

# BLYTH

2005 Annual Report



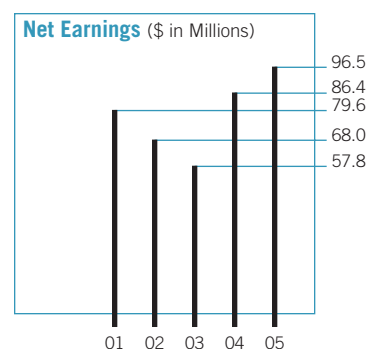
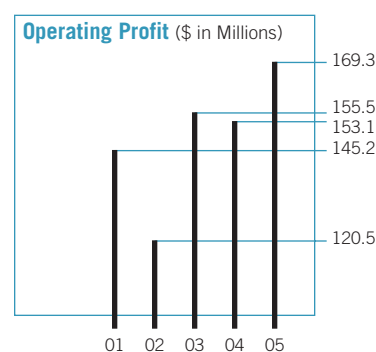
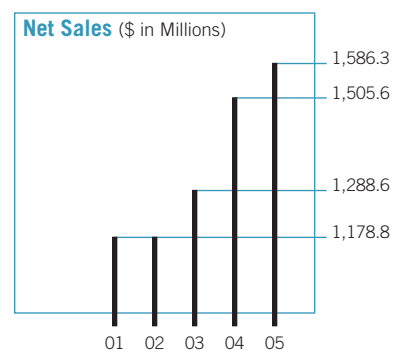
Blyth is a Home Expressions company. Through our three strategic operating platforms, Direct Selling, Wholesale and Catalog & Internet, consumers find our products wherever they choose to shop.



# Financial Highlights

Years Ended January 31,  
(In Thousands, Except Per Share Data)

	2004	2005	Increase
<b>Operating Results</b>			
Net Sales	\$1,505,573	\$1,586,297	5.4%
Gross Profit	723,675	771,680	6.6%
Operating Profit	153,077	169,330	10.6%
Net Earnings	86,351	96,514	11.8%
Diluted Net Earnings Per Common and Common Equivalent Share	\$ 1.88	\$ 2.22	18.1%
Diluted Weighted Average Number of Common Shares Outstanding	46,027	43,556	
<b>Financial Position</b>			
Total Assets	\$1,127,963	\$1,075,820	
Total Cash and Cash Equivalents	229,726	91,695	
Total Debt	293,886	287,875	
Total Stockholders' Equity	588,970	521,349	



**Blyth, Inc. is a preeminent Home Expressions company that designs and markets home fragrance products, seasonal decorations, home décor and household convenience items for the global marketplace. Through our three strategic operating platforms, Direct Selling, Wholesale and Catalog & Internet, consumers find our products wherever they choose to shop. With operations concentrated in 18 countries, Blyth is a relatively small, yet complex, multinational company. Our key competitive advantages are the ability to leverage our scale and our core competencies of new product development, Global Sourcing and R&D, as well as our people, within and across operating platforms. These competitive advantages support innovative sales and marketing models and enhance each business unit's operational efficiencies. We look to grow our business in attractive areas of the Home Expressions market, both organically and through acquisitions.**



# A message from the Chairman

Dear Shareholder:

I am pleased to report that fiscal year 2005 was one of record sales and earnings for Blyth. It was also a year in which we made significant changes in our management structure with the formation of the Office of the Chairman and, as a result, our segment reporting structure has been changed to reflect our evolving business. Blyth's strong financial position and firm foothold in the North American and European Home Expressions marketplace was reaffirmed and enhanced this year, and we believe that we are well positioned in this large, growing and very competitive industry.

**FINANCIAL PERFORMANCE, FISCAL YEAR 2005** The achievement of record sales and earnings this year is particularly notable given the challenges our industry faced in North America. Fiscal year 2005 started off strong, and it appeared that it would be a better time for retailers, so many of whom had had flat or lower results in recent years, causing them to be predictably cautious in their ordering patterns. By summer, however, a dramatic spike in gasoline prices, combined with continued geopolitical and electoral uncertainty, resulted in low turnout at the semi-annual trade shows, lower orders by our retailers and reduced consumer discretionary spending, all of which impacted our business. Blyth's European businesses, which we have grown aggressively to complement our North American activities, experienced good sales growth on the strength of direct selling and premium wholesale seasonal decorations. In all, Net Sales for the fiscal year ended January 31, 2005 increased 5% to \$1,586 million including the impact of acquisitions. Operating Profit increased 11% to \$169 million. Earnings Per Share increased 18% to \$2.22. Strong cash flow, a hallmark of our business, continued again this year, totaling \$138 million.

