14)	May 12, 2010 (resolution 16)	May 12, 2010 (resolution 17)
Term	26 months	38 months	38 months
Validity end date	July 11, 2012	July 11, 2013	July 11, 2013
Use in 2011	No	No	No
Subscription price	Determined by the Board of Directors according to article L. 3332-19 of the Labor Code	-	Cannot be lower than the Paris Stock Exchange average share price, on the market with monthly payment, during the twenty sessions of the Paris Stock Exchange before the day the options of subscription are granted

(d) Articles L. 225-138 and L. 225-138-1 of the French Commercial Code and L. 3332-1 and following of the Labor Code.
(e) Articles L. 225-197-1 and following of the French Commercial Code.
(f) Articles L. 225-177 and following of the French Commercial Code.

The text of these delegations is available on the website www.bicworld.com/en/finance/meetings/.

The renewal of the authorizations expiring in 2012 will be submitted to the shareholders during the Shareholders' Meeting to be held on May 10, 2012 (*see Chapter 7. Board of Directors' report and proposed resolutions of the Shareholders' Meeting of May 10, 2012*).

Share capital evolution over the three past years

DATE	OPERATION	AMOUNT *(in euros)*	IMPACT ON SHARE PREMIUM/ RETAINED EARNINGS *(in euros)*	TOTAL SHARE CAPITAL *(in euros)*	SHARES OUTSTANDING AT CONCLUSION OF THE OPERATION
2009 (Feb. 10 BM)	Issue of shares following shares' subscriptions, in accordance with stock options plans	97,734.70	823,916.20	185,502,298.02	48,560,811
2009 (Feb. 10 BM)	Cancellation of shares, as authorized by SM of May 21, 2008	(382,000)	(2,765,593.28)	185,120,298.02	48,460,811
2010 (Feb. 16 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	527,186.74	4,559,519.74	185,647,484.76	48,598,818
2010 (Feb. 16 BM)	Cancellation of shares, as authorized by SM of May 14, 2009	(186,496.22)	(1,436,802.03)	185,460,988.54	48,549,997
2010 (Oct. 19 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(1,898,941.10)	(24,462,537.05)	183,562,047.44	48,052,892
2011 (Feb. 15 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	2,687,927.72	29,576,463.78	186,249,975.16	48,756,538
2011 (Feb. 15 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(755,118.50)	(11,312,940.25)	185,494,856.66	48,558,863
2011 (May 11 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(2,327,579.48)	(35,873,361.75)	183,167,277.18	47,949,549
2011 (Dec. 14 BM)	Issue of shares following shares' subscription, in accordance with stock options plans	592,096.18	6,786,090.55	183,759,373.36	48,104,548
2011 (Dec. 14 BM)	Cancellation of shares as authorized by SM of May 12, 2010	(1,553,097.40)	(23,930,186.63)	182,206,275.96	47,697,978

BM: Board Meeting.

SM: Shareholders' Meeting.

6.3. Shareholding

SHARE CAPITAL BREAKDOWN

To the Company's knowledge, as of December 31, 2011, the shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as indicated in the table below. The Company is not aware of any other shareholder holding more than 5% of the share capital or of the voting rights. This table also gives information regarding BIC shares owned by the Company (treasury shares).

NAME	DEC. 31, 2009			DEC. 31, 2010			DEC. 31, 2011		
	Number of shares	% of shares (f) (approx.)	% of voting rights (a) (f) (approx.)	Number of shares	% of shares (f) (approx.)	% of voting rights (b) (f) (approx.)	Number of shares	% of shares (f) (approx.)	% of voting rights (c) (f) (approx.)
Bich family's concert (d):	21,158,982	43.56	55.23	20,807,865	42.73	55.73	20,757,233	43.34	57.46
• *SOCIÉTÉ M.B.D.*	*12,416,000*	*25.56*	*33.83*	*12,442,000*	*25.55*	*34.52*	*12,568,084*	*26.24*	*35.99*
• *Bich family (excluding M.B.D.)*	*8,742,982*	*18.00*	*21.40*	*8,365,865*	*17.18*	*21.21*	*8,189,149*	*17.10*	*21.48*
Silchester Partners Ltd (formerly Silchester International Investors Ltd) (g)	5,827,715	12.00	13.18	-	-	-	-	-	-
Silchester International Investors LLP (h)	-	-	-	2,810,562	5.77	7.52	< 5%	< 5	< 5
First Eagle Investment Management, LLC (formerly Arnhold and S. Bleichroeder Advisers, LLC)	3,250,927	6.69	6.49	< 5%	< 5	< 5	< 5%	< 5	< 5
Treasury shares	297,875	0.61	0.41 (e)	437,771	0.90	0.61 (e)	817,808	1.71	1.18 (e)

(a) As of December 31, 2009 the number of voting rights amounts to 73,309,349 (taking into account voting rights of treasury shares).

(b) As of December 31, 2010 the number of voting rights amounts to 71,962,868 (taking into account voting rights of treasury shares).

(c) As of December 31, 2011 the number of voting rights amounts to 69,426,087 (taking into account voting rights of treasury shares).

(d) Bich family's concert is composed of SOCIÉTÉ M.B.D. (a company – société en commandite par actions) and of Bich family members holding direct participations in SOCIÉTÉ BIC. Most of Bich family members hold direct participations in SOCIÉTÉ BIC as well as indirect participations through SOCIÉTÉ M.B.D.

(e) Treasury shares temporarily without voting right.

(f) The difference between the number of shares and the number of voting rights is linked to double voting rights (cf.§ 6.1. Information on the Company).

(g) On November 1, 2010 Silchester International Investors Ltd changed its name to Silchester Partners Ltd.

(h) On November 1, 2010 Silchester International Investors Ltd transferred its regulated business and teams to Silchester International Investors LLP. As Silchester International Investors Ltd, the company Silchester International Investors LLP acts for the account of hedges that it manages under mandate. Therefore, the ownership of the shares has not been transferred and the double voting right remains granted to nominative shares owned for at least two years.

To the knowledge of the Company, there are no agreements between the shareholders providing preferential transfer or purchase conditions of BIC shares or agreements whose implementation could result in a change of control.

Moreover, it is specified that SOCIÉTÉ M.B.D., the Bich family's holding, concluded various agreements of conservation concerning at least 12,000,000 shares. These agreements were concluded with various family members in order to allow them, if the need arises, to take advantage of articles 885 I bis and 787 B of the French General Tax Code.

Except for the granting of double voting rights to nominative shares owned for at least two years, no special voting rights are granted to the main shareholders.

The Company is controlled as described in the table above. The risk of a potential abusive exercise of its power by a shareholder is covered by regular meetings of the Board of Directors and by the presence of four Independent Directors who are in the majority in the Committees (Audit Committee and Compensation and Nomination Committee).

Crossing of legal thresolds

During fiscal year 2011, and up to the issuance of the registration document, the following crossings of legal thresholds were disclosed:

DECLARING	DATE	THRESHOLD (%)		TYPE	HOLDING AFTER CROSSING OF THRESHOLD (%)	
		Capital	Voting rights		Capital	Voting rights
BlackRock Inc.	Feb. 1, 2011	5	-	Up, following a purchase of BIC shares on the market	5.01	3.43
BlackRock Inc.	Feb. 11, 2011	5	-	Down, following a transfer of BIC shares on the market	4.91	3.36
Silchester International Investors LLP	Apr. 21, 2011	5	-	Down, following a transfer of BIC shares on the market	4.94	6.34
Silchester International Investors LLP	Jul. 11, 2011	-	5	Down, following the conversion into bearer form of 766,000 shares and the transfer of BIC shares on the market	4.46	4.99

ELEMENTS THAT COULD HAVE INFLUENCE ON A TAKE-OVER BID OR HAVE AN EFFECT OF DELAYING OR PREVENTING A CHANGE OF CONTROL (ARTICLE L. 225-100-3 OF THE FRENCH COMMERCIAL CODE)

To the knowledge of the Company, no element other than those mentioned below may have an influence on a take-over bid, or have the effect of delaying or preventing a change of control:

- SOCIÉTÉ M.B.D., the Bich family's holding, is a *société en commandite par actions*;
- the articles of incorporation provide:
  - the granting of double voting right to nominative shares owned for at least two years *(see § 6.1. Information on the Company)*,
  - the obligation to inform the Company when the detention of share capital or of voting rights becomes equal or higher than 2% and, beyond this threshold of 2%, higher than a multiple of 1% *(see § 6.1. Information on the Company)*;
- Shareholders' Meeting authorizations to increase the share capital *(see § 6.2. Capital - Table relating to these authorizations)*.

