



LES BOUTIQUES SAN FRANCISCO INCORPORÉES TO RESTRUCTURE UNDER PROTECTION OF COMPANIES' CREDITORS ARRANGEMENT ACT

All Stores to Remain Open

BOUCHERVILLE, December 17, 2003 – Les Boutiques San Francisco Incorporées (the “Corporation”) announces that it has filed a motion today with the Superior Court of the Province of Québec to allow the business to proceed with an operational, commercial, financial and corporate restructuring under the protection of the Companies’ Creditors Arrangement Act (“CCAA”).

The filing includes the Corporation and all of its divisions, Les Ailes de la Mode Incorporées and Les Éditions San Francisco Incorporées, (the whole of which is defined as the Group).

The Group’s 117 stores, including Les Ailes de la Mode, remain open and clients will receive the same quality service to which they have become accustomed. The Group will honor all benefits under its client services program (exchanges and reimbursements, layaways, gift certificates, loyalty program, etc.).

“Despite the important restructuring efforts made by the Group in 2003, before my arrival in mid-September, it has become obvious to me that the steps taken were not sufficient principally due to the disappointing results of the Les Ailes de La Mode store located in downtown Montreal,” said Sylvain Toutant, president and CEO. “Following an in-depth analysis of the situation, I have concluded that the downtown store cannot achieve profitability in the foreseeable future, in its present form, because it continues to drain a large portion of the human and financial resources of the Group as a whole. In this context, discussions have already begun with the owner of the complex, Ivanhoe Cambridge, to reduce the surface area of the Les Ailes de la Mode store downtown in order to assure its viability.”

Mr. Toutant therefore recommended to his Board of Directors that the Group seek a court order from the Superior Court of the Province of Québec to implement a restructuring plan in an orderly fashion for the benefit of all stakeholders. The complexity of the situation as well as the number of creditors and lessors involved render it impossible for the Group to implement such a plan without the flexibility provided by the CCAA.

Richter & Associés Inc. will be appointed as the monitor under the Court supervised restructuring.

“While this decision was clearly not easy, it is essential to allow us to make the changes necessary to ensure the long-term viability of the business,” Mr. Toutant stated. “We will act in the best interests of our 2,500 employees and our clients who have been faithful for more than 25 years as well as in the interests of the other parties involved.”

Quarterly Results

Due to the motion presented today in Superior Court, the financial results for the third quarter ended November 1, 2003, will be issued on December 23, 2003. The Corporation foresees the possibility of a large write-off on the value of its investment in the Les Ailes de la Mode store in downtown Montreal.

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