**CORPORATE GOALS** Each year, we have evaluated ourselves against three long-term corporate financial goals:

- ▶ 10% + annual sales and earnings growth
- ▶ 12% to 14% operating margins
- ▶ 17% + return on average equity

Economic sluggishness in North America weighed heavily on organic growth this year. Factors such as higher commodity costs and substantial expense and attention related to compliance with the Sarbanes-Oxley Act of 2002 exacerbated sales and earnings shortfalls in many of our businesses. With the benefit of acquisitions, sales and net earnings increased 5% and 12%, respectively, and operating margin was 10.7%. Return on average equity was strong at 17%.

Toward year-end, we re-examined our financial goals and assessed them with respect to our growth strategy and projections over the next several years. Blyth sells its products almost exclusively in North America and Europe—mature markets with modest projected annual growth in discretionary income. Moreover, the economics of our recent acquisitions, while adding to shareholder value, do not approach the profitability of the Direct Selling segment. Finally, PartyLite is a very large direct selling business and is not expected to grow at its historical rate. These factors caused us to revise our long-term corporate financial goals. Beginning in fiscal year 2006, Blyth's goals are:

- ▶ 5% to 10% annual sales and earnings growth
- ▶ 10% to 12% operating margins
- ▶ 15% + return on average equity

*"Blyth has evolved from being mostly a manufacturer of fragranced candles to a diversified Home Expressions company that designs, sources and manufactures, and markets a wide array of décor products for a global market. Through its evolution, Blyth has consistently demonstrated the strength of its financial model and its capacity to generate and return to shareholders a significant cash flow."*

—Robert H. Barghaus  
Chief Financial Officer

In combination with our expectations of significant free cash—in excess of \$110 million annually—our revised goals allow continued flexibility to reward Blyth’s shareholders. Dividend increases and share repurchases can continue, and no additional debt will be required unless a major acquisition is consummated. Moreover, we will remain a strongly capitalized company.

**MAJOR ACCOMPLISHMENTS** At the beginning of the year, Blyth underwent the most significant management restructuring in its history when I formed the Office of the Chairman. Our new operating structure allows me to focus more on strategic priorities and step back from day-to-day operations, furthers our CEO succession planning process and increases Blyth’s financial transparency with our new three segment reporting format.

Historically, our management had been organized by product line, namely candles and home fragrance products, and non-fragranced products. Last year we expanded into new distribution channels (catalog and Internet), after which we re-examined our structure and concluded that organization by channel rather than by product line would allow for more effective sharing of best practices, leveraging our global scale and core competencies and capitalizing on cross-merchandising opportunities where appropriate. In addition to myself, the members of the Office of the Chairman are as follows:

- ▶ Bruce G. Crain, Senior Vice President and President, Wholesale Group
- ▶ Robert B. Goergen, Jr., Vice President and President, Catalog & Internet Group
- ▶ Frank P. Mineo, Senior Vice President and President, Direct Selling Group
- ▶ Robert H. Barghaus, Vice President and Chief Financial Officer

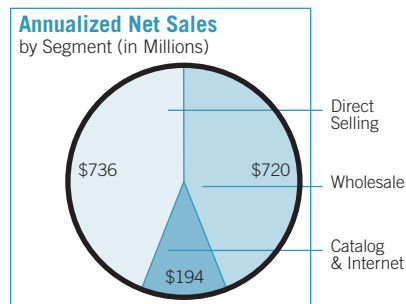
I have relinquished my title of President and remain Blyth’s Chairman and Chief Executive Officer. With our new segment structure, Blyth effectively has three chief operating officers, each with management responsibility for segment operating performance, financial metrics and organic strategic initiatives. Bob Barghaus assumed additional management responsibility for Blyth’s legal functions during fiscal 2005.

I am now able to increase my focus on three priorities that are critically important to Blyth’s long-term success: strategic growth opportunities, both organic and via acquisition, financial stewardship for Blyth’s shareholders, and people development. During fiscal year 2005, we made significant progress in each of these areas.

In September, Blyth acquired two European home décor companies, Edelman and Euro-Decor, for \$48.6 million in cash. Edelman is a designer and marketer of home, garden and seasonal decorations, and Euro-Decor designs and markets traditional and contemporary gift and florist products. The addition of these businesses to the Blyth family of companies broadens our reach in the global Home Expressions market and augments our existing seasonal and home fragrance businesses in Europe in terms of product and global supply chain management, as well as geographic distribution and channel coverage. Both businesses are focused on innovative design and development, source all of their products and are trend industry leaders.

