

Sender: Les Boutiques San Francisco Incorporées

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**THE HOLDERS OF THE 8% DEBENTURES OF  
LES BOUTIQUES SAN FRANCISCO INCORPORÉES  
APPROVE THE AMENDED PLAN OF COMPROMISE AND ARRANGEMENT  
Continuity of the Corporation is ensured**

LONGUEUIL, July 8, 2004 – Les Boutiques San Francisco Incorporées (the Corporation) announced that, at a meeting held earlier today, the holders of the 8% convertible unsecured subordinated debentures due 2008 (the 8% Debentures) approved the amended plan of compromise and arrangement (the Amended Plan), a crucial step in ensuring the continuity of the Corporation.

The modified offer includes the cancellation of the issued and outstanding 8% Debentures with an aggregate par value of \$14,992,000, and the issuance 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 a four-year term, they will be unsecured and 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.

On July 5<sup>th</sup>, 93.4% of the chirographic creditors of the Corporation, 81.9% of Les Ailes de la Mode Incorporées (Les Ailes) creditors and 100% of Les Éditions San Francisco Incorporées (Les Éditions) creditors approved the Amended Plan. The Amended Plan provides that the creditors of the Corporation (other than Ivanhoé Cambridge) will receive an aggregate amount representing 37% of their ordinary claims and creditors of Les Ailes an aggregate amount representing 10% of their ordinary claims. As for creditors of Les Éditions, it is expected in the Amended Plan that all debt repayments received by Les Éditions in installments be transferred to the Controller for distribution to creditors of Les Éditions proportionate to their debt issue up to the amount of their proven claim.

“The approval of the Amended Plan by debenture holders marks an important step in a process that started December 17, 2003, when the Corporation submitted a request to the Quebec Superior Court to exercise its rights under the *Companies’ Creditors Arrangement Act*. Since that time, the restructuring team has worked without respite to resolve definitively the financial problems of the Corporation in order start again in a viable way and in a context of continuity,” indicated Mr. Gaétan Frigon, Chief Restructuring Officer. “Over the last months, among other things, we proceeded with the sale of non-strategic activities, the closing of unprofitable stores, the reduction of general administration expenses as well as a reduction in the square-footage of the downtown Montreal Les Ailes de la Mode store and the signing of an agreement with Ivanhoé Cambridge,” he added.

“I am happy to be able to say today: mission accomplished. I must thank all who have, in one way or another, contributed to successfully meeting the challenge of ensuring the continuity of a business that has been recognized for 25 years for its dynamism, vitality and originality,” concluded Mr. Frigon.

The next steps concerning the restructuring of the Corporation include submission tomorrow in Quebec Superior Court of a request to ratify the amended transaction and arrangement plan of the Corporation and the closing, before the end of July, of a private placement by a group of investors.

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](http://www.rsmrichter.com). Additional information regarding the Corporation, including its annual and interim financial statements, is available through SEDAR at [www.sedar.com](http://www.sedar.com).

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