



Letter from Marcel BICH to the shareholders

"Annual Meeting
June 4th, 1973"

Dear Shareholders,

We are meeting for the first time since our company was listed on the Paris Stock Exchange on November 15, 1972 and I would like to take this opportunity to tell you how I see the principles underlying the conduct of our business.

These principles have been developed over the last twenty years since I founded and managed the Company. They were not shaped by a formal education from a French or American business school, but rather by the tough school of hands-on business which I entered at the age of 18 as a mere freshman. There is no denying I am now a successful businessman. I started the company in 1953 with an initial investment of 10,000 francs. Today it has grown to 150 million francs par-value share capital, all-through internally generated funds, representing on average almost doubling each year over the 20 years.

Firstly, this development has been achieved through taking 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 risk 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 achievement in today's world where inflation makes borrowing very tempting.

The second key to our success has involved trusting our staff to act responsibly. Our company is 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. It is common in France, where people tend to be analytical in the Cartesian sense, but it produces too many administrators and organisers, and not enough people prepared to roll their sleeves up and do the actual work.

Technocracy results in a high production cost and, more alarming, low morale among employees who become discouraged and bored with jobs in which they can't take any initiative. By placing confidence in workers, employees and executives, everything becomes easier. Contrary to popular belief, private businesses have a greater shot at success today than they did in the past.

As proof, just look at the increasingly serious difficulties in which large state-owned companies find themselves.

Thirdly, 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 reliance on individuals are diametrically opposed. To reconcile them is difficult. BIC tries to rise to this challenge in its day-to-day practice: "necessity is the mother of invention".

Yours faithfully

SOCIETE BIC
Marcel BICH
Chairman & Chief Executive Officer