6.4. Owned shares and share buy-back

SOCIÉTÉ BIC OWNED SHARES

As of December 31, 2011:

PURPOSE OF THE BUY-BACK	NUMBER OF SHARES	AVERAGE PURCHASE PRICE *(in euros)*	% CAPITAL	NOMINAL VALUE *(in euros)*
Liquidity agreement [c]	577	67.81	-	2,204.14
Free share grants [c]	817,231	61.26	1.71	3,121,822.42
TOTAL [a] [b]	**817,808**	**61.27**	**1.71**	**3,124,026.56**

(a) As of December 31, 2011, BIC CORPORATION holds in addition 35,430 BIC shares representing 0.07% of the share capital.

(b) As of December 31, 2011, the booked value of BIC shares held by SOCIÉTÉ BIC and BIC CORPORATION, in accordance with articles L. 225-209 and following C. com, amounts to 52,528,638.43 euros. The nominal value of these shares amounts to 3,259,369.16 euros. As of the same date, the market value of these shares is 58,446,803 euros (on the basis of the closing price at this date, that is to say 68.50 euros).

(c) Article L. 225-209 of the French Commercial Code (Code de commerce).

SHARE BUY-BACK PROGRAM – CANCELLED SHARE

During the fiscal year 2011, SOCIÉTÉ BIC:

- bought back 1,608,948 shares at an average price of 63.01 euros, according to the share buy-back program authorized by the Annual Shareholders' Meetings on May 12, 2010 and May 11, 2011;
- within the scope of the liquidity agreement with Natixis, bought back 358,459 shares at an average price of 63.90 euros and sold 363,861 shares at an average price of 64.05 euros.

Brokerage fees related to all sale and buy-back transactions disclosed above amounted to 165,277.04 euros.

Moreover, the Board of Directors cancelled:

- 197,675 shares on February 15, 2011 (as authorized by the Annual Shareholders' Meeting held on May 12, 2010);
- 609,314 shares on May 11, 2011 (as authorized by the Annual Shareholders' Meeting held on May 11, 2011);
- 406,570 shares on December 14, 2011 (as authorized by the Annual Shareholders' Meeting held on May 11, 2011).

During the last 24 months, SOCIÉTÉ BIC cancelled 1,759,485 shares, representing 4% of the share capital as of December 31, 2011.

Moreover, in 2011, SOCIÉTÉ BIC:

- granted 87,650 performance shares;
- transferred to beneficiaries 9,950 performance shares acquired following the achievement of performance conditions.

6.5. Investor relations

The Investor Relations Department is dedicated to answering 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 or by sending a written letter by post to BIC Group – Investor Relations Department, 14, rue Jeanne d'Asnières, 92611 Clichy Cedex, France.

Throughout the year, BIC holds meetings with analysts and institutional investors through roadshows and brokers conferences in the major financial marketplaces. In 2011, meetings have been organized in Paris, Lyon, Nice, London, New York, Boston, Frankfurt, Edimbourg, Geneva and Amsterdam. We also have organized various meetings with dedicated SRI investors (Sustainable Responsible Investment).

At the individual investor level, BIC continued its proactive communication, issuing its shareholders' newsletters twice a year. BIC organizes regular meetings in different French cities. In 2011, the Investor Relations Department met individual shareholders in Bordeaux, Lille and Marseilles. Two meetings are already scheduled in Lyon and Toulouse in 2012.

A toll-free number is also available for individual investors: 0 800 10 12 14.

6.6. Share information

SOCIÉTÉ BIC is listed on Euronext Paris (continuous quotation) and is part of the SBF 120 and CAC Mid 60 indexes.

BIC is also part of the following SRI indexes: FTSE4Good Europe, ASPI Eurozone and Ethibel Excellence Europe. Its ISIN code is FR0000120966.

BIC SHARE PRICE IN 2011

	CLOSING PRICE	AVERAGE PRICE (CLOSING)	HIGHEST	LOWEST	NUMBER OF SHARES TRADED	TRADING VOLUMES *(in thousand euros)*
December 2010	64.32	65.03	67.29	62.68	1,740,193	112,660
January 2011	62.72	65.90	69.00	62.58	1,805,898	119,130
February 2011	61.90	62.68	65.00	60.52	2,467,429	154,970
March 2011	62.72	62.21	63.99	57.79	2,223,363	138,090
April 2011	65.64	62.59	65.88	59.32	1,710,345	107,295
May 2011	65.55	64.74	66.28	62.74	5,331,894	343,378
June 2011	66.64	63.97	66.64	61.66	1,597,036	102,566
July 2011	65.80	66.56	67.99	64.68	1,413,118	94,181
August 2011	67.60	63.30	67.60	58.54	3,126,677	197,366
September 2011	63.97	64.74	67.54	61.30	2,233,798	144,430
October 2011	64.57	64.81	67.90	58.82	2,393,216	152,070
November 2011	65.88	63.65	66.19	61.12	1,725,056	109,668
December 2011	68.50	66.49	68.50	64.03	1,874,519	124,080
January 2012	68.12	67.34	69.00	65.50	1,834,572	123,580
February 2012	75.47	73.13	75.75	68.24	2,232,443	162,970

SHARE CUSTODIAL SERVICE

SOCIÉTÉ GÉNÉRALE

Département des Titres

32, rue du Champ de Tir

BP 81236

44312 Nantes Cedex 3 (France)

7

BOARD OF DIRECTORS' REPORT AND PROPOSED RESOLUTIONS OF THE SHAREHOLDERS' MEETING OF MAY 10, 2012

7.1. Ordinary Shareholders' Meeting

PROPOSED RESOLUTIONS 1 TO 3 – APPROVAL OF THE FINANCIAL STATEMENTS – APPROPRIATION OF EARNINGS – DIVIDENDS

Board of Directors' report:

By voting on the first and second resolutions, we ask you to approve the annual and consolidated financial statements of the fiscal year ending December 31, 2011.

The purpose of the third resolution is to allocate the net income of the fiscal year 2011 and to set the dividend.

We propose you the distribution of a total dividend of 188,290,448 euros corresponding to a dividend per share of 4 euros (2.20 euros + exceptional dividend of 1.80 euro). This is a gross amount excluding social charges. The dividend will be paid as from May 24, 2012. If the number of shares carrying rights to the dividend is not 47,072,612, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be determined on the basis of the amount of the dividends actually paid.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance granted, according to Article 158-3 of this Code, to the French tax resident individuals as far as they do not choose the final levy provided by Article 117 *quater* of this Code.

We remind you that the dividends paid during the last three years (income eligible for the tax allowance granted according to Article 158-3 of French Tax Code) amount to:

- 1.35 euro for fiscal year 2008;
- 2.40 euros (including an exceptional dividend of 1 euro) for fiscal year 2009;
- 1.90 euro for fiscal year 2010.

Proposed resolution 1 - Approval of the Statutory Accounts of the Fiscal Year 2011

The shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of the Statutory Auditors and having heard the additional explanations given during the meeting, approve the annual financial statements of the fiscal year ending December 31, 2011. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 2 - Approval of the Consolidated Financial Statements of the Fiscal Year 2011

The shareholders, after having considered the reports of the Board of Directors, of the Chairman of the Board of Directors and of the Statutory Auditors and having heard the additional explanations given during the meeting, approve the consolidated financial statements of the fiscal year ending December 31, 2011. They also approve all the transactions presented in these accounts or summarized in these reports.

Proposed resolution 3 - Appropriation of Earnings – Dividends

The shareholders set total net income after tax for the fiscal year ending December 31, 2011 at 216,240,833.88 euros and decide to allocate this amount in the following manner (in euros):

Net income for 2011	216,240,833.88
To add:	
• Retained earnings before appropriation of earnings	270,349,501.42
TOTAL OF DISTRIBUTABLE INCOME	**486,590,335.30**
Appropriation of earnings:	
• Dividends (except the shares held by the Company)	188,290,448.00
• Retained earnings after appropriation of earnings	298,299,887.30
TOTAL EQUAL TO DISTRIBUTABLE INCOME	**486,590,335.30**

The amount of the dividends for the fiscal year ending December 31, 2011 will be 188,290,448 euros corresponding to a dividend per share of 4 euros (2.20 euros + 1.80 euro exceptional dividend). This is a gross amount excluding social charges. It will be paid as from May 24, 2012. If the number of shares carrying rights to the dividend is not 47,072,612, the total amount of the aforementioned dividend will be adjusted consequently and the amount allocated to retained earnings will be adjusted on the basis of the amount of the dividends actually paid.

