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

CACHE REPORTS THIRD QUARTER AND NINE MONTHS RESULTS

Third Quarter Diluted Loss Per Share Totals \$0.03

Nine Months Operating Income Rises 23.0%

Reiterates Comfort with Earnings Guidance

New York, New York – October 19, 2004 – Cache Inc., (NASDAQ: CACH), a specialty chain of women's apparel stores with 278 stores currently open, reported results for the 13 and 39 week periods ended September 25, 2004, with each period reflective of the 3 for 2 stock split completed on June 18, 2004.

For the 13 week period ended September 25, 2004 ("Third Quarter"):

- Net sales increased 4.4% to \$49.4 million compared to \$47.3 million in the third quarter of 2003 and comparable store sales declined 2.0%;
- Net loss was \$521,000, or (\$0.03) per diluted share, as compared to net income of \$614,000, or \$0.04 per diluted share in the third quarter of 2003;
- Working capital increased \$10.9 million to \$47.6 million, as compared to \$36.7 million at September 27, 2003.

For the 39 week period ended September 25, 2004 ("Nine Months"):

- Net sales increased 11.3% to \$168.7 million, as compared to \$151.6 million in the first nine months of 2003 and comparable store sales gained 4.0%;
- Operating income rose 23.0% to \$11.3 million, or 6.7% of net sales, as compared to \$9.2 million, or 6.1% of net sales in the first nine months of 2003;
- Diluted earnings per share increased 10.0% to \$0.44 on 15,967,000 shares compared to \$0.40, on 14,449,000 shares in the first nine months of 2003.

Mr. Brian Woolf, Cache's Chairman commented: "Our third quarter was challenging due to temporary store closings and reduced traffic in Florida, and the Southeast generally, as a result of hurricanes; lower quarterly sales than originally anticipated; and increased markdowns taken during the third quarter to reduce dress inventory and clear spring and summer sportswear. While results for the quarter were below the third quarter, a year ago, we believe we are positioned to report increased sales and earnings in the fourth quarter. To this point, October sales are currently on plan despite the impact of hurricane Jeanne during the first weekend of the month. Additionally, our inventory levels are below last September, on a per store basis and are well positioned for the fall selling season."

Additionally, during the third quarter, the Company:

- Opened 5 Cache stores and 2 new Lillie Rubin prototype stores and at quarter-end operated 276 stores in 43 states; and
- Remodeled 4 stores with 42.0% of its Cache store base in the new store format at quarter-end.

Gross profit in the third quarter was \$19.6 million, or 39.6% of net sales, compared to \$20.2 million, or 42.7% of net sales, in the third quarter of 2003. The decline in third quarter gross profit versus the year ago period was primarily due to increased fixed occupancy costs and additional markdowns taken during the quarter to clear end-of-season merchandise. For the first nine months of fiscal 2004, gross profit rose to \$74.4 million, or 44.1% of net sales, compared to \$65.2 million, or 43.0% of net sales, in the prior year period. The improvement in gross profit margin for the first nine months of fiscal 2004 reflected higher initial merchandise markups versus the prior year periods.

In total, operating expenses for the third quarter were \$20.6 million, or 41.6% of net sales compared to \$19.3 million, or 40.7% of net sales in the third quarter of fiscal 2003. For the first nine months of fiscal 2004, total operating expenses were \$63.1million, or 37.4% of net sales compared to \$56.0 million, or 36.9% of net sales in the prior year period. The rise in total operating expenses for the third quarter and first nine months of fiscal 2004 was primarily due to the increase in the number of stores opened since the same periods last year. This was partially offset by reduced incentive compensation expense, which lowered general and administrative expenses in both the third quarter and first nine months of fiscal 2004, as compared to the same periods last year.

At September 25, 2004, cash and marketable securities totaled \$36.9 million, rising \$8.8 million from \$28.1 million at September 27, 2003. Inventory was \$31.1million, as compared to \$27.3 million at September 27, 2003, primarily due the number of new stores over the past 12 months.

Mr. Woolf continued: “We are pleased with our nine month results, which demonstrate the strength and growing consumer awareness of our Cache and Lillie Rubin brands. As we look ahead, we remain focused and excited about our outlook. Positioning us for growth is the favorable response and increasing importance of our sportswear assortments. This, combined with the stability in our dress business, has us poised to report increases in sales and earnings in the fourth quarter.”

