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Final For Release
CACHE, INC.

NASDAQ COMMON STOCK SYMBOL CACH

CACHE REPORTS THIRD QUARTER 2007 RESULTS
Reports Diluted EPS of \$0.01; Achieving High End of Guidance Range
Increases Fiscal 2007 Earnings Guidance

New York, New York – October 24, 2007 – Cache Inc., (NASDAQ: CACH), a specialty chain of women's apparel stores with 296 stores currently open, reported results for the thirteen and thirty-nine week periods ended September 29, 2007.

For the 13 week period ended September 29, 2007:

- Net sales were \$60.6 million, an increase of 1% compared to the third quarter of fiscal 2006. Third quarter fiscal 2006 net sales included \$2.9 million in sales for the former Lillie Rubin business, as well as \$2.4 million of breakage income for previously issued gift cards and merchandise credits;
- Comparable store sales increased 4%; and
- Net income totaled \$161,000, or \$0.01 per diluted share, as compared to net income of \$690,000, or \$0.04 per diluted share in the third quarter of fiscal 2006. Third quarter fiscal 2006 net income included the following costs, losses and gains: (i) losses of \$1.7 million, or \$0.07 per diluted share related to the former Lillie Rubin business; and (ii) a gain of \$2.4 million, or \$0.09 per diluted share related to gift card and merchandise credit breakage.

For the 39 week period ended September 29, 2007:

- Net sales were \$196.0 million, rising slightly from \$195.4 million in the first nine months of fiscal 2006. The first nine months of fiscal 2006 included \$12.5 million in sales from the former Lillie Rubin business and \$2.4 million of breakage income for previously issued gift cards and merchandise credits;
- Comparable store sales increased 2%; and
- Net income was \$1.6 million, or \$0.10 per diluted share, including \$0.04 per diluted share in legal settlement costs. This compares to net income in the fiscal 2006 period of \$4.1 million, or \$0.25 per diluted share. The first nine months of fiscal 2006 included the following costs, losses and gains: (i) losses of \$4.6 million, or \$0.17 per diluted share related to the former Lillie Rubin business; (ii) Lillie Rubin exit costs of \$5.5 million, or \$0.21 per diluted share; and (iii) a gain of \$2.4 million, or \$0.09 per diluted share related to gift card and merchandise credit breakage.

Mr. Brian Woolf, Cache's Chairman, commented: "The third quarter marked a period of focused execution of our key initiatives that are expected to result in long term consistent sales and earnings growth for Cache. While increased markdowns to clear summer merchandise caused us to report results that trailed the year ago period, we were pleased to experience the initial benefits of our merchandising strategies that included strength in day time dresses, and our new Contour line, both of which were drivers of our 4% comparable store sales increase during the quarter. We remain very excited by the potential of Contour, as we address our customers work apparel needs for the first time. During the quarter, we also began to take advantage of the sourcing benefits stemming from our acquisition of Adrienne Victoria Designs, while more efficiently utilizing our marketing dollars."

Gross profit in the third quarter was \$27.7 million, or 45.7% of net sales, compared to \$28.3 million, or 47.2% of net sales, in the third quarter of fiscal 2006. For the first nine months of fiscal 2007, gross profit was \$90.6 million, or 46.2% of net sales, compared to \$92.7 million, or 47.5% of net sales, in the first nine months of fiscal 2006. The decline in gross profit margin for the third quarter and first nine

months of fiscal 2007 can be attributed to higher markdowns, higher buying and occupancy costs, partially offset by improved sourcing costs.

In total, operating expenses in the third quarter were \$27.9 million, or 46.1% of net sales, as compared to \$27.8 million, or 46.4% of net sales, in the third quarter of 2006. For the first nine months of fiscal 2007, total operating expenses were \$90.0 million, or 45.9% of net sales, compared to \$87.9 million, or 45.0% of net sales, in the prior year period. Operating expenses for the first nine months of fiscal 2007 included \$4.0 million in increased marketing expenses and \$2.0 million in professional fees and legal settlements recorded in the second quarter. Operating expenses for the first nine months of fiscal 2006 included \$5.5 million in costs associated with the exit of the Company's Lillie Rubin business.

At September 29, 2007, cash and marketable securities totaled \$49.2 million, with \$10.3 million utilized to fund the purchase 637,029 shares during the quarter, as compared to \$53.5 million at September 30, 2006. Inventory was below the year ago period at \$36.3 million, as compared to \$37.1 million at September 30, 2006. Average inventory per store, at cost decreased 13% at quarter end below the prior year period. Working capital decreased \$2.1 million, to \$68.2 million from \$70.3 million, reflecting the use of cash to fund the repurchase of shares during the quarter.

