
Form 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):

May 18, 2004

THE CATO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-31340

56-0484485

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification Number)

8100 Denmark Road, Charlotte, North Carolina

28273-5975

(Address of Principal Executive Offices)

(Zip Code)

(704) 554-8510

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if changed since last report)

THE CATO CORPORATION

Item 7. Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1 – Press Released issued May 18, 2004

Item 9. Regulation FD Disclosure; and

Item 12. Results of Operations and Financial Condition.

On May 18, 2004, The Cato Corporation issued a press release regarding its financial results for the first quarter ending May 1, 2004. A copy of this press release is attached hereto as Exhibit 99.1 and incorporated by reference herein. The information being furnished in this report (including Exhibit 99.1) is not deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 and is not incorporated by reference into any filing under the Securities Act of 1933.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

May 19, 2004

Date

May 19, 2004

Date

THE CATO CORPORATION

/s/ John P. Derham Cato

John P. Derham Cato
Chairman, President and
Chief Executive Officer

/s/ Michael O. Moore

Michael O. Moore
Executive Vice President
Chief Financial Officer and Secretary

Exhibit Index

Exhibit	Exhibit No.
Press Release issued May 18, 2004	99.1



The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:

Michael O. Moore
Executive Vice President
Chief Financial Officer
704-551-7201

**CATO REPORTS 1Q RESULTS IN LINE WITH PRIOR ESTIMATE
Provides 2Q Guidance**

Charlotte, N.C. (May 18, 2004) – The Cato Corporation (NYSE: CTR) today reported net income of \$16.8 million or \$.81 per diluted share for the first quarter ended May 1, 2004, compared to net income of \$17.5 million or \$.68 per diluted share for the first quarter ended May 3, 2003. Net income decreased 4% and earnings per diluted share increased 19% from first quarter 2003. Sales for the first quarter were \$205.2 million, an increase of 4% over sales of \$197.3 million for the first quarter last year. The Company's first quarter comparable store sales decreased 2%.

“Our first quarter results were in line with our expectations,” said John Cato, Chairman, President, and Chief Executive Officer. “We expect second quarter earnings per diluted share to be in the range of \$.33 to \$.38 versus \$.30 last year. This estimate is based on comparable store sales in the range of down 2% to up 2%.”

During the first quarter, the Company opened 16 stores and relocated 10 stores. As of May 1, 2004, the Company operated 1,118 stores in 28 states, compared to 1,035 stores in 26 states as of May 3, 2003.

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P.O. Box 34216
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The Cato Corporation is a leading specialty retailer of value-priced women's fashion apparel operating two divisions, "Cato" and "It's Fashion!". The Company primarily offers exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices, everyday. Additional information on The Cato Corporation is available at www.catocorp.com.

Statements in this press release not historical in nature including, without limitation, statements regarding the Company's expected financial results for the second quarter are considered "forward-looking" within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations that are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those contemplated by the forward-looking statements. Such factors include, but are not limited to, the following: general economic conditions; competitive factors and pricing pressures; the Company's ability to predict fashion trends; consumer apparel buying patterns; adverse weather conditions and inventory risks due to shifts in market demand. The Company does not undertake to publicly update or revise the forward-looking statements even if experience or future changes make it clear that the projected results expressed or implied therein will not be realized. The Company is not responsible for any changes made to this press release by wire or Internet services.

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THE CATO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE PERIODS ENDED MAY 1, 2004 AND MAY 3, 2003
(Dollars in thousands, except per share data)

	Quarter Ended			
	May 1, 2004	% Sales	May 3, 2003	% Sales
REVENUES				
Retail sales	\$ 205,193	100.0%	\$ 197,304	100.0%
Other income (principally finance, late fees and layaway charges)	4,008	2.0%	3,906	2.0%
Total revenues	<u>209,201</u>	<u>102.0%</u>	<u>201,210</u>	<u>102.0%</u>
GROSS MARGIN (Memo)	72,849	35.5%	70,306	35.6%
COSTS AND EXPENSES, NET				
Cost of goods sold	132,344	64.5%	126,998	64.4%
Selling, general and administrative	45,823	22.3%	43,444	22.0%
Depreciation	4,979	2.4%	4,451	2.3%
Interest and other income, net	(344)	-0.1%	(1,127)	-0.6%
Cost and expenses, net	<u>182,802</u>	<u>89.1%</u>	<u>173,766</u>	<u>88.1%</u>
Income Before Income Taxes	26,399	12.9%	27,444	13.9%
Income Tax Expense	9,583	4.7%	9,962	5.0%
Net Income	<u>\$ 16,816</u>	<u>8.2%</u>	<u>\$ 17,482</u>	<u>8.9%</u>
Basic Earnings Per Share	<u>\$ 0.82</u>		<u>\$ 0.69</u>	
Basic Weighted Average Shares	<u>20,499,605</u>		<u>25,439,385</u>	
Diluted Earnings Per Share	<u>\$ 0.81</u>		<u>\$ 0.68</u>	
Diluted Weighted Average Shares	<u>20,845,867</u>		<u>25,796,506</u>	

THE CATO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	May 1, 2004 (Unaudited)	May 3, 2003 (Unaudited)	January 31, 2004
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 23,167	\$ 43,986	\$ 23,857
Short-term investments	67,155	75,069	47,545
Accounts receivable — net	51,427	53,340	52,714
Merchandise inventories	99,855	102,306	97,292
Other current assets	6,478	7,113	5,992
Total Current Assets	<u>248,082</u>	<u>281,814</u>	<u>227,400</u>
Property and Equipment — net	116,400	113,156	114,367
Other Assets	10,189	9,604	9,806
TOTAL	<u>\$374,671</u>	<u>\$404,574</u>	<u>\$351,573</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities	\$124,408	\$107,663	\$114,492
Noncurrent Liabilities	21,786	14,982	21,470
Long Term Debt	20,000	0	21,500
Stockholders' Equity	208,477	281,929	194,111
TOTAL	<u>\$374,671</u>	<u>\$404,574</u>	<u>\$351,573</u>