

PRESS RELEASE

For Immediate Release

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PRODUCT INNOVATION AND GREATER EFFICIENCIES EXPECTED TO BUILD ON LE CHÂTEAU'S RECORD 2002

Montreal, July 9, 2003--- Emilia Di Raddo, President of Le Château Inc. (TSX: CTU.A) today told shareholders attending the Company's annual meeting that despite the challenging retail environment in 2002, Le Château became a 200 million dollar fashion retailer, achieving a record-breaking year in both sales and earnings. "Throughout 2002 we built on the momentum of 2001 by focusing our strategies on elevating our brand, image and quality, while capturing a broader customer base. Motivated by our drive to reach international standards in design, layout and merchandising, all five of the Company's divisions enjoyed sales growth this past year," commented Ms. Di Raddo.

Sales in fiscal 2002 increased 16.1% to \$218 million and comparable store sales increased 18.4%. Net earnings totaled \$7.6 million or \$1.52 per share compared to \$1.9 million or \$0.38 per share in 2001. Net profit attributable to Canadian operations amounted to \$8.5 million or \$1.71 per share, whereas a net loss of \$0.9 million Cdn or \$(0.19) Cdn per share was recorded for the U.S. operations, consisting of four stores in the New York City area.

While Canadian stores achieved a substantial net gain, financial results from the U.S. are clearly unacceptable and the Company is taking steps aimed at both immediate corrective measures and at safeguarding the opportunities and potential for long-term growth.

"Our goal through 2003 is to continue to improve profitability and lower inventory levels by maintaining an emphasis on product innovation, brand differentiation and shorter lead times. To sustain the gains we have made and to continue to grow at a steady pace, we are re-engineering our operations to be even more efficient and more cost-effective than they were last year. For the 2003 year, we expect continued stable growth in both sales and earnings," stated Ms. Di Raddo. To maximize the growth potential of its menswear division, the Company will be acquiring additional retail space adjacent to approximately 15 of its existing stores in order to gain brand recognition. This will give the Men's division more prominent visibility while creating a more shoppable environment to attract a broader-based male customer. Year-to-date, there has already been an increase of 20% in this division and the Company is confident that this strategy will further build on that momentum. The Ladies' division will also benefit from this strategy, as it will expand into the square-footage previously occupied by menswear.

Current year update

"This year is off to a steady start despite the challenging economic conditions created by record-breaking poor weather conditions, SARS and low tourism. We feel that the worst is over and that the negative impact felt at our primary, urban locations in Toronto, Montreal, Vancouver and New York City was somewhat mitigated by the growth at our suburban locations. We feel this highlights a key advantage of the strategic approach we have very consciously taken in mapping our store locations, that is, we have opted for a balance between primary and secondary market locations," said Ms. Di Raddo.

For the first quarter ended April 26, 2003 sales increased 5.4% to \$45.3 million. Comparable store sales increased 4.3%. Net earnings were \$381,000 or \$0.08 per share compared to \$343,000 or \$0.07 per share a year ago. Net earnings attributable to Canadian operations

amounted to \$886,000 or \$0.18 per share, whereas a net loss of \$505,000 Cdn or \$(0.10) Cdn per share was recorded for the U.S. operations.

For the first ten weeks of the second quarter, total retail sales increased 6.9% and same store sales increased 4.3% compared to the same period last year.

Profile

Le Château is a leading Canadian specialty retailer offering fashion-forward apparel, accessories and footwear at value prices to style-conscious women and men aged 15 to 35+. Our *JUNIOR GIRL* division attracts the rapidly increasing market of “tweens” aged 8 to 14.

Le Château brand name clothing is sold exclusively through our 154 retail locations, which average 3,500 square feet in size. In addition, the Company operates nine Le Château Fashion Outlet Stores. All stores are located in Canada, except for four locations in the New York City area.

Forward-Looking Statements

This news release may contain forward-looking statements relating to the Company and/or the environment in which it operates that are based on the Company's expectations, estimates and forecasts. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict and/or are beyond the Company's control. A number of factors may cause actual outcomes and results to differ materially from those expressed. These factors include those set forth in other public filings of the Company. Therefore, readers should not place undue reliance on these forward-looking statements. In *addition, these forward-looking statements* speak only as of the date made and the Company disavows any intention or obligation to update or revise any such statements as a result of any event, circumstance or otherwise.