

Le Château Inc. and 125387 Canada Inc.  
Press Release  
For Immediate Distribution

## **LE CHÂTEAU ANNOUNCES CLOSING OF \$18.9 MILLION BOUGHT DEAL SECONDARY OFFERING BY PRINCIPAL SHAREHOLDER**

Montreal, Québec, May 24, 2007 – Le Château Inc. (TSX: CTU.A) and 125387 Canada Inc. (the “Selling Shareholder”), a corporation indirectly controlled by Mr. Herschel H. Segal, the principal shareholder of Le Château, announce the closing of the previously announced bought deal secondary offering by the Selling Shareholder of 300,000 Class A Subordinate Voting Shares of Le Château at a price of \$63.00 per share, for gross proceeds to the Selling Shareholder of \$18.9 million, following the conversion of 300,000 Class B Multiple Voting Shares of Le Château by the Selling Shareholder. Le Château did not receive any proceeds from the offering. The offering was made through GMP Securities L.P., as underwriter.

The secondary offering was effected in the provinces of Québec, Ontario, British Columbia, Alberta, Saskatchewan and Manitoba by way of a short form prospectus and on a private placement basis in the United States pursuant to Regulation D.

Following the closing, there are 4,587,941 Class A Subordinate Voting Shares and 1,640,000 Class B Multiple Voting Shares of Le Château issued and outstanding. Of the 1,640,000 Class B Multiple Voting Shares currently outstanding, 1,600,000 shares, representing approximately 76.2% of the votes attached to all the shares of Le Château, are indirectly owned by Herschel H. Segal, and the other 40,000 shares are indirectly owned by Jane Silverstone Segal, the Chief Executive Officer of Le Château.

*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 United States Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.*

*This news release is not for distribution to United States newswire services or for dissemination in the United States.*

### **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 202 retail locations, of which 197 are located in Canada and 5 in the New York City area. The Company’s outlets are primarily found in major shopping malls and complemented with high pedestrian-traffic, street-front locations.

### **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

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For further information, contact: Herschel H. Segal, President, 125387 Canada Inc. (514) 738-7000; Emilia Di Raddo, President, Le Château Inc. (514) 738-7000; Maison Brison: Rick Leckner, (514) 731-0000