*“With the acquisitions of Edelman and Euro-Decor in fiscal year 2005, Blyth created a strategic footprint in both the North American and the European Home Expressions market with wholesale home fragrance, home décor and seasonal decorations businesses in each market. Our segment began to leverage the similarities of each business this year, such as trend data, customer accounts and supply partners, to drive increased sales and marketing opportunities.”*

—Bruce G. Crain  
President  
Wholesale Group



**A message  
from the Chairman** *(continued)*

*“Recognizing that the global direct selling industry is large and growing, yet highly competitive, Blyth expanded its segment strategy this year to increase its stake in the marketplace. With PartyLite’s international growth and our new initiative, Purple Tree, we are positioned to capture a larger portion of the consumers’ direct selling dollar.”*

—Frank P. Mineo  
President  
Direct Selling Group

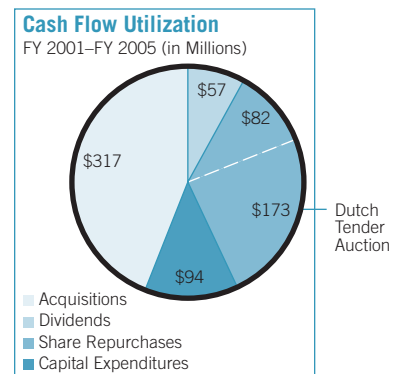
In addition to growth by acquisition, Blyth began exploring new business opportunities through several organic strategic initiatives in fiscal year 2005. Capitalizing on our direct selling industry expertise, we identified several non-home fragrance categories of interest with products that work well in a party plan environment. Concept testing began thereafter, and Purple Tree was launched last fall. Purple Tree is a direct selling company that provides creative ideas, techniques and inspiration through the sale of craft projects ([www.purpletree.com](http://www.purpletree.com)). Though we are enthusiastic about Purple Tree’s growth prospects, it is a small initiative requiring ongoing investment spending and is not expected to have a material impact on Blyth’s financial results for several years.

In our Wholesale segment, we identified two new growth opportunities in fiscal 2005. The Sterno Group has developed a revolutionary heating technology, Sterno Flameless™, which is a self-contained foil pouch that when activated generates a safe and long-lasting flameless heat. This innovative product and complementary chafing dish system allows foodservice providers to serve hot food in situations where an open flame is unwanted or not permitted. Additionally, through a collaborative effort with our Catalog & Internet group, our North American home fragrance business launched a direct-to-consumer catalog for its flagship brand, Colonial Candle™. The first of several catalogs was mailed to targeted homes in November 2004. The Colonial Candle website also was expanded to include a useful store locator tool, product information and an online store where consumers can purchase a selection of Colonial products and request a Colonial Candle catalog.

Turning to my second area of focus, financial stewardship for Blyth’s shareholders, we started our fiscal year with \$230 million of cash on our balance sheet and considered the four ways in which we deploy our cash: reinvestment in our business, strategic acquisitions, dividend payments and share repurchases. Having built our business significantly via acquisition in recent years and in recognition of our strong financial position, we felt that an appropriate way to return value to Blyth shareholders would be through a significant share buyback. In July, we completed a Dutch auction self-tender offer, repurchasing 4.9 million shares—approximately 10% of shares outstanding—at a purchase price of \$35 per share, for a total cost of approximately \$173 million.

This chart, which depicts cash utilization of approximately \$725 million over the past five years as of January 31, 2005, demonstrates that Blyth has returned more than 40% of its cash flow directly to shareholders during this period.

In April, Blyth sold its decorative gift bag business, Jeanmarie Creations, to Jeanmarie’s senior management. Since Blyth’s acquisition of Jeanmarie in 1995, sales in this business had nearly doubled, demonstrating that Jeanmarie was operating in an attractive marketplace. However, after several attempts, we concluded that Blyth was not likely to make additional paper product-related acquisitions, so we chose to focus our efforts on the larger opportunities to leverage Blyth’s resources.



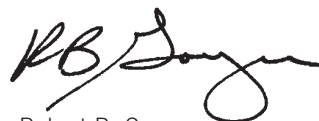


Regarding my third area of focus, people development, I worked closely throughout the year with Blyth's recently-established People Development Council, which is tasked with the formation and implementation of initiatives that develop and support our human capital. During fiscal year 2005, the Council accomplished several objectives, the most important of which was the sponsorship of a Blyth-wide Management Development and Succession Planning program.

**RECENT DEVELOPMENTS** Shortly following year-end, the Wholesale Group management team was realigned further in order to pursue its common European and North American growth initiatives more effectively. Steve Kosmalski was appointed Group President—Blyth Wholesale North America, overseeing our North American home fragrance and seasonal decorations businesses. Under Steve's leadership, Blyth's North American home fragrance business has recovered from several years of significant losses to profitability in fiscal year 2005. Jeff Carr continues to oversee Blyth's European wholesale business portfolio, including the European acquisitions made during the past two years, as Group President—Blyth Wholesale Europe. The new structure facilitates the Group's ability to leverage Blyth's distinctive multi-channel distribution strategy, broad Home Expressions product offerings and global supply chain advantages. At Blyth's corporate headquarters, we have structured a team that supports my focuses of financial stewardship and people development. Jane Casey was appointed Blyth's Treasurer and is working closely with Bob Barghaus and me to evaluate and implement financial strategies geared to increasing shareholder returns. Tyler Schuessler was appointed Vice President, Organizational Development and Investor Relations, and provides the senior level support for Blyth Human Resources, including our people development initiatives, while retaining management responsibility for Blyth's investor relations and communications functions.