In accordance with Article 243 bis of the French Tax Code (CGI), it is hereby specified that the total dividend will be eligible for the 40% tax allowance granted, according to Article 158-3 of this Code, to the French tax resident individuals as far as they do not choose the final levy provided by Article 117 *quater* of this Code.

In accordance with the law, we also remind you that the following dividends were distributed during the last three years:

FISCAL YEAR	NUMBER OF SHARES	DIVIDEND PER SHARE *(in euros)*	DIVIDEND ENTITLED TO THE TAX ALLOWANCE DEFINED IN ART. 158-3 OF THE CGI [b] *(in euros)*
2008	48,198,857	1.35	1.35
2009	48,563,442	2.40 [a]	2.40
2010	47,702,203	1.90	1.90

(a) Including 1 euro of exceptional dividend.
(b) French Tax Code (CGI).

PROPOSED RESOLUTION 4 – DIRECTORS' FEES

Board of Directors' report:

It is proposed to set the amount of the Directors' fees to be allocated to the Board of Directors for fiscal year 2012 to 303,000 euros, which represents an increase of 2% compared with the package voted by the shareholders for fiscal year 2011 (297,000 euros).

Proposed resolution 4 – Directors' Fees

The shareholders decide to set the annual amount of the Directors' fees to be allocated to the Board of Directors for the fiscal year 2012 at 303,000 euros.

PROPOSED RESOLUTION 5 – AUTHORIZATION GIVEN TO THE BOARD OF DIRECTORS TO UNDERTAKE OPERATIONS WITH REGARDS TO THE SHARES OF THE COMPANY

Board of Directors' report:

We propose you to authorize the Board of Directors to acquire by any means, once or several times, the shares of the Company in accordance with the legislation in force.

This authorization may not be used during public offers of the Company's shares, except with the prior and express authorization given by the shareholders.

The Company would be authorized, during a period of 18 months, to acquire its own shares, and for a maximum price per share of 100 euros:

- **within the limit of 10% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum amount of 430 million euros. This authorization would be used to fulfill the following objectives:
  - provide liquidity in the securities market pursuant to a liquidity agreement managed by an external service provider;
  - allow their subsequent remittance as payment, exchange or otherwise, within the scope of external growth operations (with the exception of mergers, demergers or contribution operation mentioned below);
  - remit the shares at the moment of the exercise of rights attached to the securities giving access to the Company's share capital;
  - allocate them to employees and/or managers (in the scope of an employees profit sharing scheme, a stock option program, free allocations of shares, etc.);
  - cancel the shares;
  - implement any market practice authorized by the Paris Stock Exchange Authority (AMF).
- **within the limit of 5% of the share capital** on the date of the Board of Directors' decision to buyback the shares and for a maximum global amount of 215 million euros. The shares would be bought back in order to be kept and subsequently remitted as payment or exchange within the scope of a merger, demerger or contribution operation.

Operations realized in 2011 within the framework of the previous authorizations:

During the fiscal year 2011, SOCIÉTÉ BIC:

- bought back 1,608,948 shares at an average price of 63.01 euros, according to the share buyback program authorized by the Annual Shareholders' Meetings on May 12, 2010 and May 11, 2011;
- within the scope of the liquidity agreement with Natixis, bought back 358,459 shares at an average price of 63.90 euros and sold 363,861 shares at an average price of 64.05 euros.

Brokerage fees related to all sale and buyback transactions disclosed above amounted to 165,277.04 euros.

In addition, the Board of Directors cancelled:

- 197,675 shares on February 15, 2011 (as authorized by the Annual Shareholders' Meeting held on May 12, 2010);
- 609,314 shares on May 11, 2011 (as authorized by the Annual Shareholders' Meeting held on May 11, 2011);
- 406,570 shares on December 14, 2011 (as authorized by the Annual Shareholders' Meeting held on May 11, 2011).

During the last 24 months, SOCIÉTÉ BIC cancelled 1,759,485 shares, representing 4% of the booked share capital as of December 31, 2011.

Moreover, in 2011, SOCIÉTÉ BIC:

- granted 87,650 performance shares;
- transferred to beneficiaries 9,950 performance shares acquired following the achievement of performance conditions.

Proposed resolution 5 – Authorization given to the Board of Directors to undertake operations with regards to the shares of the Company

The shareholders, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code, of the General Regulation of the Paris Stock Exchange Authority (AMF), of European Commission Regulation N° 2273/2003 of December 22, 2003, and after considering the report of the Board of Directors, authorize the Board of Directors to buyback by any means, once or several times, the shares of the Company:

1. Within the limit of a number of shares representing a maximum of 10% of its share capital on the date of the Board of Directors' decision to buyback the shares:
   - for a maximum amount of 430 million euros, under the conditions and limits provided by the laws and regulations in force,
   - for a maximum purchase price of 100 euros, exclusive of costs.

In accordance with the above-mentioned dispositions and with the market practices allowed by the Paris Stock Exchange Authority (AMF), this authorization can be used by the Board of Directors in order to:

- provide liquidity and stimulate the market of the securities of the Company through an investment service provider acting independently in the name and on behalf of the Company, pursuant to a liquidity agreement compliant with professional ethics standards recognized by the Paris Stock Exchange Authority,
- hold them in order to subsequently remit them as payment, as exchange or otherwise, within the scope of potential external growth operations (with the exception of mergers, demergers or contribution operations referred to in paragraph 2 below) in accordance with the market practices approved by the Paris Stock Exchange Authority,
- remit them at the moment of the use of rights attached to the securities giving access to the Company's share capital by reimbursement, conversion, exchange, presentation of a bond or by any other means,
- allocate them to employees and managers under the conditions and according to the methods prescribed by the law, notably within the scope of employees profit sharing scheme, the stock option program, the free allocation of shares plan or through an employee saving scheme,
- cancel them entirely or partly, according to the conditions provided by the regulations in force, by reducing accordingly the share capital, within the limit of 10% of the capital existing on the cancellation date, by periods of 24 months, subject to the adoption at the Extraordinary Shareholders' Meeting of resolution 10 hereunder,
- implement all market practices which may be authorized by the Paris Stock Exchange Authority;

2. Within the limit of a number of shares representing a maximum of 5% of its share capital on the date of the Board of Directors' decision to buyback the shares,

- for a maximum amount of 215 million euros,
- for a maximum purchase price fixed at 100 euros, exclusive of costs,

and in order to hold them and to subsequently remit them as payment or exchange within the scope of a merger, demerger or contribution operation.

The limits provided in paragraphs 1 and 2 above are not cumulative and the Company cannot at any time, directly or through a third party, hold more than 10% of the total number of its own shares forming the share capital.

The acquisition, assignment, transfer or exchange of shares can be carried out by the Board of Directors by any means, once or several times, notably on the market, by mutual consent or in block and if necessary, having recourse to option mechanisms or to derivative financial instruments negotiated on a regulated market or by mutual consent, excluding the sale of sale options, according to the conditions authorized by the legal, regulatory and stock exchange rules, and at the time when the Board of Directors or its proxy shall deem appropriate, and possibly by a third party acting on behalf of the Company in compliance with the provisions of the last paragraph of Article L. 225-206 of the French Commercial Code. It is specified that the part of the share buyback program realized by acquisition or transfer of blocks of shares may represent the entire program.

The shareholders decide that the maximum purchase price per share, excluding cost, should not exceed that of the last isolated transaction or, if it is higher, that of the highest current isolated offer on the market where the purchase is made.

In the case where the options provided in the fifth paragraph of Article L. 225-209 of the French Commercial Code were used, the sale price (in case such a sale price would be necessary) shall thus be determined according to the legal provisions in force.

The acquisition of shares of the Company realized pursuant to this authorization shall also comply with the rules enacted by the Paris Stock Exchange Authority regarding the conditions and the periods of intervention on the market. The Company shall abstain from buying more than 25% of the daily average quantity of shares negotiated on the regulated market where the purchase is made.

This authorization replaces the previous authorization given at the Shareholders' Meeting on May 11, 2011 (resolution 5). This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting. This authorization may not be used during public offers of the Company's shares, except with the prior and express authorization given by the shareholders.

In compliance with the provision of Article L. 225-210 of the French Commercial Code, the shares of the Company acquired pursuant to this authorization must be registered and must be entirely paid up upon their acquisition. These acquisitions must not have the effect of reducing the net equity to an amount lower than that of the capital increased by non distributable reserves. Finally, the Company must have reserves (other than the legal reserve) amounting to at least the value of all the shares that the Company owns directly or through a third party.

Within the scope of its global financial management, the Company reserves itself the possibility of using part of its available financial resources to finance the purchase of the shares and to resort to debt to finance the additional needs that may exceed its internal financing.

