



SAN FRANCISCO BANNER SOLD TO GROUPE MARIE CLAIRE

LONGUEUIL, January 26, 2004 --- Les Boutiques San Francisco Incorporées (the "Corporation") announces the conclusion of an agreement for the sale of the San Francisco banner to the groupe Marie Claire of Montreal. The agreement for approximately \$3.2 million is for 33 of the 36 stores operating under this banner, including part of their inventory.

The groupe Marie Claire already operates clothing shops in Quebec under the Marie Claire, Terra Nostra, Claire France, Émotions and M.C. Collection banners. "This acquisition will allow us to occupy a market niche that is complementary to those in which we operate presently. We are very happy to acquire the San Francisco stores which have a high level of awareness and appreciation in the marketplace. That is why we will retain the San Francisco name," stated Réal Lafrance, president and owner of the groupe Marie Claire.

Gaétan Frigon, Chief Restructuring Officer of the groupe San Francisco, is very pleased that the purchaser intends to continue operating almost all of the network of San Francisco stores. "This is the first sale of assets in the business restructuring plan that was accepted by Superior Court on January 15. Although we still have a great deal to do, we are headed in the right direction," Mr. Frigon pointed out.

Due to the fact that the groupe San Francisco has obtained a court order under the *Companies' Creditors Arrangement Act*, the sale of the San Francisco banner is subject to Superior Court approval. It is also subject to due diligence as well as to a certain number of other conditions, including the transfer and renewal of leases.

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