

FEBRUARY 6, 2008
FINAL FOR RELEASE

CACHE, INC.
NASDAQ COMMON STOCK SYMBOL CACH

CACHE REPORTS FOURTH QUARTER AND FISCAL 2007 RESULTS
Reports 7% Increase in January 2008 Comparable Store Sales
Introduces First Quarter Fiscal 2008 Guidance of \$0.03 - \$0.04 per diluted share

New York, New York – February 6, 2008 – Cache Inc., (NASDAQ: CACH), a specialty chain of women's apparel stores with 293 stores currently open, reported results for the 13 and 52 week periods ended December 29, 2007.

For the thirteen week period ended December 29, 2007:

- Net sales decreased by 6% to \$78.5 million compared to \$83.6 million for the same period last year and comparable store sales declined 7%. Fourth quarter fiscal 2006 net sales included \$0.6 million in sales for the former Lillie Rubin business;
- Net income totaled \$4.9 million or \$0.32 per diluted share compared to net income of \$4.2 million, or \$0.26 per diluted share for the same period last year. Net income in the fourth quarter of fiscal 2006 included costs of \$159,000 or \$0.01 per diluted share related to the exit of Lillie Rubin and \$422,000 or \$0.03 per diluted share related to Lillie Rubin losses.

“The fourth quarter proved difficult for the Company, as the soft consumer spending environment led to increased promotional activity, compared to the prior year,” stated Thomas Reinckens, Cache Chairman and Chief Executive Officer. “On a positive note, we managed expenses and inventory well, which enabled us to report fourth quarter earnings above last year despite lower sales.”

“Strategically, fiscal 2007 included many noteworthy accomplishments. We acquired Adrienne Victoria Designs, paving the way for our vertical integration and adding significant design, merchandising and production talent to our organization. We launched our loyalty program and began to optimize our expanded marketing platform. In addition, we expanded the range of products offered in our stores, to meet more of our customers lifestyle needs. Finally, we initiated a stock buyback program, demonstrating the conviction in our strategies and confidence in our long-term outlook. As we begin fiscal 2008, we believe we are implementing the initiatives that will lead to increased sales productivity, operating margins and profitability for our Company.”

For the fifty-two week period ended December 29, 2007:

- Net sales decreased by 2% to \$274.5 million compared to \$279.0 million for the same period last year and comparable store sales declined 1%. Fiscal 2006 net sales included \$13.1 million in sales for the former Lillie Rubin business;
- Net income totaled \$6.5 million or \$0.40 per diluted share including \$78,000 or \$0.00 per diluted share reversal of Lillie Rubin exit costs and \$1.0 million, or \$0.04 per share related to legal settlement costs. This compares to net income of \$8.3 million or \$0.51 per diluted share last year, which included costs of \$5.7 million or \$0.20 per diluted share related to the exit of Lillie Rubin and \$3.2 million or \$0.20 per diluted share in Lillie Rubin losses, in fiscal 2006.

Additionally in Fiscal 2007, the Company:

- Acquired Adrienne Victoria Designs, its largest supplier, which significantly advanced the Company's direct sourcing and manufacturing efforts as well as expanded its talent in design, production and merchandising; and
- Initiated a stock repurchase program, with a current total authorization to buy back up to 3.5 million shares, representing a reduction of 21% of the common stock outstanding at the commencement of the program.

Fourth Quarter and Full Year Operating Highlights

Gross profit in the fourth quarter of fiscal 2007 was \$36.4 million, or 46.4% of net sales, compared to \$40.4 million, or 48.3% of net sales, in the fourth quarter of fiscal 2006. For the fiscal year, gross profit was \$127.0 million, or 46.3% of net sales, compared to \$133.1 million, or 47.7% of net sales, in the prior year period. The decline in gross profit margin for the fourth quarter and fiscal year can be attributed to increased markdowns and lower leverage on buying and occupancy costs, partially offset by lower sourcing costs.

In total, operating expenses for the fourth quarter of fiscal 2007 were \$29.6 million, or 37.8% of net sales, as compared to \$33.6 million, or 40.2% of net sales in the fourth quarter of 2006. For the fiscal year, total operating expenses were \$119.7 million, or 43.6% of net sales, as compared to \$121.5 million, or 43.5% of net sales, in the prior year period. For the fourth quarter, reduced marketing expenses was the primary driver of the decline in total operating expenses and improvement in operating expenses, as a percent of sales, as compared to the prior year period. Operating expenses for fiscal 2007 included \$0.7 million of increased marketing expenses, \$0.9 million of increased professional fees and legal settlement costs and \$1.1 million in increased depreciation expense, as compared to the prior year period. Operating expenses for fiscal 2006 included \$5.7 million in Lillie Rubin exit costs.