This letter would not be complete without acknowledging our gratitude to Jack E. Preschlack, who is retiring from Blyth's Board of Directors in June. Jack, who has been a Director for 16 years, has served as Chairman of the Compensation Committee and as a wise and trusted advisor.

As Blyth's organizational structure continues to evolve to support our leading position in the global Home Expressions marketplace, our senior management team and Board of Directors remain committed to the values upon which I built this Company: offer superior products and customer service, operate under uncompromised ethical principles, and support the entrepreneurial spirit that drives innovation and leadership development throughout Blyth. Together, we work to ensure that these values remain an integral part of our organization's culture.



Robert B. Goergen  
Chairman of the Board

April 15, 2005

*"Fiscal year 2005 was a transition year for the Catalog & Internet segment as management focused on the integration of the Walter Drake acquisition into the similarly-sized Miles Kimball business. With a fully combined single operation at year end, we believe that the business is positioned for continued growth in this strategic channel."*

*—Robert B. Goergen, Jr.  
President  
Catalog & Internet Group*

# Direct Selling

Blyth, through its PartyLite subsidiary, is a major competitor in the \$86 billion-plus global direct selling industry. With more than 51,000 active independent consultants selling PartyLite® brand fragranced candles and related home décor products, PartyLite generated over \$735 million in worldwide sales in fiscal year 2005. More than 12 million guests purchased our platinum quality products at home parties last year—not a surprising figure, given that there is a PartyLite “show” held somewhere in the world every 18 seconds. In this momentum driven business, show generation is key to the success and growth of PartyLite.

PartyLite has expanded its geographic reach steadily over the past 10 years, opening its first European market in Germany in 1994. Today, this business operates in 11 markets including the United States, Canada, Mexico, Germany, the United Kingdom, Austria, Switzerland, France, Finland, Australia and, most recently, Denmark, which began a testing phase in September 2004. PartyLite’s international markets enjoyed double-digit growth in fiscal year 2005, while our North American markets faced increased party-plan competition as certain established retailers and new direct selling start-ups entered this attractive sales channel.

*A key driver in the success of a party-plan direct selling business is an ever-changing offering of new and exciting products, which inspire the consultant and hostess to book parties. PartyLite introduced more than 25 new candle fragrances in fiscal 2005, including the best-selling new fragrance of all time, Strawberry Rhubarb.*

**AS AN INDUSTRY LEADER,** PartyLite offers independent consultants a world-class earnings opportunity and grants its party hostesses an exceptional product benefit program. PartyLite is a user-friendly small business opportunity that requires limited financial investment and provides superior and demonstrated prospects for significant income and professional growth. A new consultant can earn a starter kit at no cost by simply holding the requisite number of successful parties. PartyLite’s web-based business management system is a proven benefit to busy consultants and affords numerous efficiencies to the Company as well. Already processing more than 85% of all show orders in North America, the





Extranet was introduced to PartyLite's European markets during 2003, and by the end of 2004, more than 40% of European show orders were submitted using the system. Consultants who choose to pursue leadership by "sponsoring" new consultants into PartyLite enjoy the benefits of additional compensation and recognition for their leadership role and are supported with training, materials and mentoring by the PartyLite home office staff.

A world-class consultant compensation and hostess benefit program, platinum quality products and a supportive network of staff and fellow consultants are among the many reasons for PartyLite's heritage of success. Blyth salutes its consultants, hostesses, customers and employees for Decorating Homes, Celebrating Lives and Illuminating Spirit around the world.

*PartyLite® brand Deco Ball™ candle and frosted glass candle tray; Well Being by PartyLite™ collection Revitalize pulse point cream, pillar holder, pillar candle, votive holders and votive candles, Relax foot lotion and Unwind™ linen spray; Winding Lane™ collection candle sconce and candle garden tray; Garden Lites pedestal bowl; Rosewater™ collection candle lamp and votive candle; Rustic Villa™ collection sculptured pillar holders and Persimmon & Pear pillar candles; Global Fusion™ collection tealight tree and Guava & Papaya tealights*

