



Company Contact: Maggie Feeney
Executive Vice President and
Chief Financial Officer
Cache Inc.
(212) 575-3206

Final for Release

Investor Relations: Allison Malkin/Jane Thorn Leeson
Integrated Corporate Relations
(203) 682-8225/(646) 277-1223

CACHE REPORTS FOURTH QUARTER AND FISCAL 2008 RESULTS
Fourth Quarter Loss per Share of \$0.42, Including \$0.10 per Share in Non-Cash
Impairment Charges
Exceeds Revised Guidance of Loss per Share of \$0.36 to \$0.38 Excluding
Impairment Charges
Introduces First Quarter Fiscal 2009 Guidance of Loss per Share of \$0.12 to \$0.16

New York, New York – March 3, 2009 – Cache Inc., (NASDAQ: CACH), a specialty chain of women’s apparel stores, reported results for the thirteen (“fourth quarter”) and fifty-two week (“fiscal 2008”) periods ended December 27, 2008.

For the 13-week period ended December 27, 2008:

- Net sales decreased 16% to \$65.9 million from \$78.5 million in the fourth quarter of 2007. Comparable store sales decreased 17% as compared to a 7% decline in the fourth quarter of fiscal 2007;
- Net loss totaled \$5.5 million or (\$0.42) per share, including costs, net of taxes, of \$1.3 million or \$0.10 per diluted share related to non-cash impairment charges, as compared to net income of \$4.9 million or \$0.32 per diluted share in the fourth quarter of fiscal 2007; and
- Adjusted net loss for the 13-week period in fiscal 2008 was \$4.2 million or (\$0.32) per share and excludes impairment charges.

Thomas Reinckens, Chairman and Chief Executive Officer, commented: “Fiscal 2008 marked a challenging period for our Company, as the weak economy affected our sales and profitability during the period. Our results for the quarter included \$2.1 million of non-cash impairment charges, which was approximately \$1.4 million higher than our original estimate for impairment charges in the updated guidance that we provided on January 8, 2009. Excluding this impact, our results were in-line with our updated guidance. On a positive note, we believe we have taken the necessary steps to preserve our strong balance sheet during this difficult economic period, which is expected to continue throughout fiscal 2009. Specific actions we have taken include; successfully lowering our inventory levels to better reflect current consumer demands, with average inventory per store down 34% at year end. In addition, we have aggressively reduced operating costs across all areas of the Company, identifying more than \$15 million in pre-tax savings, or \$0.72 per diluted share, that we expect to generate in fiscal 2009. We have also reduced our capital expenditures and expect to open a modest number of stores, during the

year. As a result of these efforts, we believe we are positioned to maintain positive cash flow from operations throughout fiscal 2009. This includes an expectation that sales will trend similarly to the results we experienced in the fourth quarter of fiscal 2008.”

“During 2009, we will also continue to offer great fashion for our core Cache customer, while expanding our daytime offerings to include a greater penetration of casual sportswear,” Mr. Reinckens continued. “While we expect 2009 to remain challenging, we are confident that our strategies position us to achieve our dual goal of growing the appeal of our Cache brand and at the same time delivering positive cash flow, in an effort to increase value for our shareholders.”

For the 52-week period ended December 27, 2008:

- Net sales decreased 3% to \$265.7 million from \$274.5 million in fiscal 2007. Comparable store sales decreased 4%, as compared to a 1% decline in fiscal 2007;
- Net loss was \$7.1 million or (\$0.53) per share and included charges, net of taxes, of: \$1.7 million or \$0.13 per diluted share related to store closures, \$1.3 million or \$0.10 per diluted share related to non-cash impairment charges and \$386,000 or \$0.03 per diluted share related to the management change announced in January 2008. This compares to net income of \$6.5 million or \$0.40 per diluted share, including charges, net of taxes, of \$658,000 or \$0.04 per diluted share in legal settlement costs and \$51,000 or \$0.00 per diluted share reversal of Lillie Rubin exit costs in fiscal 2007; and
- Adjusted net loss for fiscal 2008 was \$3.7 million or (\$0.28) per share and excludes store closure, impairment and management change costs. This compares to adjusted net income for fiscal 2007 of \$7.1 million or \$0.44 per diluted share, which excludes costs related to a legal settlement.

Fourth Quarter and Full Year Operating Results

Gross profit in the fourth quarter of fiscal 2008 was \$21.5 million, or 32.6% of net sales, compared to \$36.4 million, or 46.4% of net sales, in the fourth quarter of fiscal 2007. For fiscal 2008, gross profit was \$109.7 million, or 41.3% of net sales, compared to \$127.0 million, or 46.3% of net sales, in fiscal 2007. The decline in gross profit margin for the fourth quarter was driven by lower sales, higher markdowns and the resulting deleverage in buying and occupancy, additional costs associated with the new in-house design team, the effect of the new pricing strategy and higher freight costs. For fiscal 2008, the decline in gross profit margin was due to lower sales, higher markdowns, additional costs associated with the new in-house design team, the effect of the new pricing strategy and increased freight costs.

