

Sender: Les Boutiques San Francisco Incorporées

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**LES BOUTIQUES SAN FRANCISCO INCORPORÉES
AMENDS ITS PLAN OF COMPROMISE AND ARRANGEMENT
FOR THE HOLDERS OF THE 8% DEBENTURES**

LONGUEUIL, July 8, 2004 – Les Boutiques San Francisco Incorporées (the Corporation) announced that, following discussions with National Bank Financial (NBF), representative of a significant group of holders of the debentures of the Corporation, it has decided to amend its plan of compromise and arrangement (the Amended Plan) in order to modify its offer to the holders of the 8% convertible unsecured subordinated debentures due 2008 (the 8% Debentures). The Corporation has filed its Amended Plan before the Superior Court of Québec today.

Under the Amended Plan, the Corporation will cancel the issued and outstanding 8% Debentures with an aggregate par value of \$14,992,000, and will issue to the holders of 8% Debentures new debentures with a par value of \$6,146,720 representing 41% of the total par value of the 8% Debentures.

The new debentures will have the same terms and conditions as those subscribed for by the group of investors pursuant to the offer of recapitalization and business recovery already announced by the Corporation. In brief, the debentures will have a four year term and be unsecured. They will bear interest at a per annum rate of 12%. They will be redeemable at the discretion of the Corporation after the third anniversary of their issuance and may be converted, at the discretion of the holder, at any time up to maturity, in whole or in part, into Class B Subordinate Voting Shares of the Corporation at the conversion price of \$0.50 per share.

Moreover, the Corporation has entered into a support agreement with NBF pursuant to which NBF has undertaken to recommend that all of its clients approve the Amended Plan and, unless otherwise specified, to vote all proxies received from its clients for the approval of the Amended Plan.

The meeting of the holders of the 8% Debentures postponed to Wednesday, July 7, 2004 at 11:00 a.m. has been adjourned to 4:00 p.m. today and will be held at the offices of RSM Richter Inc. at 2 Place Alexis Nihon, 3500 de Maisonneuve Blvd. West, 22nd floor, in Montreal.

The Amended Plan, the court orders issued under the *Companies' Creditors Arrangement Act* as well as the management reports of RSM Richter Inc., the court-appointed monitor, are available at www.rsmrichter.com. Additional information regarding the Corporation, including its annual and interim financial statements, is available through SEDAR at www.sedar.com.

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