The Board of Directors shall inform the shareholders, in its annual management report, of the operations realized pursuant to this authorization.

The shareholders confer all powers to the Board of Directors to implement this share buyback program and notably to:

- appreciate the appropriateness and proceed with the share buyback authorized by this resolution;
- prepare and publish, before the realization of a share buyback program, a description of the share buyback program, according to the conditions and methods set by the general rules and regulations of the Paris Stock Exchange Authority;
- place all orders, conclude all agreements in particular regarding the up-keeping of the purchases and sales register;
- inform the market and the Paris Stock Exchange Authority of operations carried out, in compliance with the general rules and regulations of the Paris Stock Exchange Authority;
- delegate to the Chief Executive Officer or, in agreement with the latter, to one or several Executive Vice-Presidents, authority necessary for the realization of the share buyback program;
- make all declarations and carry out any other formalities and, as a general rule, do all that is necessary to carry out the forgoing authorization.

PROPOSED RESOLUTIONS 6 TO 9 – REAPPOINTMENT OF MR. JOHN GLEN, MRS MARIE-HENRIETTE POINSOT, MR. PIERRE VAREILLE AND THE COMPANY SOCIÉTÉ M.B.D. AS DIRECTORS OF THE BOARD

Board of Directors' report:

It is proposed to the shareholders to reappoint John Glen, Marie-Henriette Poinsot, Pierre Vareille and the Company SOCIÉTÉ M.B.D. for a period of three fiscal years expiring at the end of the Shareholders' Meeting called to vote in 2015 upon the approval of the accounts of the fiscal year ending December 31, 2014.

- **John GLEN**

Age: 52
Holds 500 BIC shares.

Director since December 10, 2008.

Independent Director within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations.

Chairman of the Audit Committee.

John Glen, Scottish, is Chief Executive Officer of Buccleuch Group (Edinburgh, United-Kingdom – non listed), the holding company for a family group that operates in industry and agro-businesses.

He previously held various positions at Unilever and was the Finance Director at Air Liquide Group from 2000 till June 2008 and Vice Chairman of the Supervisory Board of EFRAG (European Financial Reporting Group) for four years. He is a fellow of the Chartered Institute of Certified Accountants and graduated with a master's degree in Accounting and Economics from the University of Edinburgh.

Other current mandate and function: not applicable.

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Air Liquide Group [a]	France	Vice-President Finance and Administration Member of the Executive Committee
European Financial Reporting Group (EFRAG)	Belgium	Vice Chairman of the Supervisory Board

(a) Listed company.

- **Marie-Henriette POINSOT (maiden name: BICH)**

Age: 50

Holds BIC shares directly and indirectly through the familial holding, SOCIÉTÉ M.B.D. On December 31, 2011, SOCIÉTÉ M.B.D. held 26.24% of SOCIÉTÉ BIC share capital and 35.99% of the voting rights.

Director since May 21, 1997.

Member of the Compensation and Nomination Committee.

Marie-Henriette Poinsot is Director of strategic planning of the Options Group (France – non listed company). She previously worked for 9 years in the BIC Group where she held different positions to that of Deputy Administrative Director of SOCIÉTÉ BIC.

Other current mandate or function:

COMPANY	COUNTRY	MANDATE/FUNCTION
Options SAS	France	Member of Strategic Planning Committee

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
Tosniop SA	France	Director of the Board
Options SA (now Options SAS)	France	Director of the Supervisory Board
Ferrand SA (now Ferrand SAS)	France	Director of the Board

- **Pierre VAREILLE**

Age: 54

Holds 1,000 BIC shares.

Director since May 14, 2009.

Independent Director within the definition of the AFEP and MEDEF's corporate governance Code of listed corporations.

Member of the Audit Committee.

Pierre Vareille was appointed Chairman and Chief Executive Officer of CONSTELLIUM as from March 1st, 2012.

Pierre Vareille has key experience in the management of industrial companies at the world level. He started his career in 1982 with Vallourec, holding various positions in manufacturing, controlling, sales and strategy before being appointed CEO of several subsidiaries. After having held various general management positions at GFI Aerospace, Faurecia and Pechiney, he was, from 2004 to 2008, Chief Executive of the English automotive equipment manufacturer Wagon Plc (listed company in London) and, then from 2008 to 2011, Chairman and CEO of FCI, a world leading manufacturer of electronic connectors. He graduated from the Ecole Centrale of Paris, he is an alumnus of the Institut d'Etudes Politiques of Paris as well as of Sorbonne University (Economy and Finance) and of Institut de Contrôle de Gestion (Audit).

Other current mandate or function: Chairman of the Alumni Association of Ecole Centrale of Paris.

Expired mandates or functions in the previous five years (non BIC Group companies):

COMPANY	COUNTRY	MANDATE/FUNCTION
FCI SA (resignation on December 31, 2011)	France	Chairman of the Board and Chief Executive Officer
FCI Holding (resignation on December 31, 2011)	France	President
FCI AUTOMOTIVE HOLDING SAS (resignation on December 31, 2011)	France	Permanent representative of FCI President
FCI Asia Pte. Ltd. (resignation on December 22, 2011)	Singapore	Director of the Board
FCI USA, Inc. (resignation on December 31, 2011)	USA	Chairman of the Board and Chief Executive Officer
Wagon PLC [(a)]	United Kingdom	Chief Executive

(a) Listed company.

- **SOCIÉTÉ M.B.D.** (Bich family holding)

The legal form of SOCIÉTÉ M.B.D. is « *société en commandite par actions* ». SOCIÉTÉ M.B.D. is registered under number 389 818 832 at the Commercial Register of Trade and Companies of Nanterre. Its headquarters are located at 1 place Paul Verlaine, 92100 Boulogne-Billancourt, France.

The company SOCIÉTÉ M.B.D. holds 26.24% of the share capital, representing 35.99% of the voting rights (as of December 31, 2011).

Director since May 24, 2006.

Member of the Audit Committee.

SOCIÉTÉ M.B.D. does not exercise any other mandate.

The permanent representative of SOCIÉTÉ M.B.D. is:

- Édouard Bich

47 years old

Holds BIC shares directly and indirectly (through SOCIÉTÉ M.B.D.).

The main position of Édouard Bich is Managing Director of SOCIÉTÉ M.B.D.

He spent eight years in the Finance Department of Procter & Gamble and holds a MBA in Finance from Wharton University (USA).

Other current mandate or function: Member of the Supervisory Board of the Company Envie de Fraises (France – non listed company)

Expired mandates or functions in the previous five years (non BIC Group companies): Not applicable.

Proposed resolution 6 – Reappointment of Mr. John GLEN as Director of the Board

The shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. John Glen as Director of the Board.

The term of the mandate of Mr. John Glen will thus expire at the end of the Shareholders' Meeting called to vote in 2015 upon the approval of the accounts for the fiscal year ending December 31, 2014.

Proposed resolution 7 – Reappointment of Mrs. Marie-Henriette POINSOT as Director of the Board

The shareholders decide to renew, for a period of three fiscal years, the mandate of Mrs. Marie-Henriette Poinsot as Director of the Board.

The term of the mandate of Mrs. Marie-Henriette Poinsot will thus expire at the end of the Shareholders' Meeting called to vote in 2015 upon the approval of the accounts for the fiscal year ending December 31, 2014.

Proposed resolution 8 – Reappointment of Mr. Pierre VAREILLE as Director of the Board

The shareholders decide to renew, for a period of three fiscal years, the mandate of Mr. Pierre Vareille as Director of the Board.

The term of the mandate of Mr. Pierre Vareille will thus expire at the end of the Shareholders' Meeting called to vote in 2015 upon the approval of the accounts for the fiscal year ending December 31, 2014.

Proposed resolution 9 – Reappointment of SOCIÉTÉ M.B.D. as Director of the Board

The shareholders decide to renew, for a period of three fiscal years, the mandate of SOCIÉTÉ M.B.D. as Director of the Board.

The term of the mandate of SOCIÉTÉ M.B.D. will thus expire at the end of the Shareholders' Meeting called to vote in 2015 upon the approval of the accounts for the fiscal year ending December 31, 2014.