In total, operating expenses for the fourth quarter of fiscal 2008 were \$30.4 million, or 46.1% of net sales, as compared to \$29.6 million, or 37.8% of net sales, in the fourth quarter of fiscal 2007. For fiscal 2008, total operating expenses were \$121.5 million, or 45.7% of net sales, compared to \$119.7 million, or 43.6% of net sales, in fiscal 2007. Operating expenses for the 13-week fiscal 2008 period included \$2.1 million of non-cash impairment charges. Operating expenses for 52-week fiscal 2008 period included \$2.8 million in store closure costs, \$2.1 million of non-cash impairment charges and \$616,000 of costs related to the management change announced in January 2008. Operating expenses for fiscal 2007 included \$2.2 million for legal fees and settlement costs.

At December 27, 2008, cash and marketable securities totaled \$30.0 million, after utilizing \$15 million to fund the repurchase of 1.7 million shares, since fourth quarter end last year. This compares to \$50.1 million in cash and marketable securities at December 29, 2007. Average inventory per store decreased 34% at quarter end from the prior-year period.

A table summarizing financial results follows:

	<u>Fifty-Two Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	Dec. 27, <u>2008</u>	Dec. 29, <u>2007</u>	Dec. 27, <u>2008</u>	Dec. 29, <u>2007</u>
	(\$ thousands, except for per share data, share numbers and store count)			
Net sales	\$265,728	\$274,458	\$65,908	\$78,504
Operating income (loss)	(11,837)	7,314	(8,884)	6,745
Store exit & management change costs	3,373	(78)	-	-
Legal settlement costs	-	1,015	-	-
Impairment charges	2,137	-	2,137	-
Operating income (loss) before one-time costs	(6,327)	8,251	(6,747)	6,745
Net income (loss)	(7,122)	6,521	(5,528)	4,931
Net income (loss) before one-time costs	(3,671)	7,138	(4,192)	4,931
Basic earnings (loss) per share	\$ (0.53)	\$ 0.41	\$ (0.42)	\$ 0.32
Diluted earnings (loss) per share	\$ (0.53)	\$ 0.40	\$ (0.42)	\$ 0.32
Per share – Store exit and management change costs	\$ 0.16	\$ -	\$ -	\$ -
Per share – Legal settlement costs	\$ -	\$ 0.04	\$ -	\$ -
Per share – Impairment charges	\$ 0.10	\$ -	\$ 0.10	\$ -
Diluted earnings (loss) per share – excluding one-time costs	\$ (0.28)	\$ 0.44	\$ (0.32)	\$ 0.32
Basic weighted average shares outstanding	13,329,000	15,966,000	13,200,000	15,297,000
Diluted weighted average shares outstanding	13,329,000	16,200,000	13,200,000	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 2009. The Company estimates net sales in the range of \$53 million to \$55 million, which compares to actual net sales of \$67.7 million in fiscal 2008. This guidance assumes comparable stores sales in the first quarter of fiscal 2009 will trend similarly to the sales trend we experienced in the fourth quarter of fiscal 2008. This compares to an increase of 3% in the first quarter of fiscal 2008.

Loss per share for the first quarter of fiscal 2009 is estimated in the range of (\$0.12) to (\$0.16), which compares to actual first quarter fiscal 2008 loss per share on a GAAP basis of (\$0.15), which includes charges of \$1.5 million or \$0.11 per diluted share for store closures, \$388,000 or \$0.03 per diluted share related to the management change announced in January 2008 and \$355,000 or \$0.03 per diluted share related to operating losses associated with stores slated for closure. Actual adjusted diluted earnings per share for the first quarter of fiscal 2008

were \$0.01 and excludes store closures, management change costs, and losses related to the operations of the stores expected to close.

Store Opening Plans

During the fourth quarter, the Company opened two new stores and closed one store. In early 2009, the Company opened one store and closed three additional stores and currently operates 294 locations. The Company expects to open approximately three to five new stores and close five to seven locations during fiscal 2009, ending the year with approximately 295 locations and approximately 600,000 square feet in operation.

Conference call information

The Company announced that it will conduct a conference call to discuss its fourth quarter and fiscal 2008 results today, March 3, 2009 at 4:30 p.m. Eastern Time. Investors and analysts interested in participating in the call are invited to dial (877) 407-9039 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 March 10, 2009 and can be accessed by dialing (877) 660-6853 and entering account number 3055 and conference code 315466.

About Cache, Inc.

Cache is a nationwide, mall-based specialty retailer of sophisticated sportswear and social occasion dresses targeting style-conscious women who have a youthful attitude and are self-confident. We operate 293 stores, primarily situated in central locations in high traffic, upscale malls in 43 states, the Virgin Islands and Puerto Rico.