# Wholesale

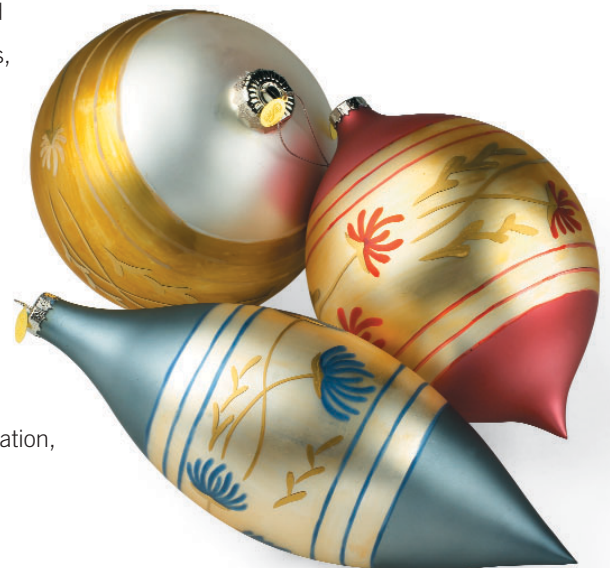
*Blyth's home fragrance products are marketed to retailers in North America and Europe under the Colonial Candle™, Carolina®, Florasense®, Gies®, Liljeholmens® and select private label brands. Wholesale home décor and seasonal products are marketed under the CBK®, Edelman®, Euro-Decor®, Impact™, Kaemingk™, Seasons of Cannon Falls® and Triumph Tree® brands in North America and Europe. For the foodservice trade, Blyth sells chafing fuel and tabletop lighting products under the Ambria®, Handy Fuel® and Sterno® brands.*

Not long ago, Blyth was considered a small U.S. candle maker. Over the past decade and particularly during the past five years, Blyth has evolved through product and geographic diversification and is now a leading competitor in the \$100 billion global Home Expressions marketplace. Today, the approximately \$720 million of annualized net sales in the Wholesale Group are evenly split between sales of home fragrance products and those of home décor and seasonal decorations. Further representing Blyth's expansion into the global marketplace, the Wholesale Group generates nearly half of its sales in Europe.

Home fragrance products, such as candles and potpourri, remain a cornerstone of Blyth's expanded wholesale strategy. In addition, to leverage further its distribution strength in the premium, specialty and mass channels, Blyth has acquired seven home and seasonal décor companies in the past five years. Most recently, in September 2004, Blyth acquired Edelman and Euro-Decor, two leading European design and marketing businesses. Importantly, both businesses rely on relatively small amounts of fixed assets.

**WITH ITS STRATEGIC FOOTPRINT IN PLACE** in North America and Europe, Blyth looks to leverage its scale to drive profitable sales volume and increase market share in the highly-fragmented and competitive wholesale marketplace. Collaborative efforts across our Wholesale segment include extending supplier relationships, leveraging common trend and market data and sharing joint showroom and operational space. Our business managers participate in regular global marketing and technology meetings to discuss challenges, ideas and solutions that are pertinent across the wholesale business. The result is more cost effective product development and efficient go-to-market strategies that have benefited from a broader base of trend and marketplace expertise.

Superior global supply chain management, in addition to product innovation,





is a key driver for market share growth in this business. Blyth, with its international sourcing capabilities and backbone of state-of-the-art manufacturing facilities, is able to employ a unique hybrid sourcing strategy. Often key products are dual sourced, using identical product specifications, through partner facilities in Asia or in Blyth's factories, thus allowing for cost effective and timely order fulfillment for our largest customers. Independent retailers requiring frequent shipments of small quantities of trend and seasonal merchandise benefit from our ability to adapt quickly to evolving trends and effective shipping timeframes. Unifying its broad product portfolio, strong customer relationships and global supply chain has positioned Blyth's Wholesale group to be a leading competitor in the global Home Expressions marketplace.

*Seasons of Cannon Falls® brand hand-painted glass ornaments; CBK® brand wall art, lamp, picture frame, throw, pillows, table runner, wicker chests, decorative box and magazine rack; Colonial Candle™ Custom Candle Collection™ candle, tiered ceramic candle base and Citrus Mimosa™ potpourri, oval jar candle and tealights; Purple Tree™ brand watch and coasters; Euro-Decor® brand permanent botanicals and vase; Florasense™ brand Fresh Strawberry Pie ceramic jar candles*

# Catalog & Internet

*Our sophisticated e-commerce platform provides an efficient and secure shopping experience. Business intelligence software for customer targeting and product performance measurement is also an important contributor to the profitable growth of the newly integrated Miles Kimball Company.*

During the past two years, Blyth diversified its product distribution strategy to include the direct-to-consumer catalog and Internet channel. With its acquisitions of the Miles Kimball Company and Walter Drake in 2003, Blyth quickly became one of the top 50 consumer catalog retailers in the United States. In 2004, the newly combined company mailed 48 editions of its six catalog titles, totaling more than 125 million catalogs circulated. The company's catalogs are supported by world-class websites, which reached interested consumers through more than 35 million targeted email messages last year.

