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

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 3, 2001

OR

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

For the transition period from ________________to__________________

Commission file number 0-3747

THE CATO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	56-0484485
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

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, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

As of November 20, 2001, there were 19,370,510 shares of Class A Common Stock and 5,595,983 shares of Class B Common Stock outstanding.

THE CATO CORPORATION

FORM 10-Q

November 3, 2001

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PART I FINANCIAL INFORMATION

THE CATO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	November 3, 2001 (Unaudited)	October 28, 2000 (Unaudited)	November 3, 2001 (Unaudited)	October 28, 2000 (Unaudited)
	(Dollars in thousands, except per share data)			
REVENUES				
Retail sales	$ 147,619	$ 136,856	$ 500,410	$ 462,385
Other income (principally finance, late, and layaway charges)	5,250	4,764	15,591	15,157
Total revenues	152,869	141,620	516,001	477,542
COSTS AND EXPENSES				
Cost of goods sold	101,743	97,429	336,227	312,768
Selling, general and administrative	40,593	35,014	122,720	110,890
Depreciation	2,779	2,320	7,927	7,075
Interest	8	15	30	32
Total expenses	145,123	134,778	466,904	430,765
INCOME BEFORE INCOME TAXES	7,746	6,842	49,097	46,777
Income tax expense	2,711	2,395	17,184	16,372
NET INCOME	$ 5,035	$ 4,447	$ 31,913	$ 30,405
BASIC EARNINGS PER SHARE	$ .20	$ .18	$ 1.26	$ 1.22
DILUTED EARNINGS PER SHARE	$ .20	$ .18	$ 1.23	$ 1.20
DIVIDENDS PER SHARE	$ .135	$ .10	$ .395	$ .30

See accompanying notes to condensed consolidated financial statements.

THE CATO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	November 3, 2001 (Unaudited)	October 28, 2000 (Unaudited)	February 3, 2001
	(Dollars in thousands)		
ASSETS			
Current Assets			
Cash and cash equivalents	$ 5,710	$ 6,940	$ 25,201
Short-term investments	71,639	58,888	57,911
Accounts receivable - net	50,593	44,598	46,972
Merchandise inventories	97,972	94,734	79,161
Deferred income taxes	1,168	3,796	1,579
Prepaid expenses	5,134	1,780	4,665
Total Current Assets	232,216	210,736	215,489
Property and equipment - net	96,127	82,236	85,819
Other assets	8,693	8,442	9,434
Total	$ 337,036	$ 301,414	$ 310,742
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 68,571	$ 63,415	$ 59,681
Accrued expenses	29,041	22,477	24,378
Income taxes	3,591	4,312	5,706
Total Current Liabilities	101,203	90,204	89,765
Deferred income taxes	5,386	5,550	5,386
Other noncurrent liabilities	7,648	7,930	7,834
Shareholders' Equity			
Preferred stock, $100 par value per share, 100,000 shares authorized, none issued	--	--	--
Class A common stock, $.033 par value per share, 50,000,000 shares authorized; issued 24,913,479 shares, 24,296,971 shares and 24,643,420 shares at November 3, 2001, October 28, 2000, and February 3, 2001, respectively	830	810	821
Convertible Class B common stock, $.033 par value per share, 15,000,000 shares authorized; issued 5,573,483 shares at November 3, 2001, and 5,364,317 shares at October 28, 2000 and February 3, 2001.	186	179	179
Additional paid-in capital	80,818	73,034	76,778
Retained earnings	197,177	169,651	175,275
Accumulated other comprehensive losses	(120)	(1,458)	(884)
Unearned compensation - restricted stock awards	(468)	(763)	(689)
	278,423	241,453	251,480
Less Class A common stock in treasury, at cost (5,542,969 shares at November 3, 2001, and 4,759,148 shares at October 28, 2000 and February 3, 2001)	(55,624)	(43,723)	(43,723)
Total Shareholders' Equity	222,799	197,730	207,757
Total	$ 337,036	$ 301,414	$ 310,742

See accompanying notes to condensed consolidated financial statements.

