

PRESS RELEASE

For Immediate Release

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LE CHÂTEAU REPORTS STRONG HOLIDAY SALES

Montreal, January 5, 2005 – Le Château Inc. (TSX: CTU.SV.A) today reported that holiday sales for the five week period ended January 1, 2005 increased 11.1% compared to the five week period ended January 3, 2004. Comparable store sales increased 6.8% compared with the same period a year ago.

For the fourth quarter to date, being the nine weeks ended January 1, 2005, total sales increased 12.5% compared to the nine week period ended December 27, 2003. On a comparable week basis (nine weeks ended January 1, 2005 versus the nine week period ended January 3, 2004), total sales increased 10.2% and comparable store sales increased 6.0%.

Le Château will release full year results in April.

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 our vertically integrated operations. Our brand name merchandise is sold exclusively through our 175 retail locations. 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.

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.