

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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): August 29, 2008

THE CATO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

1-31340
(Commission
File Number)

56-0484485
(I.R.S. Employer
Identification Number)

8100 Denmark Road, Charlotte, North Carolina
(Address of Principal Executive Offices)

28273-5975
(Zip Code)

(704) 554-8510

(Registrant's telephone number, including area code)

Not Applicable

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

As previously announced on August 29, 2008, The Cato Corporation (the "Company") has promoted John R. Howe to Executive Vice President and Chief Financial Officer of the Company, effective as of September 1, 2008. In connection with Mr. Howe's promotion, Mr. Howe and the Company entered into a letter of agreement ("Agreement") dated August 29, 2008 and effective September 1, 2008, that sets forth certain terms regarding his employment.

Pursuant to the Agreement, Mr. Howe will serve as Executive Vice President and Chief Financial Officer of the Company. His initial annual base salary will be \$225,000 per year, subject to potential increase based on an annual performance review.

Mr. Howe will be eligible to receive a performance bonus of up to 60% of base salary based upon the achievement of the Company and individual performance goals for fiscal 2008.

As of his effective promotion date, Mr. Howe will be granted 5,000 restricted shares of the Company's Class A Common Stock. These restricted shares were granted pursuant to the Company's 2004 Incentive Compensation Plan, and will vest over 5 years at the rate of 1/3 per year as of the end of years 3, 4 and 5, respectively. Mr. Howe will also be eligible to receive an annual restricted stock grant in May 2009, along with other eligible employees, subject to approval by the Compensation Committee of the Board of Directors.

Mr. Howe will be entitled to participate in the Company's employee benefit plans as provided to other employees, including the Company's 401(k) Plan, Employee Stock Purchase Plan and vacation plan.

On August 29, 2008, the Company issued a press release announcing the promotion of John R. Howe as its new Executive Vice President and Chief Financial Officer, effective as of September 1, 2008. A copy of the press release is attached hereto as Exhibit 99.2, and the contents thereof are incorporated herein by reference. Mr. Howe, who is 46 years old, has served in various positions with the Company since July 1986, most recently as Senior Vice President and Controller from June 2007 until his recent promotion and as Vice President, Assistant Controller from August 1999 until June 2007.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Letter of Agreement between the Company and John Howe

99.2 Press release issued on August 29, 2008

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.

THE CATO CORPORATION

September 2, 2008

Date

/s/ John P. D. Cato

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

September 2, 2008

Date

/s/ John R. Howe

Executive Vice President
Chief Financial Officer

Exhibit Index

Exhibit

99.1 Letter Agreement between the Company and John Howe

99.2 Press release issued on August 29, 2008



The CATO Corporation

August 28, 2008

John Howe
3111 McKee Road
Charlotte, NC 28270

Dear John:

We are very pleased to offer you the position of Executive Vice President, Chief Financial Officer for The Cato Corporation. Listed below are the specific terms of the promotion, which we have discussed and agreed upon:

Position: Executive Vice President, Chief Financial Officer

Salary: \$225,000 annual salary paid monthly at \$18,750 on the last day of the month for that month.

Reporting to: John Cato, Chairman, President, Chief Executive Officer

Effective Date: September 1, 2008

Performance Bonus: Bonus potential of up to 60% of salary, based on company and individual performance for fiscal 2008. The company has paid an average of 60% of bonus potential for the past five years. Assuming this average, your prorated bonus would be \$52,650 Based on your annual salary.

Restricted Stock: As an Executive Vice President, you will receive 5,000 shares of restricted stock effective September 1, 2008. You will be eligible to receive the annual restricted stock grant subject to approval by the Compensation Committee for eligible associates on May 1, 2009. All restricted stock awards are subject to 5-year vesting from date of award with 33% of the shares vesting at the end of the third year, 33% of the shares vesting at the end of the fourth year, and 34% of the shares vesting at the end of the fifth year. New ownership level requirement would be at 300% per plan requirements.

8100 Denmark Road
P.O. Box 34216
Charlotte, NC 28234
(704) 554-8510

Performance Review: The performance review process is conducted the first quarter of the fiscal year for the previous year. All reviews are a result of meeting corporate and individual objectives. You will be eligible for a prorated merit increase for your performance in fiscal year 2008 with an effective date of May 1, 2009.

Benefits: Per company benefits.

401K/Profit Sharing: The Company has historically matched 100% of associate contributions. The company has the potential to match up to 3% of your salary or \$6,750 on a pre-tax basis. In addition, the Company has also given a profit sharing contribution based on company profits, averaging .65% of our associates salary over past years. This could amount to an additional \$1,462 you based on your salary.

Employee Stock Purchase Plan: You may enroll in the Employee Stock Purchase Plan on April 1 or October 1. You may purchase Cato stock at a 15% discount up to a maximum of 10% of your pay or \$21,250 annually.

John, there are many exciting opportunities ahead for The Cato Corporation. We are very enthused about the prospects for our Company and its Associates. We are confident that you will provide significant contributions and make a strong positive impact in our future success.

Please sign this original and return to me signifying your acceptance of these terms (a self-addressed envelope is enclosed for your convenience). A copy is also enclosed for your retention. Please contact me at (704) 571-7780 if you have any questions or need assistance in any way. Once again, congratulations on your promotion.

Sincerely Yours,

Accepted:

/s/ Robert C. Brummer

/s/ John R. Howe

8/28/08

Robert C. Brummer
Senior Vice President
Human Resources

John R. Howe

Date

Enclosures



The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:

Stuart L. Uselton
Executive Vice President
Chief Administrative Officer
704-940-7832

**THE CATO CORPORATION PROMOTES JOHN HOWE TO
CHIEF FINANCIAL OFFICER**

Charlotte, NC (August 29, 2008) – The Cato Corporation (NYSE:CTR) announced today the promotion of John Howe to Executive Vice President, Chief Financial Officer effective September 1, 2008. Mr. Howe will report to John Cato, Chairman, President and Chief Executive Officer. He will be responsible for corporate finance, financial planning and analysis, tax, treasury and information technology. Mr. Howe joined The Cato Corporation in 1986 as a field auditor and has served in many financial roles, most recently as Senior Vice President, Controller.

“I am excited to have someone with John’s financial experience and demonstrated performance,” commented Mr. Cato. “I look forward to his continued contributions to our profitable growth.”

Mr. Howe earned a Bachelor of Science Degree in Economic/Business Administration from the University of North Carolina at Greensboro and is a certified public accountant.

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 offers exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices, every day. As of August 2, 2008, the Company operated 1,287 stores in 31 states. Additional information on The Cato Corporation is available at www.catocorp.com.

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