7.2. Extraordinary Shareholders' Meeting

PROPOSED RESOLUTION 10 – DELEGATION GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY CANCELLATION OF SHARES ACQUIRED IN COMPLIANCE WITH ARTICLE L. 225-209 OF THE FRENCH COMMERCIAL CODE

Board of Directors' report:

We propose you to authorize the Board of Directors, for a period of 18 months, to:

- cancel, within the limit of 10% of the share capital by periods of 24 months, all or part of the shares held in the framework of the share buyback program authorized by the fifth resolution and to decrease the share capital accordingly;
- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

Proposed resolution 10 – Delegation given to the Board of Directors to reduce the share capital by cancellation of shares acquired in compliance with Article L. 225-209 of the French Commercial Code

The shareholders, after having considered the Board of Directors' report and the Statutory Auditor's report, deliberating in compliance with the provisions of Article L. 225-209 of the French Commercial Code authorize the Board of Directors:

- on its sole deliberations, at the time it deems it necessary, to cancel once or in several times, by a reduction of said share capital accordingly, all or part of the shares of the Company that the Company holds or may hold within the scope of the buyback of shares authorized by previous Shareholders' Meetings or by the fifth resolution above, within the limit of 10% of the share capital existing on the day of the Shareholders' Meeting, by periods of 24 months;
- to charge the difference between the buyback price of the cancelled shares and their nominal value on available premiums and reserves.

The shareholders delegate to the Board of Directors the authority to proceed with the cancellation of these shares, to take note of the reduction(s) of share capital, to charge the difference between the book value of cancelled shares and their nominal value on all reserve accounts or others, to proceed with the modification of the by-laws accordingly, to carry out all formalities, make all declarations with all authorities or administrative bodies and in a general manner, take all other action that may be necessary to carry out the foregoing authorization.

This authorization is given to the Board of Directors for a period of 18 months starting from the date of this Shareholders' Meeting and replaces the one given at the Shareholders' Meeting held on May 11, 2011 (resolution 13).

PROPOSED RESOLUTION 11 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL BY ISSUING NEW ORDINARY SHARES AND/OR SECURITIES GIVING ACCESS TO THE CAPITAL, WITH PRESERVATION OF SHAREHOLDERS' PREFERENTIAL RIGHTS OF SUBSCRIPTION

Board of Directors' report:

We propose that you delegate to the Board of Directors the authority to proceed, in France or abroad, to one or several issuance(s) of new ordinary shares of the Company and/or of securities giving access by any means to the Company's share capital, with preservation of shareholders' preferential rights of subscription.

This system is intended to give your Board of Directors the opportunity to react quickly to the financial needs of the Company, allowing it also to select, in due time, the most appropriate type of securities to be issued. The authorization would cover the issuance of ordinary shares and/or any securities giving access to the share capital, notably for example, shares with warrants, bonds with warrants, bonds convertible into shares, bonds exchangeable for shares, equity warrants.

The total nominal amount of issuances likely to be realized would not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Compound Investment Securities, such an amount including the nominal value of shares to which these securities will give right.

To these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance with the law, the rights of bearers of already issued investment securities giving right to shares.

We remind you that the decision to issue securities giving right to the capital would also prevail over renunciation by the shareholders of their preferential rights of subscription to the share capital to which the securities issued would give right.

We propose you to decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, did not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of all or part of the unsubscribed shares.

This delegation of authority would be given for a period of 26 months starting from the date of the Shareholders' Meeting and would replace any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Shareholders' Meeting of May 12, 2010 (resolution 11).

It is reminded that, in compliance with Article L. 233-32 III of the French Commercial Code, any delegation given at the Shareholders' Meeting and whose implementation could cause a public offer to fail, is suspended during the period of the takeover bid.

If necessary, the Board of Directors will keep you informed about the use of this delegation of authority under the conditions provided by law.

Proposed resolution 11 – Delegation of authority given to the Board of Directors to increase the share capital by issuing new ordinary shares and/or securities giving access to the capital, with preservation of shareholders' preferential rights of subscription

The shareholders after having noted that the share capital of the Company is entirely paid up and after having considered the Board of Directors' report and the statutory Auditor's special report, deliberating in compliance with articles L. 225-129 and subsequent, L. 228-91 and L. 228-92 of the French Commercial Code, delegate authority to the Board of Directors to decide immediately or when due, with preservation of shareholders' preferential rights of subscription, in France and/or abroad, either in euros, in foreign currency or in any unit of account established by reference to a set of currencies:

- one or several increases of the share capital, by cash contribution and issuing of new ordinary shares of the Company; and/or
- one or several issues of securities (hereinafter the "Compound Investment Securities" "Valeurs Mobilières Composées") giving access by any means to the Company's share capital.

The shareholders decide that the total nominal amount of issuances likely to be realized shall not exceed:

- 50 million euros for issuance of ordinary shares;
- 650 million euros for issuance of Compound Investment Securities, such amount including the nominal value of shares to which these Investment Securities will give right,

having specified that to these amounts, shall be added, if necessary, the extra/surplus nominal amount of shares to be issued in order to preserve, in compliance with the law, the rights of the bearers of already issued investment securities giving right to shares.

Consequently, the shareholders delegate authority to the Board of Directors to, notably and without this list being considered as restrictive:

- appreciate the timeliness of deciding or not one or several increase(s) of the share capital by issuing new ordinary shares of the Company and/or one or several issuance of Compound Investment Securities;
- decide the nature and characteristics of the Compound Investment Securities;

- fix the amount of the increase(s) of the share capital by issuing new ordinary shares and/or issuance of Compound Investment Securities;
- determine the conditions and methods of realization of the share capital increase(s) and/or of the issuance of Compound Investment Securities, notably to set the issuance price of the new ordinary shares and/or of the Compound Investment Securities (and the shares to which the latter shall give right), with or without premium, in compliance with the rules and regulations in force;
- fix the opening dates and closing dates of subscriptions, extend these dates if necessary, organize receipt of funds and more generally acknowledge the final realization of the increase(s) of share capital and/or the issuance of Compound Investment Securities, and/or the capital increases resulting from the exercise of Compound Investment Securities; proceed with the modification of the by-laws accordingly, do all that is necessary and carry out all legal formalities;
- conclude with any investment service provider of its choice, any guaranty agreement of the realization of the issuance;
- determine the conditions and methods of exercising rights attached to the issued Compound Investment Securities;
- take all necessary measures for the proper management of the issuing of Compound Investment Securities and draft an issuance contract for each category and issuance of Compound Investment Securities;
- decide the issuance of shares to which the Compound Investment Securities shall give right and fix the date of possession of said shares;
- prepare all the documents necessary to inform the public, shareholders and holders of previously issued compound investment securities;
- take all measures to ensure, if necessary, the preservation of the rights of holders of already issued Compound Investment Securities giving right to the allocation of share capital, in compliance with the rules and regulations in force and notably the provisions of articles L. 228-98 to L. 228-102 of the French Commercial Code;
- take all measures to proceed with the appointment of a representative of stock owners for each category of Compound Investment Securities issued;
- delegate to the Chief Executive Officer or, in accordance with the latter, to one or several Executive Vice-President(s), the authority to decide on the realization of the share capital increase(s) and/or the issuance of Compound Investment Securities, as well as the authority to suspend it, under the conditions and according to the methods set by the Board of Directors.

The shareholders take note that, in compliance with article L. 225-132 of the French Commercial Code, the decision to issue securities giving right to the capital also prevails over renunciation by the shareholders of their preferential rights of subscription to the share capital to which the securities issued give right.

The shareholders decide that if the subscriptions on an irreducible basis and, if applicable, on a reducible basis, did not absorb all the ordinary shares and/or securities issued, the Board may make an offer to the public of all or part of the unsubscribed shares.

This delegation of authority is given for a period of 26 months starting from the date of the Shareholders' Meeting.

The shareholders take note that this delegation replaces any previous delegation having the same purpose, and notably, the delegation given to the Board of Directors at the Shareholders' Meeting of May 12, 2010 (resolution 11).

In accordance with article L. 225-129-5 of the French Commercial Code, the other details of implementation of the operation will be explained in a complementary report from the Board of Directors and issued when the Board exercises the delegation of authority given at this Shareholders' Meeting.

The Board of Directors shall, each year, inform the Shareholders' Meeting of operations realized within the scope of this resolution.

PROPOSED RESOLUTION 12 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD TO INCREASE THE AMOUNT OF ISSUED SHARES, IN THE EVENT OF A CAPITAL INCREASE AUTHORIZED ACCORDING TO RESOLUTION 11

Board of Directors' report:

We propose that you authorize the Board of Directors, in case the Board would proceed to a capital increase in compliance with the delegation given under resolution 11 above, to increase, where appropriate, the number of securities to be issued, within the limit of 15% of the initial issuance.