A table summarizes financial results follows:

	<u>Thirty-nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	Sept. 25, <u>2004</u>	Sept. 27, <u>2003</u>	Sept. 25, <u>2004</u>	Sept. 27, <u>2003</u>
	(\$ Thousands, except for per share data)			
Sales	\$ 168,711	\$151,634	\$ 49,430	\$ 47,343
Operating income (loss)	\$ 11,292	\$ 9,184	\$ (961)	\$ 936
Net income (loss)	\$ 7,089	\$ 5,796	\$ (521)	\$ 614
Basic earnings (loss) per share	\$ 0.46	\$ 0.41	\$ (0.03)	\$ 0.04
Diluted earnings (loss) per share	\$ 0.44	\$ 0.40	\$ (0.03)	\$ 0.04
Basic weighted average shares outstanding	15,569,000	14,022,000	15,634,000	14,691,000
Diluted weighted average shares outstanding	15,967,000	14,449,000	15,634,000	15,120,000

Guidance

The Company reiterates the sales and earnings guidance it provided on September 24, 2004 for its fourth quarter and fiscal 2004 year. Specifically, for the fourth quarter of fiscal 2004, the Company continues to estimate net sales in the range of \$78 million to \$81 million, as compared to actual fourth quarter fiscal 2003 net sales of \$64.5 million. Fourth quarter comparable store sales are expected to increase in the low-to-mid-single digit range. Fourth quarter fiscal 2004 diluted earnings per share continue to be estimated in the range of \$0.37 to \$0.39, as compared to actual fourth quarter fiscal 2003 diluted earnings per share of \$0.34.

For the fiscal 2004 year, the Company continues to estimate net sales in the range of \$247 million to \$252 million, as compared to actual fiscal 2003 net sales of \$216.3 million. Fiscal 2004 diluted earnings per share continue to be estimated in the range of \$0.80 to \$0.83, as compared to actual fiscal 2003 diluted earnings per share of \$0.75. The Company indicated further that all actual and estimated per share figures are reflective of the 3-for-2 stock split completed on June 18, 2004.

Store opening plans

The Company continues to expect to open approximately 31 Cache and 9 Lillie Rubin stores for a total of approximately 40 new stores in fiscal 2004. During the third quarter, the Company opened 5 new Cache stores, and 2 new Lillie Rubin prototype locations at Pentagon City in Virginia and at Mall of America in Minnesota. For the first nine months of fiscal 2004, the Company opened 21 new Cache and 3 new Lillie Rubin stores.

Following quarter end, the Company opened 2 new Cache stores at Queens Center in New York and Summit Mall in Akron, Ohio and has scheduled a total of approximately 16 store openings for the fourth quarter. At fiscal year-end, the Company continues to expect to operate approximately 290 stores, expanding square footage by approximately 17% to 600,000 square feet.

Conference Call

Interested stockholders and other persons are invited to listen to the third quarter earnings conference call scheduled for today, Tuesday, October 19, 2004 at 9:00 a.m. Eastern Time. To participate in Cache's conference call dial 1-888-245-7013 approximately ten minutes prior to the 9:00 a.m. Eastern start time. The call will also be broadcast live over the Internet at <http://www.cache.com> and <http://www.viavid.com>. An online archive will be available immediately following the call and will be accessible until October 26, 2004.

About Cache, Inc.

Cache is a nationwide, mall-based specialty retailer of sophisticated, social occasion sportswear and dresses targeting style-conscious women. We own and operate two separate store concepts, Cache and Lillie Rubin, each of which carries its own distinctive branded merchandise. Cache targets women between the ages of 25 and 45 who have a youthful attitude, are self-confident and fashion-conscious, and require a missy fit. Lillie Rubin stores offer a more sophisticated line of social occasion apparel targeting women between the ages of 35 and 55. We operate 247 Cache and 31 Lillie Rubin stores primarily situated in central locations in high traffic, upscale malls in 43 states and Puerto Rico.

Safe Harbor

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 trends, competition 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:

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