At December 29, 2007, cash and marketable securities totaled \$50.1 million, with \$24.2 million utilized to fund the purchase of 1.7 million shares during the year, as compared to \$61.5 million at December 30, 2006. Inventory was below the year ago period at \$30.5 million, as compared to \$34.8 million at December 30, 2006, reflecting a 12% decline. Average inventory per store, at cost decreased 23% at quarter end from the prior year period. Working capital decreased \$23.7 million to \$59.7 million from \$83.4 million, reflecting the use of cash to fund the repurchase of shares, during the year.

A table summarizing financial results follows:

	52 Weeks <u>Ended</u> Dec. 30, <u>2006</u>	52 Weeks <u>Ended</u> Dec. 29, <u>2007</u>	13 Weeks <u>Ended</u> Dec. 30, <u>2006</u>	13 Weeks <u>Ended</u> Dec. 29 <u>2007</u>
(\$ Thousands, except for per share data)				
Sales	\$ 278,992	\$274,458	\$ 83,554	\$ 78,505
Lillie Rubin exit costs	\$ 5,677	\$ (78)	\$ 159	\$ 0
Operating income	\$ 11,627	\$ 7,314	\$ 6,795	\$ 6,746
Operating income before Lillie Rubin exit costs	\$ 17,304	\$ 7,236	\$ 6,954	\$ 6,746
Net income	\$ 8,271	\$ 6,521	\$ 4,195	\$ 4,932
Basic earnings per share	\$ 0.52	\$ 0.41	\$ 0.26	\$ 0.32
Diluted earnings per share	\$ 0.51	\$ 0.40	\$ 0.26	\$ 0.32
Per share – Lillie Rubin exit costs	\$ 0.20	\$ 0.00	\$ 0.01	\$ 0.00
Per share - loss related to Lillie Rubin	\$ 0.20	\$ 0.00	\$ 0.03	\$ 0.00
Diluted earnings per share excluding exit costs and net loss related to Lillie Rubin	\$ 0.91	\$ 0.40	\$ 0.30	\$ 0.32
Basic weighted average shares outstanding	15,849,000	15,966,000	16,002,000	15,297,000
Diluted weighted average shares outstanding	16,218,000	16,200,000	16,473,000	15,436,000
Number of stores open at end of period	296	297	296	297

Guidance

The Company is introducing guidance for the first quarter of fiscal 2008. The Company estimates net sales in the range of \$65 to \$66 million, compared to actual net sales of \$64.4 million in fiscal 2007. This guidance assumes comparable store sales of flat to an increase in the low-single-digit range. First quarter 2008 earnings are estimated in the range of \$0.03 to \$0.04 per diluted share, as compared to actual first quarter fiscal 2007 diluted earnings per share of \$0.01.

Store Opening Plans

The Company also noted that it plans to open between 10 and 12 new stores, while closing approximately 5 stores in fiscal 2008. The Company plans to end the year with approximately 303 locations, increasing square footage by approximately 2% to approximately 613,000 square feet. The Company also indicated that it expects to open approximately 8 new stores during the first half of the year.

January 2008 Comparable Store Sales

Separately, the Company announced January 2008 comparable store sales. Comparable store sales (sales for stores open at least one year or more) increased 7% during the four-week January 2008 period, following a 10% increase in the prior-year period. Total revenues for the four-week period ended January 26, 2008 increased \$1.2 million, or 8% to \$16.6 million.

“We started fiscal 2008 solidly, as evidenced by our 7% increase in January comparable store sales,” Mr. Reinckens stated further. “This performance was driven by the continued favorable acceptance of our contour offerings. We also received a favorable benefit of one additional day’s sales in the pre-New Year’s Eve period in early January, as compared to last year. We were also pleased to achieve increases in all categories of our business, further indicating that our merchandising initiatives are working and generating excitement in our stores.”

Conference Call

The Company also announced that it will conduct a conference call to discuss its fourth quarter and fiscal 2007 results today, Wednesday, February 6, 2008 at 9:00 a.m. Eastern Time. Investors and analysts interested in participating in the call are invited to dial (800) 762-8795, approximately ten minutes prior to the start of the call. The conference call will also be web-cast live at www.cache.com. A replay of this call will be available until February 13, 2008 and can be accessed by dialing (800) 406-7325 and entering code 3839342.

Certain matters discussed within this press release may constitute forward-looking statements within the meaning of the federal securities laws. Although Cache, Inc. believes the statements are based on reasonable assumptions, there can be no assurance that these expectations will be attained. Actual results and timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements due to a number of factors, including, without limitation, ability to successfully open new stores, introduction of the Cache Luxe concept, dependence on management, dependence on vendors and distributors, reliance on foreign manufacturers, material weakness in our internal controls, industry trends, merchandise and fashion trends, competition, seasonality and changes in general economic conditions and consumer spending patterns, as well as other risks outlined from time to time in the filings of Cache, Inc. with the Securities and Exchange Commission.

