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March 26, 2004

**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. had been appointed Monitor by the Court.

Be advised that the Debtors filed a second Motion for the extension of the Initial Order and that, on March 16, 2004, the Court issued an order extending the Initial Order until April 23, 2004. We enclose for your information a copy of the order dated March 16, 2004.

We also enclose a copy of a letter addressed to you by the Debtors.

We wish to confirm that, at the present time, creditors are not required to file a Proof of Claim and that, in due course, we will be forwarding to the creditors the Plan of Arrangement filed by the Debtors as well as convening a creditors' meeting to vote on same.

Yours very truly,

RICHTER & ASSOCIÉS INC.  
Court-Appointed Monitor

  
Per: Benoit Gingues, CA

Encls.



March 26, 2004

Dear suppliers and creditors,

Pursuant to the court order of the Québec Superior Court rendered to allow Les Boutiques San Francisco Incorporées, Les Ailes de la Mode Incorporées and Les Éditions San Francisco Incorporées ("Companies") to restructure their activities under the Companies' Creditors Arrangement Act ("CCAA"), the Companies have drawn up a restructuring plan which they tabled to the Court on January 15, 2004 and of which they achieved a good part.

The San Francisco and Victoire Delage/Moments Intimes banners have thus been sold, the head office staff has been reduced to the required operations of maintained activities and the downtown Les Ailes de la Mode in Montreal operates on two floors, reducing its surface area from 223,000 sq. ft. to 75,000 sq. ft.

A positioning strategy plan of the Ailes de la Mode concept has been completed and is being implemented; a similar study is being made for San Francisco Swimsuits and Bikini Village.

At a new hearing held on March 16, 2004, the Honourable Judge Clément Gascon granted the Companies a second extension of time for protection under CCAA until April 23, 2004.

This extension is intended to allow us, inter alia, to set up a new financing agreement with a new financial institution and to seek for potential investors. In order to accomplish same, an independent committee has been created within the Board of Directors' members in order to assess such offers and make recommendations to the Board of Directors.

The set up of this new financing agreement and injection of funds from new investors are necessary to the plan to be submitted to the creditors of the Companies. Be assured we continue making all such efforts possible in order to have the Plan being tabled shortly.

Furthermore, we are still taking measures in order to sell the head office building and will close the sale upon our full satisfaction of the conditions being offered being reasonable.

We thank you again for your support and understanding during this period, without which we could not continue servicing our customers who constantly express the desire to have us serve them.

During the past weeks, we achieved many steps in the reorganization of the Companies, which allows us to start the new steps in the coming weeks with serenity.

Thank you for your support and understanding.

A handwritten signature in cursive script, appearing to read "Gaétan Frigon".

Gaétan Frigon  
Chief Restructuring Officer as interim