The Miles Kimball® brand offers distinctive seasonal, value-priced gifts, personalized merchandise and household convenience items. Products offered under the Walter Drake® brand include unique and functional items for everyday home use, personal care products and specialty, personalized paper goods. The Exposures® brand targets a younger and high-end demographic group with photo, display and memorabilia products. All three brands also offer a wide selection of customizable holiday cards. Two smaller catalog titles, which offer larger opportunities for growth, are The Home Marketplace® and Directions... the path to better health!®. These catalogs and associated websites offer high-quality, value-priced kitchen products and health and personal care merchandise for seniors, respectively.

**BLYTH FOCUSED SIGNIFICANT EFFORTS** on the integration of the Walter Drake operations into those of Miles Kimball during the year. Both companies offer similar products differentiated largely by their seasonal demand, so we combined the order entry and customer service functions, warehousing and fulfillment, forecasting and supply chain management of both businesses into a single operation. However, in the spirit of healthy competition, Miles Kimball and Walter Drake maintain separate merchandising and marketing teams, which are focused on serving the distinctive customer groups for each title. Though this segment's infrastructure and operations were significantly streamlined during 2004, we believe that additional benefits from the completed integration are still to come.





Blyth increased the scale of a key competitive advantage in this market—personalization—as the combined operations now offer 23 customization processes for more than 1,300 products. Approximately 35% of all customer orders now include some form of personalization. Other Blyth companies also benefit from their ability to leverage the direct-to-consumer expertise of the Catalog & Internet segment management. In 2004, management in the Catalog & Internet and Direct Selling segments jointly developed an online business stationary store called Inc 2 Ink, which offers PartyLite consultants high-quality, personalized and logo-ed business cards and related paper products. Miles Kimball's fulfillment center processes all the orders. Catalog & Internet segment management also partnered with that of Wholesale this past year to launch the first Colonial Candle™ consumer catalog and online store. Visit them on the Internet at [www.colonialcandle.com](http://www.colonialcandle.com).

*Miles Kimball® brand personalized piggy bank, letter holder, pencils and brass long match holder; Walter Drake® brand personalized snack bowl and stoneware crock; The Home Marketplace® brand glass canisters, stainless steel toaster oven, ceramic batter bowl, silicon scrapers, color-coded paring knives, revolving spice rack, dish towels, wire baskets, cordial glasses and tray, bamboo bread board, double chip n' dip bowl, salt and pepper mills, French bistro hi-ball glasses, porcelain serving plate, appetizer ice tray and glass nesting bowls; Exposures® brand personalized leather photo albums, Italian Marquetry collection picture frames, photo filigree pin and charm bracelet*

# Global Services

Blyth, one of the world's largest Home Expressions companies, is in a unique position to leverage its global scale and diversified resources. With an industry leading Global Services group encompassing Global Sourcing, Research & Development and Information Technology, Blyth generates tangible benefits that drive sales growth and improve profitability.

*It is the mission of Blyth Global Sourcing to work in close collaboration with the business units to leverage the Company's combined sourcing resources. Through the development of core competencies in strategic sourcing and supply chain management, the Global Sourcing group can reduce costs, improve supplier quality and service performance and support innovative product development strategies.*

**THE GLOBAL SOURCING GROUP** works in close collaboration with the business units to manage costs and enhance quality and service. For example, Blyth's combined purchasing power for commodities, such as wax, paper and corrugate, ocean freight containers and transportation, results in significant savings as compared to each individual business unit's purchasing volume. With the added benefit of technology, Blyth can capitalize on innovative purchasing processes, such as e-auctions. In 2004, the Global Sourcing group sponsored an e-sourcing tool that allowed Blyth business unit participation in online e-auctions. Blyth businesses realized an average savings of 10% to 15% based on a spend of over \$20 million. In addition, Global Sourcing looks to consolidate Blyth's supplier base when appropriate, allowing the Company to leverage further its spending power with key supply partners. Strong supplier relationships support enhanced collaborative product design, increasing speed to market in a trend-driven industry.

Global Sourcing also plays a key role in mitigating risks associated with international third party manufacturing and logistics. Extensive contingency planning, a dual-sourcing strategy and aggressive social responsibility programs are in place to provide superior customer service and protect Blyth against unforeseen risks.

**NEW PRODUCT DEVELOPMENT**, quality to specific standards and a positive customer experience are the key focus areas of Blyth's Research & Development team. The development of market-leading fragrances, candle forms and decorative accessories in a state-of-the-art testing laboratory supports the Company's home fragrance businesses with a steady stream of on-trend products that perform to each brands' quality and high safety standards. Blyth Research & Development conducts extensive consumer panel testing, providing real world reactions to Blyth's new products prior to launch. PartyLite's Strawberry Rhubarb-scented



candle, which was developed by the Research & Development team and pre-tested by consumers, is the Company's best performing new fragrance introduction, generating approximately \$17 million in sales last year alone.