Proposed resolution 12 – Delegation of authority given to the Board to increase the amount of issued shares, in the event of a capital increase authorized according to resolution 11

The shareholders, deliberating under the conditions of quorum and majority required by the Extraordinary Shareholders' Meetings, after having considered the Board of Directors report and the Statutory Auditor's special report, in accordance with article L. 225-135-1 of the French Commercial Code:

- delegate authority to the Board of Directors to decide, for each issue of shares decided in accordance with resolution 11 above, to increase the number of securities to be issued under the limits and conditions provided by article R. 225-118 of the French Commercial Code (e.g. say within thirty days of the close of the subscription period), within the limit of 15% of the amount of the initial issue and at the same price as the price provided for the initial issue. This delegation of authority is subject to compliance with the global upper limits of amount set forth in resolution 11 below;
- decide that this delegation will be valid for a period of 26 months.

PROPOSED RESOLUTION 13 – DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO DECIDE TO INCREASE THE SHARE CAPITAL ONCE OR SEVERAL TIMES BY INCORPORATION OF RESERVES, PROFITS OR PREMIUMS OR OTHER SUMS OF MONEY WHICH CAPITALIZATION SHALL BE ACCEPTED

Board of Directors' report:

We propose, in accordance with Article L. 225-129 of the French Commercial Code, that you delegate to the Board of Directors, for a period of 26 months, the authority to increase the share capital of the Company, in once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premium or other sums which capitalization shall be legally or statutorily possible, and by attribution of new free shares of the Company and/or by increase of the nominal value of the existing shares of the Company.

The maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, could not be higher than the entire amount of reserves, profits and/or premium or other sums that may be incorporated into the share capital.

This delegation would cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 12, 2010.

Proposed resolution 13 – Delegation of authority given to the Board of Directors in order to decide to increase the share capital once or several times by incorporation of reserves, profits or premiums or other sums of money which capitalization shall be accepted

The shareholders, deliberating under the conditions of quorum and majority required by the Ordinary Shareholders' Meetings, and after having considered the Board of Directors report, making use of the option referred to in article L. 225-129 of the French Commercial Code, decide:

- to delegate to the Board of Directors, for a period of 26 months, the authority to decide a share capital increase, in once or several times, in the proportion and at the period/time the Board will deem necessary, by incorporation of all or part of the reserves, profits and/or premium or other sums which capitalization shall be legally or statutorily possible, and by attribution of new free shares of the Company and/or by increase of the nominal value of the existing shares of the Company;

- that the maximum nominal amount of the share capital increase(s) likely to be decided by the Board of Directors or by the Chief Executive Officer (or Executive Vice-President) and realized by virtue of this delegation, cannot be higher than the entire amount of reserves, profits and/or premium or other sums that may be incorporated into the share capital and which will exist at the moment of the decision to increase the share capital of the Company, not taking into account the amount that may be necessary to preserve, in compliance with the law, the rights of bearers of already issued securities giving right to the shares of the Company.

Consequently, the shareholders delegate to the Board of Directors the authority, notably, and without this list being considered as restrictive to:

- determine the amount and nature of sums to be incorporated in the Company's share capital;
- set the number of the Company's new shares to be issued and which shall be freely allocated or the amount of existing shares which nominal value shall be increased;
- determine the date, possibly retroactively, from which the Company's new shares shall be available for use or that at which the increase of the nominal value of the Company's existing shares shall be effective;
- decide, if necessary, that the rights resulting in fractions of shares are not negotiable and that the corresponding shares shall be sold, the proceeds from such sale being allocated to owners of rights at the latest thirty (30) calendar days after the registration date on their account of the entire number of shares reallocated back to them;
- deduct from one or several items of the available reserves the sums necessary to bring the legal reserves amount to one tenth of the share capital after each share capital increase;
- take all measures to ensure good implementation of each share capital increase and to acknowledge the realization of each share capital increase, proceed to the modification of the by-laws accordingly and to carry out all relevant legal formalities;
- take all measures as to allow holders of securities giving right to the capital, to obtain new shares of the Company;
- delegate to the Chief Executive Officer or in accordance with the latter, to one or several Executive Vice-President(s) the authority to decide on the realization of the capital increase(s), as well as that which is suspended, under the conditions and according to the methods set by the Board of Directors.

The shareholders take note that this delegation shall cancel any other previous delegation having the same purpose, and notably the delegation of authority given to the Board of Directors at the Shareholders' Meeting of May 12, 2010 (resolution 13).

PROPOSED RESOLUTION 14 - DELEGATION OF AUTHORITY GIVEN TO THE BOARD OF DIRECTORS IN ORDER TO PROCEED TO ONE OR SEVERAL SHARE CAPITAL INCREASE(S) RESERVED TO EMPLOYEES

Board of Directors' report:

We request that you delegate to the Board of Directors the authority to increase the share capital, in once or several times, to the benefit of employees of the Company and/or of its connected companies within the meaning of article L. 225-180 of the French Commercial Code (represented eventually by a mutual fund (FCPE) to be created and/or subscribing to an employees savings scheme, at the Board of Directors' choice).

This delegation would be valid for 26 months.

The maximal number of shares that could be issued would not exceed 3% of the total number of ordinary shares of the Company on this day.

The price of the shares to be issued would be determined in accordance with article L.3332-19 of the Labor Code, i.e. based on the stock exchange price. The price of the shares could not be higher than the average share price for the twenty trading sessions preceding the date of the decision setting the subscription period opening date, nor more than 20% lower than this average (or 30% in case the vesting period provided by the plan to be created is equal to or longer than 10 years).

Proposed resolution 14 - Delegation of authority given to the Board of Directors in order to proceed to one or several share capital increase(s) reserved to employees

The shareholders after having considered the Board of Directors' report and the Statutory Auditor's special reports decide, in compliance with the provisions of articles L. 225-129-2, L. 225-129-6 paragraph 2 and L. 225-138-1 of the French Commercial Code:

- for a period of 26 months, to delegate to the Board of Directors the authority to increase the share capital, in once or several times, to the benefit of employees of the Company and/or of its French or foreign connected companies within the meaning of article L. 225-180 of the French Commercial Code (represented eventually by a mutual fund (FCPE) to be created and/or subscribing to an employees savings scheme, at the Board of Directors' choice), under the conditions referred to in article L. 225-138-1 of the French Commercial Code and articles L 3332-18 and subsequent of the Labor Code, of an amount representing, at the maximum, 3% of the share capital on this day, by issuing new shares of the Company, giving to their owners the same rights as those of the old shares;

- that the price of shares to be issued shall be determined by the Board of Directors, in compliance with article L 3332-19 of the Labor Code;
- to give all rights to the Board of Directors in order:
  - to implement this delegation, decide and possibly realize the share capital increase in compliance with this resolution, set the final amount of said share capital increase(s), determine their dates and modalities, set the price of the new shares, determine the opening and closing dates of the subscription period, determine the date of possession of the new shares, determine the method of payment of their subscriptions, establish the list of beneficiaries and the number of shares to be attributed to each of them,
  - prepare the complementary report describing the final conditions of the operation as provided by articles L. 225-129-5 and L. 225-138 of the French Commercial Code,
  - to put in place, if the Board deems it necessary, an employee saving scheme to be created, which shall be financed voluntarily by employees and possibly by contributions made by the Company, if it so decides,
  - more generally, set the modalities and conditions which shall be realized by virtue of this authorization, take note of the final realization of the share capital increase(s), proceed with the modification of the by-laws accordingly, take all measures and execute acts and carry out all necessary formalities.

The shareholders take note of the fact that this delegation of authority cancels any other previous delegation having the same purpose and notably, the delegation of authority given to the Board of Directors in accordance with resolution 14 adopted at the Shareholders' Meeting of May 12, 2010.

➔ PROPOSED RESOLUTION 15 - CANCELLATION OF PREFERENTIAL RIGHTS OF SUBSCRIPTION REGARDING THE SHARE CAPITAL INCREASE(S) RESERVED TO EMPLOYEES

Board of Directors' report:

We propose that you cancel, in accordance with the provisions of article L. 225-138 of the French Commercial Code, the shareholders' preferential rights of subscription to shares which shall be issued within the scope of the share capital increase(s) which shall be decided in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), represented eventually by a mutual fund (FCPE) to be created and/or subscribed to an employees savings scheme to be created, which shall be financed voluntarily by employees and eventually by contribution by the Company should the Board of Directors so decides. We remind you that, in accordance with article L. 225-138 I of the French Commercial Code, the complementary report to be established by the Board of Directors, if the Board used the delegation mentioned in resolution 14, would be certified by the Auditors.