THE CATO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	November 3, 2001 (Unaudited)	October 28, 2000 (Unaudited)
	(Dollars in thousands)	
OPERATING ACTIVITIES		
Net income	$ 31,913	$ 30,405
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,927	7,075
Amortization of investment premiums	125	101
Compensation expense related to restricted stock awards	221	221
Loss on disposal of property and equipment	331	881
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(3,621)	860
Merchandise inventories	(18,811)	(25,237)
Other assets	272	(94)
Accrued income taxes	(2,115)	(418)
Accounts payable and other liabilities	13,778	7,391
Net cash provided by operating activities	30,020	21,185
INVESTING ACTIVITIES		
Expenditures for property and equipment	(18,566)	(20,854)
Purchases of short-term investments	(35,181)	(9,447)
Sales of short-term investments	22,092	7,687
Net cash used in investing activities	(31,655)	(22,614)
FINANCING ACTIVITIES		
Dividends paid	(10,011)	(7,636)
Purchases of treasury stock	(11,901)	(15,449)
Proceeds from employee stock purchase plan	431	445
Proceeds from stock options exercised	3,625	620
Net cash used in financing activities	(17,856)	(22,020)
Net decrease in cash and cash equivalents	(19,491)	(23,449)
Cash and cash equivalents at beginning of period	25,201	30,389
Cash and cash equivalents at end of period	$ 5,710	$ 6,940

See accompanying notes to condensed consolidated financial statements.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED NOVEMBER 3, 2001
AND OCTOBER 28, 2000

NOTE 1 - GENERAL:

The consolidated financial statements have been prepared from the accounting records of The Cato Corporation and its wholly-owned subsidiaries (the Company), and all amounts shown at November 3, 2001 and October 28, 2000 are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) considered necessary for a fair presentation have been included. The results of the interim period may not be indicative of the entire year.

The interim financial statements should be read in conjunction with the financial statements and notes thereto, included in the Company's Annual Report in Form 10-K for the fiscal year ended February 3, 2001.

The Company's short-term investments are classified as available-for-sale securities, and therefore, are carried at fair value, with unrealized gains and losses, net of income taxes, reported as a component of other comprehensive income.

Total comprehensive income for the third quarter and nine months ended November 3, 2001 was $5,752,000 and $32,677,000, respectively. Total comprehensive income for the third quarter and nine months ended October 28, 2000 was $4,636,000 and $30,748,000, respectively. Total comprehensive income is composed of net income and net unrealized gains and losses on available-for-sale securities.

Merchandise inventories are stated at the lower of cost (first-in, first-out method) or market as determined by the retail inventory method.

In the third quarter of fiscal 2001, the Company repurchased 322,250 shares of Class A common stock for $4,790,514, or an average price of $14.87 per share. For the nine months ended November 3, 2001, the Company repurchased 774,750 shares of Class A common stock and accepted 9,071 shares of Class A common stock related to a stock option exercise, representing a total of 783,821 shares for $11,901,108, or an average price of $15.18 per share. For the nine months ended October 28, 2000, the Company repurchased 1,468,800 shares of Class A common stock for $15,449,238 or an average price of $10.52 per share.

In May 2001, the Board of Directors increased the quarterly dividend by 8% from $.125 per share to $.135 per share.

The provisions for income taxes are based on the Company's estimated annual effective tax rate.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED NOVEMBER 3, 2001
AND OCTOBER 28, 2000

NOTE 2 - RECENT ACCOUNTING PRONOUNCEMENTS:

In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them. SFAS 142 will be effective for fiscal years beginning after December 15, 2001. The Company intends to adopt the provisions of SFAS No. 142 during its fiscal year 2002. The impact of this pronouncement on the Company's financial results is currently being evaluated.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Obligations Associated with the Retirement of Long-Lived Assets." SFAS No. 143 will require the accrual, at fair value., of the estimated retirement obligation for tangible long-lived assets if the Company is legally obligated to perform retirement activities at the end of the related asset's life. The Company is currently assessing the impact of this statement, which will be effective for the Company on February 2, 2003.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which supersedes SFAS No. 121, "Accounting for the Impairment or Disposal of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," but retains many of its fundamental provisions. Additionally, this statement expands the scope of discontinued operations to include more disposal transactions. The Company is currently assessing the impact of this statement, which will be effective for the Company on February 3, 2002.

