



Court Authorizes Les Boutiques San Francisco Incorporées to Carry Out Restructuring Plan

- 585 jobs eliminated
- Reduction of \$32.5 million in administrative and sales costs

LONGUEUIL, January 15, 2004—Les Boutiques San Francisco Incorporées (the Corporation) announces that the Superior Court of the Province of Quebec has granted it a court order that will allow it to proceed with its restructuring plan.

This plan will result in the elimination of 585 jobs, 66 of which are at head office and 36 at the Company's distribution center. The other 483 job reductions are planned for the network of four Les Ailes de la Mode stores, mainly at the downtown Montreal branch. Company currently employs a total of 2,816 people.

"It is with regret that we announce these job cuts," said Gaétan Frigon, Chief Restructuring Officer. "However, a rationalization of staff levels was necessary to reduce administrative and sales costs."

The business foresees a recurring reduction in its administrative costs of \$8.5 million a year as a result of the reorganization of its administrative structure, including the decrease in staff at head office and the distribution center, and the reduction of advertising expenditures. Under the plan, the head office in Boucherville will be sold and administrative staff will be housed in offices adjacent to the Les Ailes de la Mode store in Brossard.

Sales expenses will drop by \$24 million per year. The sale of the San Francisco and Victoire Delage/Moments Intimes banners will result in a decrease of \$17.5 million in sales costs per year. The reduction in surface area of the Les Ailes de la Mode store in downtown Montreal and the repositioning of the overall Les Ailes de la Mode banner will account for savings of \$6.5 million.

At the Superior Court hearing today, the lawyer representing the banking syndicate indicated that his clients supported the restructuring plan and even alluded to the possibility of new financing. The Corporation has an initial 60-day period to implement the first elements of its restructuring plan. Jean-Claude Gagnon will act as Interim Chief Operating Officer, while Laurent Mériaux will be the Interim Chief Financial Officer. They will report directly to Mr. Frigon.

"During the coming weeks, we will implement the initial elements of our restructuring plan in cooperation with the Court-appointed monitor and will continue our discussions with the Company's partners on the elements that still need to be settled. In all cases, we will act in the best interest of the parties involved," Mr. Frigon concluded.

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