

PRESS RELEASE

For Immediate Release

Source : LE CHÂTEAU INC.

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LE CHÂTEAU REPORTS RECORD HOLIDAY SALES

Montreal, January 5, 2007 – Le Château Inc. (TSX: CTU.A) today reported that sales for the holiday period November 26, 2006 to January 3, 2007 increased 17.0% compared to the same period last year. Comparable store sales increased 13.0% compared with the same period a year ago.

For the fourth quarter to date, being the period October 29, 2006 to January 3, 2007, total sales increased 15.1% and comparable store sales increased 10.9%. Le Château will release full year results in April.

These record-setting results come thanks to the outstanding performance and dedication of the management team and the thousands of valued employees, as well as all those who participated in the Company's previously announced comprehensive review of operations, positioning, and strategic alternatives. This review process has now come to a successful conclusion, and the Board has decided to stay the current course. The Company wishes to thank the J.C. Williams Group, Genuity Capital Markets, and Deloitte & Touche, amongst others.

All divisions of Le Château are performing strongly. The management team and the Company are poised to further improve Le Château's unprecedented results. Under the stewardship of Chief Executive Officer Jane Silverstone Segal and our highly experienced senior management team, the Company foresees rapid additional growth in the next few years, with our 3,500-square foot average size store growing to 5,000 square feet. Chain-wide, Le Château aims to grow from 850,000-square feet of selling space to a total of 1.3 million square feet and over \$500 million in sales.

"We have created exceptional momentum, and are in a position to meet the challenges set by global standards in the retail clothing industry," said Mr. Herschel Segal, Chairman of the Board. "Our brand is entrenched across Canada and growing more powerful. We will seek to further expand our offering and brand awareness internationally, to accelerate revenue generation through foreign licensing and franchising opportunities."

Profile

Le Château is a leading Canadian brand in specialty retailing offering a broad array of contemporary fashion apparel, accessories and footwear for style-conscious women and men. The Le Château brand is synonymous with ageless fashion at accessible prices and is sold exclusively through the Company's 195 retail locations across Canada, except for five locations in the New York City area. The Company's outlets are primarily found in major urban shopping malls and complemented with high pedestrian-traffic, street-front locations.

The Company's 48-year tradition of vertical integration, a design and manufacturing approach to retailing, places it amongst the world's leading fashion merchants.

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.

Factors which could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits; competitive conditions in the businesses in which the Company participates; changes in consumer spending; general economic conditions and normal business uncertainty; customer preferences towards product offerings; seasonal weather patterns; fluctuations in foreign currency exchange rates; changes in the Company's relationship with its suppliers; interest rate fluctuations and other changes in borrowing costs; and changes in laws, rules and regulations applicable to the Company.