



Letter from Marcel BICH to its shareholders

"Annual Meeting June 4th, 1973"

Dear Shareholders,

I would like to take the opportunity of this first shareholder meeting of our company since its listing on the Paris stock exchange on November 15th 1972 to tell you how I conceive its management.

These principles of management have been developed over the past 20 years since I founded the company and then managed it. They were not shaped by a formal education in a French or American business school but are the result of the tough school of business which I entered at the age of 18 by the smallest door. Nobody will deny me the title of "money maker" as our company started in 1953 with an initial investment of 10,000 new Francs and today, it has grown to 150 million francs par-value share capital, all through internally generated funds, representing on average of almost doubling each year over the last 20 years.

The first principle is that development is based on risks. Potential gains increase in proportion to risks taken. The more you risk, the bigger your chances of winning...or losing. The most practical solution is to cover all risks from the outset, and then you can't lose. This explains why you will not find in our balance sheet any medium or long term debt, a rare situation in today's world where inflation makes borrowing very tempting.

The second principle is to trust our people. We are fiercely anti-technocratic. The way to keep the price of beef down is not by government price regulation, but by producing beef efficiently.

Technocracy is a widespread disease today. Starting at the top with the ENA (Ecole Nationale d'Administration), it reaches all levels. It is particularly attractive to French people, Cartesian by nature. It results in a large number of administrators and organizers, but when it comes to rolling up your sleeves and doing the actual work there is nobody. Technocracy results in high production costs and, much more critical, low morale among employees who become discouraged and bored with their jobs in which they cannot take any initiative. By placing confidence in workers, employees and executives, everything becomes simpler. Contrary to popular belief, private enterprises have a greater chance of success today than they ever did. As proof, just look at the increasingly serious difficulties in which large state-owned companies find themselves.

Third, in order for a business to truly prosper it must operate on a worldwide scale. This requires financial, industrial and commercial strength.

However, these two notions of necessary strength and equally necessary trust in people are diametrically opposed. To reconcile them is a difficult task. BIC looks for the solution in its day-to-day operations. "It is the function which creates the institution".

Yours faithfully

SOCIETE BIC
Marcel BICH
Chairman & Chief Executive Officer