

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
450 Fifth Street NW
Washington, D.C. 29549**

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 10, 2007

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))

THE CATO CORPORATION

Item 2.02. Results of Operations and Financial Condition

On May 10, 2007, The Cato Corporation (the "Company") issued a press release disclosing material nonpublic information regarding the Company's sales results for the four-week period ending May 5, 2007. In the Press Release the Company also updated its earnings estimate for the first quarter ending May 5, 2007.

A copy of this press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit 99.1 Press Release issued May 10, 2007

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

May 15, 2007
Date

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

May 15, 2007
Date

/s/ Thomas W. Stoltz
Thomas W. Stoltz
Executive Vice President
Chief Financial Officer

Exhibit Index

Exhibit

Exhibit No.

Press Release issued on May 10, 2007

99.1



FOR IMMEDIATE RELEASE

NEWS RELEASE

CEO Approval _____

For Further Information Contact:

Thomas Stoltz
Executive Vice President
Chief Financial Officer
704-551-7201

**CATO REPORTS 1Q COMP SALES DOWN 5%
April Comps Down 21%
Lowers 1Q EPS Estimate**

Charlotte, NC (May 10, 2007) — The Cato Corporation (NYSE: CTR) today reported sales of \$64.2 million for the four weeks ended May 5, 2007, a 22% decrease from sales of \$81.8 million for the four weeks ended April 29, 2006. Comparable store sales for the month decreased 21%.

Sales for the first quarter ended May 5, 2007 were \$224.1 million, a 2% decrease from sales of \$229.7 million for the first quarter ended April 29, 2006. Comparable store sales decreased 5% for the first quarter.

Because of the shift of Easter, the best measure for year over year performance for March and April is the combined sales for the two months, which decreased 4% overall and decreased 6% on a comparable store basis.

“The unseasonably cold weather we experienced prior to Easter continued into April and negatively impacted sales for both March and April,” said John Cato, Chairman, President, and Chief Executive Officer. “This was on top of a general weakness we continue to see in our business. Inventory levels are high in relation to current sales levels and will be managed through our normal markdown process. Because of weaker than anticipated

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sales and higher markdowns, we now estimate first quarter earnings per diluted share to be in the range of \$.58 to \$.60 versus \$.65 last year, an 11% to 8% decrease.”

During the month of April, the Company opened five new stores and relocated two stores. New stores opened in Chelsea and Moulton, AL, Columbus, OH, and two stores in Longview, TX. The relocated stores are in Lenoir and Mayodan, NC. As of May 5, 2007, the Company operated 1,286 stores in 31 states, compared to 1,252 stores in 31 states as of April 29, 2006.

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 updated fashion and quality comparable to mall specialty stores at low prices, every day. 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 first 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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