NOTE 3 - EARNINGS PER SHARE:

Earnings per share is calculated by dividing net income by the weighted-average number of Class A and Class B common shares outstanding during the respective periods. The weighted-average shares outstanding is used in the basic earnings per share calculation, while the weighted-average shares and equivalents outstanding is used in the diluted earnings per share calculation.

	Three Months Ended		Nine Months Ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Weighted-average shares outstanding	25,109,834	24,865,073	25,244,887	24,980,060
Dilutive effect of stock options	564,935	415,829	640,914	396,733
Weighted-average shares and equivalents outstanding	25,674,769	25,280,902	25,885,801	25,376,793

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS AND NINE MONTHS ENDED NOVEMBER 3, 2001
AND OCTOBER 28, 2000

NOTE 4 - SUPPLEMENTAL CASH FLOW INFORMATION:

Income tax payments, net of refunds received, for the nine months ended November 3, 2001 and October 28, 2000 were $19,794,000 and $17,435,000, respectively.

NOTE 5 - FINANCING ARRANGEMENTS:

At November 3, 2001, the Company had an unsecured revolving credit agreement which provides for borrowings of up to $35 million. The revolving credit agreement is committed until July 2003. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance. There were no borrowings outstanding during the nine months ended November 3, 2001 or the fiscal year ended February 3, 2001.

NOTE 6 - REPORTABLE SEGMENT INFORMATION:

The Company has two reportable segments: retail and credit. The following schedule summarizes certain segment information (in thousands):

	Three Months Ended		Nine Months Ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Revenues:				
Retail	$ 149,633	$ 138,142	$ 506,107	$ 467,421
Credit	3,236	3,478	9,894	10,121
Total	$ 152,869	$ 141,620	$ 516,001	$ 477,542
Income before taxes:				
Retail	$ 6,826	$ 5,591	$ 46,359	$ 43,356
Credit	920	1,251	2,738	3,421
Total	$ 7,746	$ 6,842	$ 49,097	$ 46,777

THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items in the Company's unaudited Condensed Consolidated Statements of Income as a percentage of total retail sales:

	Three Months Ended		Nine Months Ended	
	November 3, 2001	October 28, 2000	November 3, 2001	October 28, 2000
Total retail sales	100.0%	100.0%	100.0%	100.0%
Total revenues	103.5	103.5	103.1	103.3
Cost of goods sold	68.9	71.2	67.2	67.7
Selling, general and administrative	27.5	25.6	24.5	24.0
Income before income taxes	5.2	5.0	9.8	10.1
Net income	3.4	3.2	6.4	6.6

Comparison of Third Quarter and First Nine Months of 2001 with 2000.

Total retail sales for the third quarter were $147.6 million compared to last year's third quarter sales of $136.9 million, an 8% increase. Same-store sales increased 3% in the third quarter. For the nine months ended November 3, 2001, total retail sales were $500.4 million compared to last year's first nine months sales of $462.4 million, an 8% increase, and same-store sales increased 2% for the comparable nine month period. The increase in retail sales for the first nine months of 2001 resulted from the Company's continued everyday low pricing strategy, improved merchandise offerings, and increased store development activity. The Company operated 917 stores at November 3, 2001 compared to 847 stores at the end of last year's third quarter.

Other income for the third quarter and first nine months of 2001 increased 10% and 3%, respectively, over the prior year's comparable periods. The increase in the current year resulted primarily from increased layaway fees.

Cost of goods sold were 68.9% and 67.2% of total retail sales for the third quarter and first nine months of 2001, respectively, compared to 71.2% and 67.7% for last year's comparable three and nine month periods. The decrease in cost of goods sold as a percent of retail sales for the first nine months of 2001 resulted from strong sell-through of regular priced goods, improved purchasing programs and tightly managed inventory in the third quarter.

THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

OPERATING RESULTS - CONTINUED

Selling, general and administrative (SG&A) expenses were $40.6 million and $122.7 million for the third quarter and first nine months of this year, compared to $35.0 million and $110.9 million for last year's comparable three and nine month periods, respectively. SG&A expenses as a percentage of retail sales increased 190 basis points for the third quarter of 2001 and 50 basis points for the first nine months of 2001. The overall increase in SG&A resulted primarily from increased health care and other insurance costs and increased selling-related expenses and infrastructure expenses attributable to the Company's store development activities.