Proposed resolution 15 - Cancellation of preferential rights of subscription regarding the share capital increase(s) reserved to employees

The shareholders, after having considered the Board of Directors' report, decide to cancel, in accordance with the provisions of article L. 225-138 of the French Commercial Code, the shareholders' preferential rights of subscription to shares which shall be issued within the scope of the share capital increase(s) which shall be decided in compliance with the previous resolution and to reserve the issuing to employees of the Company and/or of companies which are bound to it, having, on the date of the opening of the subscription, a seniority of at least three months (and who are not on a prior notice period), represented eventually by a mutual fund (FCPE) to be created and/or subscribed to an employees savings scheme to be created, which shall be financed voluntarily by employees and eventually by contribution by the Company should the Board of Directors so decides.

7.3. Ordinary and Extraordinary Shareholders' Meeting

PROPOSED RESOLUTION 16 – AUTHORIZATION TO PERFORM FORMALITIES

Board of Directors' report:

This resolution allows the performance of the legal formalities following the present Meeting.

Proposed resolution 16 – Authorization to perform formalities

The shareholders grant full power to the bearer of a copy or of an excerpt of the present document to carry out any and all required legal formalities.

7.4. Statutory Auditors' report on the reduction in capital by the cancellation of repurchased shares

ORDINARY AND EXTRAORDINARY SHAREHOLDER'S MEETING OF MAY 10, 2012 (10TH RESOLUTION)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L.225-209 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of 18 months from the Shareholder's Meeting date, to proceed with one or several cancellation of shares the Company was authorized to repurchase pursuant to the provisions of the above-mentioned article, representing an amount not exceeding 10% of its total capital at the Shareholder's meeting date by periods of 24 months; this authorization to repurchase shares, representing an amount not exceeding 10% of its total capital at the acquisition date of the shares, is presented to your Shareholders' Meeting for approval (5th resolution) would be given for a period of 18 months.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction, which is not liable to infringe the shareholder's equality are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital, which can be carried out only after your Shareholders' Meeting has already approved the repurchase by your Company of its own shares.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton	**Deloitte & Associés**
French Member of Grant Thornton International	
Gilles HENGOAT	Jean-François VIAT

7.5. Statutory Auditors' report on the issuance of new ordinary shares and/or securities with maintenance of preferential subscription rights

COMBINED SHAREHOLDERS' MEETING OF MAY 10, 2012 (11TH AND 12TH RESOLUTIONS)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with the terms provided for in Article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposed delegation of authority to the Board of Directors to decide the issue, on one or more occasions, of new ordinary shares and/or securities giving, immediately or in the future, access to capital, with maintenance of preferential subscription rights, a transaction upon which you are being called to vote.

The par value amount of capital increases likely to be performed immediately or in the future may not exceed €50 million for issues of ordinary shares and €650 million for issues of hybrid securities, this amount includes the par value amount of the shares to which these securities will be eligible. These caps reflect the additional number of shares or securities to be created in accordance with Article L. 225-135-1 of the Code de commerce, should you adopt the 12th resolution.

Based on its report, the Board of Directors asks you to delegate it the power, for a period of 26 months, to decide and set the terms and conditions of this issuance. If necessary, the Board will be responsible for determining the final issuance terms and conditions of this transaction.

It is the Board of Directors' responsibility to prepare a report in accordance with Article R. 225-113 *et seq.* of the French Commercial Code. Our role is to express an opinion on the fairness of the quantified data extracted from the financial statements and on certain other information pertaining to the issuance as presented in this report.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. Such procedures consisted in verifying the content of the Board of Directors' report as it relates to this transaction and the methods used to determine the issue price of the equity securities to be issued.

As this report does not specify the methods for determining the issue price of shares to be issued, we cannot express our opinion on the procedures used for determining the issue price.

As the final terms and conditions under which the issuance will be performed have not been determined, we cannot express our opinion on them.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report, if applicable, when this delegation is used by the Board of Directors in the event of issuance of securities giving access to capital.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton **French Member of Grant Thornton International**	**Deloitte & Associés**
Gilles HENGOAT	Jean-François VIAT

7.6. Statutory Auditors' report on the capital increase reserved for employees

COMBINED SHAREHOLDERS' MEETING OF MAY 10, 2012 (14TH RESOLUTION)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

As Statutory Auditors of your Company and pursuant to Articles L. 225-135 *et seq.* of the French Commercial Code (Code de Commerce), we hereby report on the proposed delegation of powers to the Board of Directors to decide a capital increase via the issue of ordinary shares with cancellation of preferential subscription rights reserved for employees of the Company and or French and foreign companies that are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code for an amount not exceeding more than 3% of share capital at the date of issuance, a transaction upon which you are being called to vote.

This capital increase is submitted to your approval pursuant to Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 *et seq.* of the French Labor Code (Code du Travail). Based on its report, the Board of Directors asks you to delegate it the power, for a period of 26 months, to decide a capital increase and cancel your preferential subscription rights to the shares to be issued. If necessary, the Board will be responsible for determining the final issuance terms and conditions of this transaction.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to express an opinion on the fair presentation of the quantified information extracted from the accounts, on the proposed cancellation of preferential subscription rights and on certain other information concerning the transaction, contained in this report.

We performed the procedures that we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying the content of the Board of Directors' report in respect of this transaction and the terms and conditions governing the determination of the issue price of shares.

Subject to a subsequent review of the proposed capital increase, we have no comments on the terms and conditions governing the determination of the issue price presented in the Board of Directors' report.

As the terms and conditions of the capital increase have not yet been set, we cannot express an opinion on them and, as such, on the proposed cancellation of preferential subscription rights presented for your approval.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue an additional report when your Board of Directors uses this delegation.

Paris and Neuilly-sur-Seine, February 28, 2012

The Statutory Auditors

Grant Thornton	Deloitte & Associés
French Member of Grant Thornton International	
Gilles HENGOAT	Jean-François VIAT

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ADDITIONAL INFORMATION

8.1. Documents on display

MEMORANDUM AND ARTICLES OF INCORPORATION

See Chapter 6. Information on the Company.

FINANCIAL HISTORIC INFORMATION

2009 and 2010 registration documents are available on SOCIÉTÉ BIC website (www.bicworld.com).

2011 ANNUAL INFORMATION REPORT

See Annual Information report.

8.2. Annual information report

(Article 221-1-1 of the Paris Stock Exchange Authority's General Regulations)

List of the information published or made public over the past twelve months related to the quotation of the shares on Euronext Paris.

PRESS RELEASES AVAILABLE ON WWW.INFO-FINANCIERE.FR AND ON THE COMPANY'S WEBSITE: WWW.BICWORLD.COM

DATE	HEADING
February 16, 2011	Full Year 2010 Results
February 22, 2011	Divestiture of Gumtac
March 15, 2011	BIC_APCOInsight - Lighter Safety Survey 2011
April 20, 2011	1st Quarter 2011 Results
April 27, 2011	Sologear acquisition
May 11, 2011	Report of the Joint Extraordinary and Ordinary Shareholders' Meeting held on May 11, 2011
August 3, 2011	1st Half 2011 Results
October 19, 2011	9 months 2011 Results
November 30, 2011	Angstrom Power acquisition
February 15, 2012	Full Year 2011 Results
February 16, 2012	Cello Arbitration - Favourable decision
February 28, 2012	Development in Africa and Middle East

OTHER PERMANENT OR OCCASIONAL INFORMATION AVAILABLE ON WWW.INFO-FINANCIERE.FR AND/OR ON THE COMPANY'S WEBSITE: WWW.BICWORLD.COM

DATE	HEADING
January 6, 2011	Disclosure of trading in own shares for December 2010
January 6, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of December 31, 2010
January 6, 2011	Half year assessment of the BIC liquidity contract signed with Natixis Securities (only in French)
February 3, 2011	Disclosure of trading in own shares for January 2011
February 3, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of January 31, 2011
February 28, 2011	Disclosure of trading in own shares from February 21 to 25, 2011

