

RSM Richter Inc.

May 28, 2004

RSM Richter Inc.

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**TO: THE CREDITORS OF LES BOUTIQUES SAN FRANCISCO INCORPORÉES,
LES AILES DE LA MODE INCORPORÉES AND
LES ÉDITIONS SAN FRANCISCO INCORPORÉES (“Debtors”)**

Dear Madam/Sir,

We refer to our first notice advising you that, on December 17, 2003, the Quebec Superior Court (“Court”), sitting as Tribunal designated under the *Companies’ Creditors Arrangement Act* (“CCAA”), had issued an Order (“Initial Order”) granting the Debtors protection under the CCAA and that RICHTER & ASSOCIÉS INC. (now called RSM Richter Inc.) had been appointed Monitor by the Court and to our subsequent notices.

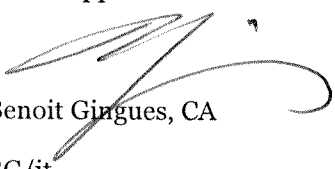
Be advised that, on May 21, 2004, the Debtors filed a fourth Motion for the extension of the Amended Initial Order. The Court issued that same day an order extending the Amended Initial Order until July 30, 2004. We enclose for your information a copy of the order dated May 21, 2004.

We wish to advise you that the Creditors are now required to file a Proof of Claim (see enclosed the Notice to Creditors of the Claims Bar Date Relating to the Filing of Claims).

Following the filing of the Plan, a copy thereof will be transmitted to you. We will also inform you of the date of the Meeting of Creditors scheduled to consider and vote on the Plan as well as details of the procedure applicable at the Meeting.

Yours very truly,

RSM Richter Inc.
Court-Appointed Monitor


Benoit Gingues, CA

BG/jt
Encls.

[UNOFFICIAL TRANSLATION]

SUPERIOR COURT

**CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL**

No: 500-11-022070-037

DATE: MAY 21, 2004

THE HONORABLE CLÉMENT GASCON, J.S.C., PRESIDING

IN THE MATTER OF THE PLAN OF ARRANGEMENT OF:

**LES BOUTIQUES SAN FRANCISCO INCORPORÉES
LES AILES DE LA MODE INCORPORÉES
LES EDITIONS SAN FRANCISCO INCORPORÉE**
Debtors (Petitioners)

AND

RSM RICHTER INC.
Monitor

FOURTH AMENDED INITIAL ORDER

(1) The BSF Group seeks a fourth extension of the initial order issued on December 17, 2003 in this matter, which order was amended on January 15, 2004, and extended three time, to March 16, April 12, and May 21 2004.

(2) The extension sought today to July 30, 2004, while longer than previous extensions, appears to be warranted and the Court is disposed authorize it subject however to certain terms and conditions.

(3) The grounds that convince the Court to allow this extension are summarized as follows:

1. Since the initial order, the BSF Group has continued to operate its boutiques, pay its employees and keep them informed of the progress of the situation in like manner as the creditors;
 2. The BSF Group continues to demonstrate good faith and diligence in pursuing its objective. The filing of the plan of arrangement is announced for June 7, 2004; a creditors' meeting is contemplated for July 6, and an application to the Court for approval of the plan for July 9, 2004;
 3. The BSF Group has made the progress expected in these matters at the last Motion for Extension presented on April 23, 2004. The announced invitation for proposals was implemented and resulted in a unanimous recommendation from the independent committee and subsequent acceptance by the Board of Directors of a recapitalization offer, subject to specific conditions. Mr. Frigon confirms that that was the most attractive offer for the debtors' employees, suppliers and creditors;
 4. The aforementioned recapitalization offer, once the conditions have been fulfilled, contemplates the filing of a plan of arrangement and submission thereof to the creditors, with the result that if it is accepted and approved by the Court, it will allow for a first dividend to be paid to the creditors in early August 2004;
 5. The extension sought, while longer than the others, allows the BSF Group to achieve these crucial steps in its reorganization without being required to appear unnecessarily before the Court, which is tedious and costly for all interested parties. Insofar as the terms and conditions regarding the critical target dates of the schedule provided for by July 30, are properly monitored, which will be the case, no person whatsoever will be prejudiced if a longer extension is granted at this stage;
 6. The Monitor supports the application for an extension. As usual in this case, the application was transmitted to the creditors and known stakeholders, and apart from certain comments warranted in part respecting the conditions for monitoring progress of the matter, there were no serious objections to the extension.
- (4) That being said, the Court is of the view that an extension to July 30, necessitates obliging the BSF Group to appear before the Court should certain key steps not be accomplished as provided for.
- (5) This is case regarding two steps, namely the remittance and filing of the plan of arrangement on June 7, and the creditors meeting scheduled for July 6, 2004. If these dates are not respected, the Court considers it necessary that the BSF Group appear before it to explain the reasons therefor and then to justify why an extension of the initial order would still be appropriate.

(6) Similarly, the extension is sought on the strength of a specific offer of recapitalization detailed in the motion, the acceptance of which lead to the filing of the anticipated plan of arrangement. If for any reason the plan of arrangement remitted and filed on June 7, is based on anything other than the recapitalization offer, the Court considers it prudent to also provide that BSF Group be summoned to appear before it to explain the reasons therefor and, as the case may be, allow representations to be made by the persons concerned regarding any impact this could have on the extension granted.

(7) **THEREFORE, FOR REASONS GIVEN ORALLY AND RECORDED, THE COURT:**

(8) **GRANTS** the fourth amended motion for the extension of the petitioners initial order;

(9) **DECLARES** that the Initial Order of the Court rendered on December 17, 2003 and the Amended Initial Order of the Court rendered on January 15, 2004 in this matter remain in force and retain their full force and effect, and that the Stay Termination Date, within the meaning of paragraph 41 of the Initial Order, is hereby extended to July 30, 2004;

(10) **DECLARES** that the Monitor, as defined in paragraph 57 of the Initial Order, is henceforth referred to as RSM Richter Inc. and that all orders previously rendered and all prior undertakings are hereby amended and modified so that the Monitor is referred to as RSM Richter Inc.;

(11) **RECONVENES** the parties before the Court to reassess the situation, at 9:15 a.m. in a room to be later specified, on the following dates:

1) If a plan of arrangement is not remitted and filed on June 7, 2004 in accordance with subparagraph 26(4) of the motion, on June 9, 2004;

2) If the basis of the plan of arrangement remitted and filed on June 7, 2004 is other than the recapitalization offer referred to in the motion, on June 9, 2004;

3) If the creditors' meeting is not held on July 6, 2004 in accordance with subparagraph 26(8) of the motion, on July 7, 2004;

4) With respect to the motion for Court approval referred to in subparagraph 26(9) of the motion, on July 9, 2004; and

5) On July 30, 2004, the expiration date of this fourth extension.

(12) **DECLARES** that the notices of presentation of this motion are valid and sufficient;

(13) **ORDERS** provisional execution of this fourth amended initial order, notwithstanding appeal and without being required to give security;

(14) **WITHOUT COSTS.**

(Signed)
CLÉMENT GASCON, J.S.C.

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Attorneys for the Directors

Mtre André Ryan
Brouillette, Charpentier, Fortin
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Date of hearing: MAY 21, 2004