



LES BOUTIQUES SAN FRANCISCO PRESENTS RESTRUCTURING PLAN

Company to Focus on Les Ailes de la Mode and Swimwear Division

LONGUEUIL, January 14, 2004 --- Les Boutiques San Francisco Incorporées (the Corporation) today presented the main elements of its restructuring plan to the Superior Court of the Province of Quebec, as part of a motion for extension under the *Companies' Creditors Arrangement Act*. The Company asked the Court to grant an initial period of 60 days to implement this plan. The motion pertains to the Corporation, Les Ailes de la Mode Incorporées and Les Éditions San Francisco Incorporées (the whole of which is defined as the Group).

“The proposed plan sets out to allow the Group to find a definitive solution to its financial difficulties, caused mainly by the Les Ailes de la Mode store in downtown Montreal, and to begin again on a viable basis and in a context of continuity,” said Gaétan Frigon, Chief Restructuring Officer. “We are confident that, with this plan, the Group will be able to pursue its activities profitably and generate the liquidities necessary for its future development.”

The principal elements of the restructuring plan are as follows:

- Concentration on two core businesses for which the Group has a strong position in the marketplace, namely the Les Ailes de la Mode (four stores) and the swimwear division, operated under the Bikini Village (39 stores) and San Francisco Maillots (21 stores) banners.
- The sale of non-core activities, namely the San Francisco (36 stores) and Victoire Delage/Moments Intimes (18 stores) banners. These sales will be made on a going-concern basis in order to maximize the value of these assets.
- Liquidation of the inventory of the downtown Les Ailes de la Mode store and temporary closure by April 30, 2004. The surface area of this store will be downsized from its present 225,000 sq. ft. to 75,000 sq. ft. In doing so, the downtown store, when it re-opens in August 2004, will have a surface area and will be configured in a manner similar to the three other successful Les Ailes de la Mode stores in Brossard, Laval and Quebec City. A single concept for all Les Ailes de la Mode stores will facilitate management of the banner. Positive discussions have already begun with the real estate owner, Ivanhoe Cambridge, and the Group is confident that an agreement can be reached.

- The sale of the head office building on Lauzon Street in Boucherville, in the City of Longueuil, and the move of administrative personnel to office space available at the Les Ailes de la Mode store in Brossard.
- The closing of four unprofitable stores in the Bikini Village et San Francisco Maillots banners.
- Adoption of significant cost-cutting measures to reduce administrative expenses. These will be implemented in January and February and will continue throughout all of 2004 for recurring annual savings of approximately \$8.5 million.
- The merchandise offered by the Les Ailes de la Mode stores will be updated to correspond more fully to customer expectations. As a result, in each store, the Company will strengthen departments for women's clothing, cosmetics, men's clothing, decoration, lingerie and women's accessories. The Les Ailes de la Mode stores will no longer offer departments for children, nor peripheral services (restaurants, hair dressing salons and concessions).

Once the implementation of the restructuring plan is well underway, the Group intends to propose to its creditors and other stakeholders a final plan or plans of arrangement (the Arrangement). The Group considers that the Arrangement to be proposed will be more beneficial for its creditors than a liquidation, since it maintains the Company as a going concern.

Since the issuance of the initial order by Superior Court on December 17, 2003, the Group has continued to operate in the normal course, without disruption. All of the stores have remained open and continue to do so.

“This restructuring plan will allow the Group to focus on two strong concepts, Les Ailes de la Mode and swimwear sales,” stated Mr. Frigon. “Once the problems of the downtown store are settled, the overall Les Ailes de la Mode banner will be able to achieve success, especially with an even more targeted positioning that corresponds to customer expectations. As far as Bikini Village and San Francisco Maillots are concerned, they are already the uncontested leaders in swimwear sales in Quebec. They are profitable chains that offer interesting potential for growth. Moreover, serious investors have already shown interest in taking part in re-launching the Group based on these two focal points for development.”

PROPOSED APPOINTMENTS

In order to carry out this restructuring plan, Mr. Frigon has proposed the appointment of Mr. Jean-Claude Gagnon, as Interim Chief Operating Officer, and Mr. Laurent Mériaux, as Interim Chief Financial Officer. Mr. Gagnon has had broad experience in the retail sector while Mr. Mériaux was, among other things, in charge of finance for a large renovation chain.

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