

## **PRESS RELEASE**

### **For Immediate Release**

**Source: LE CHÂTEAU INC.  
Contact: Emilia Di Raddo, CA  
President  
(514) 738-7000**

**Maison Brison  
Brian Quick  
(514) 731-0000**

### **LE CHÂTEAU INC. AND 125387 CANADA INC. ANNOUNCE THE CLOSING OF TREASURY AND SECONDARY PRIVATE PLACEMENT**

**MONTREAL, QUEBEC, December 22, 2004** – Le Château Inc. (TSX: CTU.SV.A) and 125387 Canada Inc. (the "Selling Shareholder") , a corporation controlled by Mr. Herschel H. Segal, the Chairman of the Board and Chief Executive Officer of Le Château, announce today the closing of the previously announced private placement. Le Château issued and sold 500,000 Class A Subordinate Voting Shares and the Selling Shareholder sold 500,000 Class A Subordinate Voting Shares following the conversion by it of 500,000 Class B Voting Shares of Le Château. The 1,000,000 shares were sold at a price of \$22.75 per share.

GMP Securities Ltd. acted as the underwriter of the private placement and the shares were issued pursuant to applicable prospectus and registration exemptions.

Following the completion of the transaction, Mr. Segal, directly or indirectly, exercises control or direction over 2,480,000 of Le Château's Class B Voting Shares and 570 Class A Subordinate Voting Shares, representing 42.4% of Le Château's equity and 86.9% of the votes attached to all outstanding shares. Following the completion of the transaction, there are 3,327,301 Class A Subordinate Voting Shares and 2,520,000 Class B Voting Shares of Le Château issued and outstanding.

Le Château will use its share of the net proceeds from the private placement for store renovations, infrastructure improvements and for general working capital purposes. Le Château did not receive any proceeds from the sale of shares by the Selling Shareholder.

#### **Profile**

Le Château is a leading Canadian specialty retailer offering fashion-forward apparel, accessories and footwear to style-conscious women and men.

Le Château brand name clothing is largely designed and developed within its vertically integrated operations and is sold exclusively through its 175 retail locations. All stores are 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.

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.

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

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