

PRESS RELEASE

For Immediate Release

Source:	LE CHÂTEAU INC.	
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LE CHÂTEAU INC. PROVIDES UPDATE OF STRATEGIC REVIEW

Montreal, July 12, 2006 – Le Château Inc. (TSX: CTU.A) is providing an update with respect to the timing of its previously announced review with Genuity Capital Markets of various strategic alternatives, including, but not limited to, a sale of the Company, a business combination or a capital reorganization in order to enhance shareholder value. While Le Château intends to continue its review of strategic alternatives going forward, the Company is devoted to the launch of its key fall selling season and, as such, will not carry out or implement any specific process or action in connection with the review until the release of results for the second quarter on September 7. Notwithstanding the continuation of the review of strategic alternatives, there can be no assurance that any transaction or other alternative will ultimately be completed.

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 188 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 47-year tradition of vertical integration, a design and manufacturing approach to retailing, makes it unique among Canadian 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

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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.

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