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CACHE, INC.
NASDAQ COMMON STOCK SYMBOL CACH.

CACHE REPORTS IMPROVED THIRD QUARTER RESULTS AND RAISES GUIDANCE

Third Quarter Diluted Earnings Per Share Rises to \$0.07

Net Sales Increase 15.8%

Raises Earnings Guidance Range to \$0.83 - \$0.85

New York, New York – October 26, 2005 – Cache Inc., (NASDAQ: CACH), a specialty chain of women's apparel stores with 301 stores currently open, reported results for the 13 and 39 week periods ended October 1, 2005.

For the 13 week period ended October 1, 2005 ("Third Quarter"):

- Net sales increased 15.8% to \$57.3 million compared to \$49.4 million in the third quarter of 2004 and comparable store sales rose 8.0%;
- Operating income totaled \$1.5 million, or 2.7% of net sales, as compared to an operating loss of \$1.0 million in the third quarter of 2004;
- Net income was \$1,107,000, or \$0.07 per diluted share, as compared to a net loss of \$521,000, or (\$0.03) per diluted share in the third quarter of 2004;
- Working capital increased \$8.6 million to \$56.2 million, as compared to \$47.6 million at September 25, 2004.

For the 39 week period ended October 1, 2005 ("Nine Months"):

- Net sales increased 10.9% to \$187.0 million, as compared to \$168.7 million in the first nine months of 2004 and comparable store sales gained 5.0%;
- Operating income totaled \$9.0 million, or 4.8% of net sales, as compared to \$11.3 million, or 6.7% of net sales in the first nine months of 2004;
- Net income totaled \$5.9 million, or \$0.37 per diluted share, compared to \$7.1 million or \$0.44 per diluted share last year.

Mr. Brian Woolf, Cache's Chairman commented: "We attribute our strong third quarter results to our offerings of fashion-right casual sportswear and accessories. This led to an 8% increase in comparable store sales for the quarter and a notable improvement in gross margin. In addition, the quarter benefited from leverage in store operating expenses. In spite of the challenges in the current retail environment, we are pleased to report a substantial increase in revenues and earnings in our third quarter, and to have exceeded our recently raised earnings guidance."

Additionally, during the third quarter, the Company:

- Opened 5 stores and at quarter-end operated 301 stores in 43 states; as well as locations in the U.S. Virgin Islands and Puerto Rico.
- Remodeled 6 stores with 53.1% of its Cache store base in the new store format at quarter-end.

Gross profit in the third quarter was \$26.1 million, or 45.6% of net sales, compared to \$19.6 million, or 39.6% of net sales, in the third quarter of 2004. The increase in third quarter gross profit versus the year ago period was primarily due to better initial markups and greater full-priced selling. For the first nine months of fiscal 2005, gross profit rose to \$83.6 million, or 44.7% of net sales, compared to \$74.4 million, or 44.1% of net sales, in the prior year period. The improvement in gross profit margin for the first nine months of fiscal 2005 also reflected higher initial merchandise markups versus the prior year period.

In total, operating expenses for the third quarter were \$24.6 million, or 42.9% of net sales compared to \$20.6 million, or 41.6% of net sales in the third quarter of fiscal 2004. For the first nine months of fiscal 2005, total operating expenses were \$74.6 million, or 39.9% of net sales compared to \$63.1 million, or 37.4% 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, as well as an increase in payroll related expenses and incentive compensation expense, which raised general and administrative expenses, primarily in the third quarter, as compared to the same period last year.

At October 1, 2005, cash and marketable securities totaled \$47.3 million, rising \$10.4 million from \$36.9 million at September 25, 2004. Inventory was \$35.6 million, as compared to \$31.1 million at September 25, 2004, primarily due to the number of new stores added over the past 12 months.

Mr. Woolf continued: “As we look ahead, we are delighted to experience strengthening comparable store sales results in October - a terrific indication that our assortments and store layout are resonating with our customers. While the holiday selling season still lies ahead of us, we believe our strategies have us poised to deliver solid increases in sales and earnings during the fourth quarter.”

A table summarizes financial results follows:

	<u>Thirty-nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>Oct. 1,</u> <u>2005</u>	<u>Sept. 25,</u> <u>2004</u>	<u>Oct. 1,</u> <u>2005</u>	<u>Sept. 25,</u> <u>2004</u>
	(\$ Thousands, except for per share data)			
Sales	\$ 187,025	\$168,711	\$ 57,262	\$ 49,430
Operating income (loss)	\$ 9,009	\$ 11,292	\$ 1,541	\$ (961)
Net income (loss)	\$ 5,864	\$ 7,089	\$ 1,107	\$ (521)
Basic earnings (loss) per share	\$ 0.37	\$ 0.46	\$ 0.07	\$ (0.03)
Diluted earnings (loss) per share	\$ 0.37	\$ 0.44	\$ 0.07	\$ (0.03)
Basic weighted average shares outstanding	15,728,000	15,569,000	15,742,000	15,634,000
Diluted weighted average shares outstanding	15,906,000	15,967,000	16,078,000	15,634,000
Number of stores open at end of period	301	276	301	276

Guidance

Based on better than expected third quarter results, the Company is increasing its guidance for fiscal 2005 diluted earnings per share. The Company currently estimates fiscal 2005 net sales in the range of \$270 million to \$274 million, as compared to actual fiscal 2004 net sales of \$247.3 million. Fiscal 2005 diluted earnings per share are estimated in the range of \$0.83 to \$0.85, compared to the Company’s previous guidance range of \$0.80 to \$0.83 per share and actual fiscal 2004 diluted earnings per share of \$0.83.

For the fourth quarter of fiscal 2005, the Company estimates net sales in the range of \$83 million to \$87 million, as compared to actual fourth quarter fiscal 2004 net sales of \$78.6 million. Fourth quarter comparable store sales are expected to increase in the mid-single digit range. Fourth quarter fiscal 2005 diluted earnings per share are estimated in the range of \$0.46 to \$0.48, as compared to actual fourth quarter fiscal 2004 diluted earnings per share of \$0.39.

Store opening plans

The Company expects to open approximately 20 new stores in fiscal 2005. During the third quarter, the Company opened five new stores and closed one store. For the first nine months of fiscal 2005, the Company opened 14 new stores and closed four stores. At fiscal year-end, the Company expects to operate approximately 307 stores, expanding square footage by approximately 3% to 615,000 square feet.

Conference Call

Interested stockholders and other persons are invited to listen to the third quarter earnings conference call scheduled for today, Wednesday, October 26, 2005 at 9:00 a.m. Eastern Time. To participate in Cache's conference call dial 1-800-289-0572 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>. An online archive will be available immediately following the call and will be accessible until November 2, 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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