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FOR IMMEDIATE RELEASE
CACHE, INC.
NASDAQ COMMON STOCK SYMBOL CACH.

CACHE REPORTS FIRST QUARTER 2005 RESULTS

Net Sales Increased 9.8%
Diluted Earnings per Share Totals \$0.11
Revises Second Quarter and Fiscal 2005 Guidance
Announces April 2005 Comparable Store Sales Decreased 3%

New York, New York – May 4, 2005 – Cache Inc., (NASDAQ: CACH), a specialty chain of women's apparel stores with 295 stores currently open, reported results for the thirteen week period ended April 2, 2005.

For the thirteen week period ended April 2, 2005:

- Net sales increased 9.8% to \$62.8 million compared to \$57.2 million in the first quarter of 2004 and comparable store sales gained 1%;
- Operating income declined to \$2.8 million, or 4.4% of net sales, as compared to \$5.2 million, or 9.0% of net sales in the first quarter of 2004;
- Diluted earnings per share totaled \$0.11 compared to \$0.20 in the first quarter of 2004.

Mr. Brian Woolf, Cache's Chairman commented: "Our first quarter results, while at the high end of our revised outlook were below our original expectations due to a more significant fashion shift favoring casual lifestyle apparel versus our emphasis on classification styles. While we quickly worked to re-balance our assortments, earnings for the quarter were negatively impacted by lower-than-expected sales and margins. On a positive note, our inventory is now positioned to capitalize on current fashion trends, which should enable us to report comparable store sales increases in May."

Additionally, during the first quarter, the Company:

- Opened 5 Cache stores and at quarter-end operated 294 stores in 43 states;
- Remodeled 3 stores with 50% of its Cache store base in the new store format at quarter-end.

Following quarter end:

- Engaged Deloitte and Touche LLP as its new independent auditor

Gross profit in the first quarter rose by 5.4% to \$27.1 million, or 43.2% of net sales, compared to \$25.7 million, or 44.9% of net sales, in the first quarter of 2004. The decrease in gross profit margin reflected the March sales shortfall coupled with increased promotional activity to maintain appropriate inventory levels and a sales mix shift favoring lower margin dress sales. In total, operating expenses were \$24.4 million, or 38.8% of net sales compared to \$20.5 million, or 35.9% of net sales in the first quarter of 2004. The increase in operating expenses as a percentage of net sales resulted from a higher percentage of new stores and lower than expected comparable store sales, which caused negative leverage in store operating expenses. This was partially offset by prudent control of general and administrative expenses.

At April 2, 2005, cash and marketable securities totaled \$42.6 million, rising \$1.9 million from \$40.7 million at March 27, 2004. Inventory was current at \$34.4 million, as compared to \$29.8 million at March 27, 2004. Working capital increased by \$6.8 million to \$55.1 million from \$48.3 million at March 27, 2004.

A table summarizing financial results follows:

	<u>Thirteen Weeks Ended</u>	
	<u>Apr. 2,</u> <u>2005</u>	<u>Mar. 27,</u> <u>2004</u>
	(\$ Thousands, except for per share data)	
Sales	\$ 62,793	\$ 57,194
Operating income	\$ 2,751	\$ 5,151
Net income	\$ 1,757	\$ 3,249
Basic earnings per share	\$ 0.11	\$ 0.21
Diluted earnings per share	\$ 0.11	\$ 0.20
Basic weighted average shares outstanding	15,686,000	15,438,000
Diluted weighted average shares outstanding	16,002,000	15,957,000

Guidance

The Company is revising its guidance for fiscal 2005 net sales and diluted earnings per share. For fiscal 2005, the Company currently estimates net sales in the range of \$268 million to \$272 million compared to its previous guidance range of \$270 million to \$275 million and versus actual net sales of \$247.3 million in fiscal 2004. In addition, the Company currently estimates fiscal 2005 diluted earnings per share in the range of \$0.75 to \$0.78 compared to its previous guidance range of \$0.79 to \$0.82 and versus actual fiscal 2004 diluted earnings per share of \$0.83. For the second quarter, the Company currently estimates net sales in the range of \$64 million to \$66 million, as compared to its previous estimate range of \$65 million to \$67 million and versus actual net sales of \$62.1 million in the second quarter of fiscal 2004. In addition, the Company currently estimates second quarter diluted earnings per share in the range of \$0.16 to \$0.18, as compared to its previous guidance range of \$0.20 to \$0.22 and versus actual diluted earnings per share of \$0.27 in the second quarter of fiscal 2004.

Store opening plans

The Company continues to plan approximately 20 Cache and 10 Lillie Rubin store openings for a total of 30 new stores in Fiscal 2005. During the first quarter, the Company opened 5 new Cache stores. Following quarter end, the Company opened 2 new Cache stores and has scheduled a total of 2 additional store openings for the second quarter. At fiscal year-end, the Company continues to expect to operate approximately 320 stores, expanding square footage by approximately 10% to 650,000 square feet.

Comparable Store Sales

Separately, the Company announced April Comparable store sales results. Comparable store sales (sales for stores open at least one year or more) declined 3% during the four week April 2005 period, as compared to the same period in 2004. Total sales for the four-week period ended April 30, 2005 increased \$0.8 million, or 3.9%, to \$24.0 million. Comparable store sales were flat during the 17 week year-to-date period ended April 30, 2005, as compared to the same period in 2004. Total sales for the 17 week year-to-date period increased \$6.1 million, or 7.6%, to \$86.8 million.

“Our April comparable store sales decline of 3% was below our expectations of flat sales, with results impacted due to our efforts to rebalance assortments toward stronger selling styles,” Mr. Woolf

stated. “This coupled with additional markdowns has caused us to revise our second quarter guidance. On a positive note, comparable store sales in the last week of April and early May have increased and we expect this trend to continue, especially since we are facing easier comparisons going forward.”

Mr. Woolf continued: “As we look ahead, we remain excited by the key strategic initiatives we are implementing this year in the areas of merchandising, marketing and store expansion. To this point, our current merchandise assortments are resonating well with consumers and we see continued momentum from our efforts to broaden our customer base with a wider assortment of price points. In regards to marketing, our lifestyle mailers continue to drive traffic to our stores, and we believe we are poised to increase customer loyalty further as we roll out our new point of sale (“POS”) system this July. Lastly, we are scheduled to open approximately 30 stores this year, expanding square footage by approximately 10%. We remain confident that our strategic initiatives position us to achieve our long term growth goals supported by a strong balance sheet, including \$2.72 in marketable securities and cash per share.”

Interested stockholders and other persons are invited to listen to the first quarter earnings conference call scheduled for today, Wednesday, May 4, 2005 at 9:00 a.m. Eastern Time. To participate in Cache’s conference call dial 1-800-811-8824 approximately five minutes prior to the 9:00am Eastern start time. The call will also be broadcast live over the Internet at <http://www.cache.com>. An online archive will be available immediately following the call and will be accessible until May 11, 2005.

Certain matters discussed within this press release may constitute forward-looking statements within the meaning of the federal securities law. 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, industry trends, merchandise and fashion trends, competition, changes in general economic conditions and consumer spending patterns, vendor procurement issues and the ability to obtain financing, 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:

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