**BLYTH IS IN THE ENVIABLE FINANCIAL POSITION** that has allowed for investment in world-class information technology to support its diversifying business. The Company's technology platforms allow communication within and across business units and global boundaries, fostering collaboration and facilitating business processes for remote sales and marketing teams. For example, in fiscal year 2005, CBK launched a sales force automation initiative, which connects its more than 200 remote sales people via the Web to its home office. This initiative allows for efficient order processing, improved customer service and reduced costs for the sales force. Consolidated technology procurement has resulted in volume discounts for telecommunications, data communications, software and hardware purchasing for the entire Company. In addition, each business unit and Blyth Corporate benefit from the sharing of knowledge on emerging technologies and trends at the regular meetings of the Blyth-wide Technology Steering Committee.

The wide-ranging capabilities of the Global Services group set Blyth apart from its competitors in the global Home Expressions market. Each new acquisition allows Blyth, with the support and guidance of Global Services, to capitalize further on its growing purchasing volume, supplier partnerships, product design and marketing expertise and technological knowledge base.

*Blyth Research & Development's mission is to develop products that meet consumer needs better than the competition with innovative technologies and fragrances, consistent quality and superior value.*

## SHAREHOLDER INFORMATION

### COMMON STOCK

Listed on the New York Stock Exchange  
Trading Symbol: BTH

### DIVIDEND POLICY

It is the policy of the Company normally to pay cash dividends upon its Common Stock in equal semi-annual installments on or about the 15<sup>th</sup> day of May and November of each year, subject to the declaration thereof by the Board of Directors, in its sole discretion.

### MANAGEMENT CERTIFICATIONS

The Company's Chief Executive Officer and Chief Financial Officer provided certifications to the Securities and Exchange Commission as required by Section 302 of the Sarbanes-Oxley Act of 2002, and these certifications are included as Exhibits 31.1 and 31.2 in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2005. In addition, as required by Section 303A.12(a) of the New York Stock Exchange (NYSE) Listed Company Manual, on July 8, 2004, the Company's Chief Executive Officer submitted to the NYSE the annual CEO certification regarding the Company's compliance with the NYSE's corporate governance listing standards.

### ANNUAL MEETING OF SHAREHOLDERS

will be held on Wednesday, June 8, 2005  
at 9:00 A.M. Eastern Time at  
Blyth, Inc.  
One East Weaver Street  
Greenwich, CT 06831-5118

### TRANSFER AGENT

EquiServe Trust Company, N.A.  
PO Box 43069  
Providence, RI 02940-3069  
Phone: (781) 575-2723  
Hearing Impaired: (800) 952-9245

### INDEPENDENT ACCOUNTANTS

Deloitte & Touche LLP  
Stamford Harbor Park  
333 Ludlow Street  
Stamford, CT 06902-6993

### FOR SHAREHOLDER INFORMATION, CONTACT:

Tyler P. Schuessler  
Vice President, Organizational Development  
and Investor Relations  
Corporate Offices  
(203) 661-1926

### CORPORATE OFFICES

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E-mail: [blyth@blyth.com](mailto:blyth@blyth.com)  
[www.blyth.com](http://www.blyth.com)

### MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The price range for the Company's Common Stock on the New York Stock Exchange as reported by the New York Stock Exchange was as follows:

Fiscal 2004 (Ended 1/31/04)	High	Low
First Quarter	\$26.63	\$23.46
Second Quarter	\$30.38	\$25.36
Third Quarter	\$28.82	\$25.95
Fourth Quarter	\$33.65	\$27.93
Fiscal 2005 (Ended 1/31/05)	High	Low
First Quarter	\$34.51	\$31.28
Second Quarter	\$36.00	\$30.46
Third Quarter	\$35.51	\$28.43
Fourth Quarter	\$32.72	\$27.80

## DIRECTORS

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**ROGER A. ANDERSON**<sup>1,3</sup>  
Chairman  
Promotion Products, Inc.