Mr. Woolf continued: "As we look ahead, we remain cautiously optimistic. Currently, we are experiencing continued strength in our dress and Contour offerings, yet we have continued to plan sales growth conservatively, given that we will anniversary a significant investment in marketing in the fourth quarter last year. We expect our efforts in design, production and sourcing; along with our focus on cost discipline as well as tight control of inventory to position us for improved earnings results during the fourth quarter, with continued positive momentum in fiscal 2008."

A table summarizing financial results follows:

	<u>Thirty-Nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>Sept. 29,</u> <u>2007</u>	<u>Sept. 30,</u> <u>2006</u>	<u>Sept. 29,</u> <u>2007</u>	<u>Sept. 30,</u> <u>2006</u>
	(\$ thousands, except for per share data, share numbers and store numbers)			
Net sales	\$ 195,953	\$195,438	\$ 60,572	\$ 59,935
Operating income/(loss) before				
Lillie Rubin and legal settlement costs	\$ 1,505	\$ 10,350	\$ (311)	\$ 330
Lillie Rubin exit costs	\$ (78)	\$ 5,518	\$ (78)	\$ (144)
Legal settlement costs	\$ 1,015	\$ 0	\$ 0	\$ 0
Operating income	\$ 568	\$ 4,832	\$ (233)	\$ 474
Net income	\$ 1,589	\$ 4,076	\$ 161	\$ 690
Basic earnings per share	\$ 0.10	\$ 0.26	\$ 0.01	\$ 0.04
Diluted earnings per share	\$ 0.10	\$ 0.25	\$ 0.01	\$ 0.04
Per share – Lillie Rubin exit costs	\$ 0.00	\$ 0.21	\$ 0.00	\$ (0.01)
Per share – legal costs	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00
Per share - loss related to Lillie Rubin	\$ 0.00	\$ 0.17	\$ 0.00	\$ 0.07

Diluted earnings per share- excluding exit costs, legal costs and loss related to Lillie Rubin	\$ 0.14	\$ 0.63	\$ 0.01	\$ 0.10
Basic weighted average shares outstanding	16,189,000	15,784,000	15,988,000	15,791,000
Diluted weighted average shares outstanding	16,454,000	16,160,000	16,187,000	16,165,000
Number of stores open at end of period	296	294	296	294

Guidance

Based on third quarter results, the Company is increasing its guidance range for fiscal 2007 net sales and earnings while increasing earnings per share guidance for the fourth quarter of fiscal 2007.

For the full fiscal 2007 year, the Company currently estimates net sales in the range of \$277 million to \$279 million, as compared to its previous guidance for net sales in the range of \$271 million to \$275 million and actual net sales of \$279 million in fiscal 2006. Net sales for fiscal 2006 included \$13.1 million for the former Lillie Rubin business. Diluted earnings per share for the full fiscal 2007 year are currently estimated in the range of \$0.57 to \$0.59, as compared to the Company's previous earnings guidance range of \$0.47 to \$0.51 per diluted share and actual fiscal 2006 diluted earnings per share of \$0.51.

For the fourth quarter of fiscal 2007, the Company is maintaining its guidance for net sales in the range of \$81 million to \$83 million, which compares to actual fourth quarter fiscal 2006 net sales of \$83.6 million. Diluted earnings per share for the fourth quarter of fiscal 2007 are estimated in the range of \$0.47 to \$0.49 per diluted share, as compared to the Company's previous earnings guidance range of \$0.46 to \$0.48 per diluted share and actual fourth quarter fiscal 2006 diluted earnings per share of \$0.28.

Store opening plans

The Company plans to open eleven new stores in fiscal 2007. During the third quarter the Company opened three stores. The Company plans to end the year with approximately 300 locations, increasing square footage by 2% to approximately 610,000 square feet.

Conference call

Interested stockholders and other persons are invited to listen to the second quarter earnings conference call scheduled for today, Wednesday October 24, 2007 at 9:00 a.m. Eastern Time. To participate in Cache's conference call dial 800-936-9754 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 January 24, 2008.

About Cache, Inc.

Cache is a nationwide, mall-based specialty retailer of sophisticated, social occasion sportswear and dresses targeting style-conscious women. 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. We operate 296 Cache and Cache Luxe stores primarily situated in central locations in high traffic, upscale malls in 44 states, the Virgin Islands and Puerto Rico.

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:

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