LIQUIDITY AND CAPITAL RESOURCES

At November 3, 2001, the Company had working capital of $131.0 million, compared to $120.5 million at October 28, 2000 and $125.7 million at February 3, 2001. Cash provided by operating activities was $30.0 million for the nine months ended November 3, 2001, compared to $21.2 million for last year's comparable nine month period. The increase in net cash provided by operating activities resulted primarily from the change in merchandise inventories, accounts payable and other liabilities and an increase in net income offset by the change in accounts receivables and accrued income taxes. At November 3, 2001, the Company had cash, cash equivalents, and short-term investments of $77.3 million, compared to $65.8 million at October 28, 2000 and $83.1 million at February 3, 2001.

Net cash used in investing activities totaled $31.7 million for the first nine months of 2001 compared to $22.6 million for the comparable period of 2000. Cash was used to fund capital expenditures for new, relocated and remodeled stores and for investments in new technology for an enterprise-wide information system for merchandising, distribution and finance. Additionally, the increase in cash used was in part related to an increase in the purchase of short-term investments offset by an increase in the sale of short-term investments in fiscal 2001 as compared to fiscal 2000.

Expenditures for property and equipment totaled $18.6 million for the first nine months of 2001 compared to $20.9 million for the comparable period of 2000. The Company expects total capital expenditures to be approximately $24 million for the current fiscal year. The Company intends to open approximately 85 new stores, close 6 stores and relocate 23 stores during the current fiscal year. For the nine months ended November 3, 2001, the Company opened 62 new stores, relocated 19 stores, and closed 4 stores.

Net cash used in financing activities totaled $17.9 million for the first nine months of 2001 compared to $22.0 million for the comparable period of 2000. The decrease was due primarily to a reduction in the Company's share buyback program and an increase in stock options exercised, which were partially offset by an increase in dividends paid in fiscal 2001 as compared to fiscal 2000.

LIQUIDITY AND CAPITAL RESOURCES - CONTINUED

At November 3, 2001, the Company had an unsecured revolving credit agreement which provides for borrowings of up to $35 million. The revolving credit agreement is committed until July 2003. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance. There were no borrowings outstanding during the nine months ended November 3, 2001, or the fiscal year ended February 3, 2001.

In May 2001, the Board of Directors increased the quarterly dividend by 8% from $.125 per share to $.135 per share.

At November 3, 2001, October 28, 2000, and February 3, 2001, the Company's investment portfolio was primarily invested in governmental debt securities with maturities of up to 36 months. These securities are classified as available-for-sale, and are recorded on the balance sheet at fair value with unrealized gains and losses reported as accumulated other comprehensive losses.

The Company believes that its cash, cash equivalents and short-term investments, together with cash flows from operations and borrowings available under its revolving credit agreement, will be adequate to fund the Company's proposed capital expenditures and other operating requirements during fiscal 2001.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them. SFAS 142 will be effective for fiscal years beginning after December 15, 2001. The Company intends to adopt the provisions of SFAS No. 142 during its fiscal year 2002. The impact of this pronouncement on the Company's financial results is currently being evaluated.

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LIQUIDITY AND CAPITAL RESOURCES - CONTINUED

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Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in the Form 10-Q and located elsewhere herein regarding the Company's financial position and business strategy may constitute forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.

PART II OTHER INFORMATION

THE CATO CORPORATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) None

(B) No Reports on Form 8-K were filed during the quarter ended November 3, 2001.

PART II OTHER INFORMATION (CONTINUED)

THE CATO CORPORATION

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 thereunto duly authorized.

THE CATO CORPORATION

December 12, 2001	/s/ Wayland H. Cato, Jr.
Date	Wayland H. Cato, Jr. Chairman of the Board
December 12, 2001	/s/ John P. Derham Cato
Date	John P. Derham Cato President, Vice Chairman of the Board and Chief Executive Officer
December 12, 2001	/s/ Michael O. Moore
Date	Michael O. Moore Executive Vice President Chief Financial Officer and Secretary
December 12, 2001	/s/ Robert M. Sandler
Date	Robert M. Sandler Senior Vice President Controller