**JOHN W. BURKHART**<sup>2,3</sup>  
Chairman  
Breezy Hill Enterprises, Inc.

**PAMELA M. GOERGEN**  
Managing Director  
The Ropart Group

**ROBERT B. GOERGEN**  
Chairman of the Board and  
Chief Executive Officer  
of the Company

**NEAL I. GOLDMAN**<sup>2</sup>  
President  
Goldman Capital  
Management, Inc.

**CAROL J. HOCHMAN**<sup>2</sup>  
President and Chief  
Executive Officer  
Danskin, Inc.

**WILMA H. JORDAN**<sup>1,3</sup>  
Chief Executive Officer  
The Jordan, Edmiston Group

**JIM McTAGGART**<sup>2,4</sup>  
Chairman  
Marakon Associates

**JOHN E. PRESCHLACK**<sup>\*,2,3</sup>  
Chairman and President  
JPCOR, Inc.

**HOWARD E. ROSE**<sup>1</sup>  
Former Chief Financial  
Officer of the Company

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Compensation Committee

<sup>3</sup> Member of the Nominating and Corporate Governance Committee

<sup>4</sup> Member of the Nominating and Corporate Governance Committee effective June 7, 2005

\* Retiring effective June 8, 2005

The charter of each committee is available at [www.blyth.com](http://www.blyth.com) or by contacting Blyth's corporate offices.

## OFFICE OF THE CHAIRMAN

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**ROBERT B. GOERGEN**  
Chairman of the Board and  
Chief Executive Officer

**BRUCE G. CRAIN**  
Senior Vice President and  
President, Wholesale Group

**ROBERT B. GOERGEN, JR.**  
Vice President and President,  
Catalog & Internet Group

**FRANK P. MINEO**  
Senior Vice President and  
President, Direct Selling Group

**ROBERT H. BARGHAUS**  
Vice President and Chief  
Financial Officer

## OTHER OFFICERS

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**JANE F. CASEY**  
Vice President and Treasurer

**ANIL J. GUPTÉ**  
Vice President  
Research and Development

**BRUCE D. KREIGER**  
Vice President  
General Counsel and Secretary

**MARCIA L. PONTIUS**  
Vice President  
Acquisitions and Corporate  
Development

**TYLER P. SCHUESSLER**  
Vice President  
Organizational Development and  
Investor Relations

**RICHARD S. ZIELINSKI**  
Vice President and Controller

## SEGMENT MANAGEMENT

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### DIRECT SELLING GROUP

**FRANK P. MINEO**  
President

**JAMES MANNION**  
President  
PartyLite North America

**ANNE BUTLER**  
President  
PartyLite International

**MARTIN KÖHLER**  
General Manager  
PartyLite Germany

**FRANZ STEIN**  
Group General Manager  
New & Emerging  
Markets—Europe

**JAMES TURNER**  
Vice President  
Direct Selling Group

### WHOLESALE GROUP

**BRUCE G. CRAIN**  
President

**JEFFREY CARR**  
Group President  
Blyth Wholesale Europe

**JØRGEN DREYER**  
Managing Director  
The Gies Group

**LOUISE McMAHON**  
General Manager  
The Colony Group

**JOS VAN TOL**  
Managing Director  
Kaemingk

**EEF VERKLEIJ**  
Managing Director  
Edelman

**STEPHEN KOSMALSKI**  
Group President  
Blyth Wholesale North America

**JEFFREY WILSON**  
President  
Midwest, Inc.

**TERRY STEWART**  
President  
CBK Styles, Inc.

**WALTER ADAMS**  
President  
The Sterno Group

### CATALOG & INTERNET GROUP

**ROBERT B. GOERGEN, JR.**  
President

**MICHAEL MUOIO**  
President  
Miles Kimball Company

For more information about  
the Blyth family of companies,  
please visit our websites:

[www.blyth.com](http://www.blyth.com)  
[www.asp-holmblad.dk](http://www.asp-holmblad.dk)  
[www.blythhomescents.com](http://www.blythhomescents.com)  
[www.candlecorpfs.com](http://www.candlecorpfs.com)  
[www.carolinacandle.com](http://www.carolinacandle.com)  
[www.cbkhome.com](http://www.cbkhome.com)  
[www.colonialcandle.com](http://www.colonialcandle.com)  
[www.edelman.nl](http://www.edelman.nl)  
[www.eurodecor.nl](http://www.eurodecor.nl)  
[www.exposuresonline.com](http://www.exposuresonline.com)  
[www.florasense.com](http://www.florasense.com)  
[www.gies-kerzen.de](http://www.gies-kerzen.de)  
[www.kaemingk.com](http://www.kaemingk.com)  
[www.liljeholmens.se](http://www.liljeholmens.se)  
[www.mileskimball.com](http://www.mileskimball.com)  
[www.mileskimballcards.com](http://www.mileskimballcards.com)  
[www.partylite.com](http://www.partylite.com)  
[www.purpletree.com](http://www.purpletree.com)  
[www.seasonsofcannonfalls.com](http://www.seasonsofcannonfalls.com)  
[www.sterno.com](http://www.sterno.com)  
[www.thehomemarketplace.com](http://www.thehomemarketplace.com)  
[www.wdrake.com](http://www.wdrake.com)

# BLYTH

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