Financial Tables Follow:

For further information contact Maggie Feeney Executive Vice President and Chief Financial Officer, Cache, Inc., 1440 Broadway, New York, New York 10018, (212) 575-3206.

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	December 29, 2007	December 30, 2006
	<u> </u>	<u> </u>
Current assets:		
Cash and equivalents	\$ 7,243,000	\$ 19,363,000
Marketable securities	42,887,000	42,094,000
Receivables, net	4,788,000	4,794,000
Inventories, net	30,547,000	34,829,000
Prepaid expenses and other current assets	2,465,000	7,217,000
Total current assets	<u>87,930,000</u>	<u>108,297,000</u>
Equipment and leasehold improvements, net	49,298,000	50,450,000
Other assets	385,000	439,000
Goodwill and intangible assets, net	11,512,000	---
Total assets	<u>\$ 149,125,000</u>	<u>\$ 159,186,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,510,000	\$ 11,702,000
Note payable	1,586,000	---
Accrued compensation	1,910,000	1,689,000
Accrued liabilities	14,252,000	11,515,000
Total current liabilities	<u>28,258,000</u>	<u>24,906,000</u>
Note payable	4,348,000	---
Other liabilities	16,172,000	15,749,000
Deferred income taxes, net	83,000	2,068,000
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Common stock	163,000	163,000
Additional paid-in capital	46,136,000	44,646,000
Retained earnings	78,175,000	71,654,000
Treasury Stock	(24,210,000)	---
Total stockholders' equity	<u>100,264,000</u>	<u>116,463,000</u>
Total liabilities and stockholders' equity	<u>\$ 149,125,000</u>	<u>\$ 159,186,000</u>

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE FIFTY-TWO WEEKS ENDED

	December 29, 2007	December 30, 2006
Net sales	\$ 274,458,000	\$ 278,992,000
Cost of sales, including buying and occupancy	<u>147,474,000</u>	<u>145,886,000</u>
Gross profit	<u>126,984,000</u>	<u>133,106,000</u>
Expenses		
Store operating expenses	97,023,000	94,556,000
General and administrative expenses	22,725,000	21,246,000
Lillie Rubin exit costs	(78,000)	5,677,000
Total expenses	<u>119,670,000</u>	<u>121,479,000</u>
Operating income	7,314,000	11,627,000
Other income:		
Interest expense	(151,000)	---
Interest income	<u>2,752,000</u>	<u>2,523,000</u>
Income before income taxes	9,915,000	14,150,000
Income tax provision	<u>3,394,000</u>	<u>5,879,000</u>
Net income	<u>\$ 6,521,000</u>	<u>\$ 8,271,000</u>
Basic earnings per share	<u>\$0.41</u>	<u>\$0.52</u>
Diluted earnings per share	<u>\$0.40</u>	<u>\$0.51</u>
Basic weighted average shares outstanding	<u>15,966,000</u>	<u>15,849,000</u>
Diluted weighted average shares outstanding	<u>16,200,000</u>	<u>16,218,000</u>

CACHE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN WEEKS ENDED

	December 29, 2007	December 30, 2006
Net sales	\$ 78,505,000	\$ 83,554,000
Cost of sales, including occupancy and buying costs	<u>42,113,000</u>	<u>43,193,000</u>
Gross profit	<u>36,392,000</u>	<u>40,361,000</u>
Costs and expenses		
Store operating expenses	24,320,000	27,501,000
General and administrative expenses	5,326,000	5,906,000
Lillie Rubin exit costs	0	159,000
	<u>29,646,000</u>	<u>33,566,000</u>
Operating income (loss)	<u>6,746,000</u>	<u>6,795,000</u>
Other income:		
Interest expense	(73,000)	---
Interest income	745,000	673,000
	<u>672,000</u>	<u>673,000</u>
Income before income taxes	7,418,000	7,468,000
Income tax provision	<u>2,486,000</u>	<u>3,273,000</u>
Net income	<u>\$ 4,932,000</u>	<u>\$ 4,195,000</u>
Basic earnings per share	<u>\$0.32</u>	<u>\$0.26</u>
Diluted earnings per share	<u>\$0.32</u>	<u>\$0.26</u>
Basic weighted average shares outstanding	<u>15,297,000</u>	<u>16,002,000</u>
Diluted weighted average shares outstanding	<u>15,436,000</u>	<u>16,473,000</u>