DATE	HEADING
March 8, 2011	Disclosure of trading in own shares for February 2011
March 8, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of February 28, 2011
March 8, 2011	Disclosure of trading in own shares from February 25 to March 4, 2011
March 14, 2011	Disclosure of trading in own shares from March 7 to 11, 2011
March 22, 2011	Disclosure of trading in own shares from March 14 to 18, 2011
March 28, 2011	Disclosure of trading in own shares from March 21 to 25, 2011
March 29, 2011	Terms of availability of the Shareholders' Meeting (May 11, 2011) preparatory documents (only in French)
April 1, 2011	Release and availability of 2010 registration document
April 5, 2011	Disclosure of trading in own shares for March 2011
April 7, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of March 31, 2011
May 2, 2011	Disclosure of trading in own shares from April 25 to 29, 2011
May 5, 2011	Disclosure of trading in own shares for April 2011
May 5, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of April 30, 2011
May 9, 2011	Disclosure of trading in own shares from May 2 to 6, 2011
May 25, 2011	Disclosure of trading in own shares from May 16 to 20, 2011
June 8, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of May 31, 2011
June 8, 2011	Disclosure of trading in own shares for May 2011
June 14, 2011	Disclosure of trading in own shares from June 6 to 10, 2011
June 21, 2011	Disclosure of trading in own shares from June 13 to 17, 2011
June 22, 2011	Description of the Share Repurchase Program
June 27, 2011	Disclosure of trading in own shares from June 20 to 24, 2011
July 5, 2011	Half year assessment of the BIC liquidity contract signed with Natixis Securities
July 6, 2011	Disclosure of trading in own shares from June 27 to July 01, 2011
July 6, 2011	Disclosure of trading in own shares for June 2011
July 6, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of June 30, 2011
August 3, 2011	Release and availability of the 1st Half 2011 Financial Report
August 16, 2011	Disclosure of trading in own shares from August 1 to 5, 2011
August 16, 2011	Disclosure of trading in own shares from August 8 to 12, 2011
August 22, 2011	Disclosure of trading in own shares from August 15 to 19, 2011
August 25, 2011	Disclosure of trading in own shares for July 2011
August 25, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of July 31, 2011
August 29, 2011	Disclosure of trading in own shares from August 22 to 26, 2011
September 5, 2011	Disclosure of trading in own shares from August 29 to September 2, 2011
September 6, 2011	Disclosure of trading in own shares for August 2011
September 6, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of August 31, 2011
September 19, 2011	Disclosure of trading in own shares from September 12 to 16, 2011
September 27, 2011	Disclosure of trading in own shares from September 19 to 23, 2011
October 7, 2011	Disclosure of trading in own shares for September 2011
October 7, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of September 30, 2011
October 24, 2011	Disclosure of trading in own shares from October 17 to 21, 2011
November 3, 2011	Disclosure of trading in own shares from October 24 to 28, 2011
November 7, 2011	Disclosure of trading in own shares from October 31 to November 4, 2011
November 7, 2011	Disclosure of trading in own shares for October 2011
November 7, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of October 31, 2011
November 14, 2011	Disclosure of trading in own shares from November 7 to 11, 2011
November 21, 2011	Disclosure of trading in own shares from November 14 to 18, 2011

DATE	HEADING
November 28, 2011	Disclosure of trading in own shares from November 21 to 25, 2011
December 7, 2011	Disclosure of trading in own shares for November 2011
December 7, 2011	Disclosure of total number of voting rights and number of shares forming the capital as of November 30, 2011
January 9, 2012	Disclosure of trading in own shares for December 2011
January 9, 2012	Half year assessment of the BIC liquidity contract signed with Natixis Securities
January 16, 2012	Disclosure of total number of voting rights and number of shares forming the capital as of December 31, 2011

INFORMATION PUBLISHED IN THE BULLETIN OF THE OBLIGATORY LEGAL ADVERTISEMENTS (BALO) AVAILABLE ON THE WEBSITE: WWW.JOURNAL-OFFICIEL.GOUV.FR

DATE	TYPE OF INFORMATION
March 28, 2011	Notification of the Annual Shareholders' Meeting of May 11, 2011

INFORMATION DEPOSITED AT THE CLERK'S OFFICE OF THE COMMERCIAL COURT OF NANTERRE

DATE	TYPE OF INFORMATION
March 15, 2011	Share capital increase and decrease Release in *Le Quotidien Juridique* of February 21, 2011
June 6, 2011	Share capital decrease Release in *Le Quotidien Juridique* of May 23, 2011
June 9, 2011	Deposit of the full year 2010's statutory and consolidated financial statements
January 4, 2012	Share capital increase and decrease Release in *Le Quotidien Juridique* of December 23, 2011

OTHER RELEASES

DATE	TYPE OF INFORMATION	MEDIUM
April 21, 2011	Notification of the Annual Shareholders' Meeting of May 11, 2011	*Le Quotidien Juridique*

8.3. Person responsible

NAME AND FUNCTION

Mario Guevara

Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE REGISTRATION DOCUMENT

"I certify that I have taken all reasonable care to ensure that the information contained in this registration document is, to the best of my knowledge, accurate and does not omit any material fact.

I certify that to the best of my knowledge, the accounts are prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the management report, referenced in the cross reference table, includes a fair review of the development and performance of the business, profit or loss and financial position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

I have received a letter from the Statutory Auditors, confirming that they have completed, in accordance with the professional standards applicable in France, the work necessary to verify the information related to the financial statements included in this registration document. The Auditors also confirmed that they reviewed the document in its entirety."

On March 26, 2012, Mario Guevara

Chief Executive Officer

8.4. Statutory Auditors

NAMES AND ADDRESSES

Statutory Auditors

The Statutory Auditors issue reports on statutory and consolidated accounts of SOCIÉTÉ BIC:

Deloitte & Associés

Represented by Mr. Jean-François Viat

185, avenue Charles de Gaulle

92200 Neuilly-sur-Seine

Tel.: +33 1/40.88.28.00

Deloitte & Associés was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Extraordinary General Shareholders' Meeting on May 4, 1999.

The mandate of Deloitte & Associés as Statutory Auditors is in place for a period of six fiscal years and was renewed at the Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Grant Thornton

Represented by Mr. Gilles Hengoat

100, rue de Courcelles

75017 Paris

Tel.: +33 1/56.21.03.03

The Company Grant Thornton was appointed as Statutory Auditor for SOCIÉTÉ BIC for the first time at the Ordinary General Shareholders' Meeting on May 23, 2007, in replacement of the Company BDO Marque & Gendrot, outgoing, for the remaining period of the mandate of the latter.

The mandate of Grant Thornton as Statutory Auditors was renewed at the Annual Shareholders' Meeting on May 11, 2011. It will expire in 2017 at the General Shareholders' Meeting confirming the accounts for fiscal year 2016, which close December 31, 2016.

Substitute Auditors

Société BEAS was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 19, 2005. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Deloitte & Associés.

The Company Institut de Gestion et d'Expertise Comptable – IGEC – was appointed as Substitute Auditor for the first time at the Annual Shareholders' Meeting on May 23, 2007, in replacement of Mr. Patrick Giffaux, outgoing. The mandate was renewed at the Annual Shareholders' Meeting on May 11, 2011 for the same period as that of Grant Thornton.

CHANGE OF STATUTORY AUDITORS

There was no change of Statutory Auditors at the Annual Shareholders' Meeting held on May 11, 2011.

FEES OF THE AUDITORS AND THE MEMBERS OF THEIR NETWORKS

Joint audit firms' yearly audit fees included in the Group income statement are presented in Note 29 to the consolidated financial statements.

AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION

Audited historical annual financial information and related Auditors' report for financial years 2009 and 2010 have been presented in previous registration documents, which have been duly filed with the *Autorité des Marchés Financiers* (Paris Stock Exchange Authority) (respectively No. D.10-0202 and No. D.11-0206). They are also avalaible on the website of the Group.

INTERIM AND OTHER FINANCIAL INFORMATION

Quarterly financial information has not been audited.

Half Year and annual financial information have been audited.

8.5. Cross reference table required under European Commission Regulation n°809/2004

The table below provides cross references between the pages in the registration document and the key information required under European Commission Regulation (EC) No. 809/2004 implementing EC Directive 2003/71/EC of the European Parliament and of the Council.

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8.6. Cross reference table with the annual financial report

The 2011 registration document contains all of the information in the annual financial report governed by Article L. 451-1-2 of the French Monetary and Financial Code. To make this information easier to find, the following cross-reference table lists it by main topic.

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8.7. Cross reference table with the management report of the Board

This registration document includes all of the information in the management report of the Board of the BIC Group, as provided for in Articles L. 225-100 and L. 225-100-2 of the French Commercial Code.

The following table cross-refers each section of the management report of the Board to the corresponding pages of the registration document.

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INVESTORS RELATIONS
14, RUE JEANNE D'ASNIÈRES
92611 CLICHY CEDEX – FRANCE
TEL : 33 (0) 1 45 19 52 26
EMAIL : investors.info@bicworld.com

LIMITED COMPANY CAPITAL EUROS 182,206,275.96
DIVIDED INTO 47,697,978 SHARES OF EUROS 3.82
QUOTED ON EUROLIST EURONEXT PARIS
ISIN: FR0000120966
MNEMONIC: BB
CONTINUOUS QUOTATION
552.008.443 REGISTERED IN NANTERRE, FRANCE

Designed & published by Labrador +33 (0)1 53 06 30 80

SOCIÉTÉ BIC - 92611 Clichy Cedex (France)
www.bicworld.com