

**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): December 4, 2006

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))

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers; Compensatory Arrangements of Certain Officers

The Cato Corporation (the "Company") has announced the hiring of Thomas W. Stoltz as Executive Vice President and Chief Financial Officer of the Company, effective as of December 4, 2006. In connection with Mr. Stoltz's hiring, Mr. Stoltz and the Company entered into a letter of agreement ("Agreement") dated November 7, 2006 and effective December 4, 2006, that sets forth certain terms regarding his employment.

Pursuant to the Agreement, Mr. Stoltz will serve as Executive Vice President and Chief Financial Officer of the Company. His initial annual base salary will be \$250,000 per year.

Mr. Stoltz will be eligible to receive a performance bonus of up to \$90,000 based on his prior employer's bonus payout for 2006 as determined by their performance and approved bonus distributions. Mr. Stoltz 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 2007.

As of his effective hire date, Mr. Stoltz will be granted 10,000 restricted shares of the Company's Class A Common Stock. These restricted shares will be 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.

If Mr. Stoltz's employment is terminated without cause, he will be entitled to receive severance pay equal to six month's base salary, subject to his execution of a separation and confidentiality agreement.

In connection with Mr. Stoltz's relocation to the Charlotte, North Carolina area, the Company will pay all reasonable and customary moving charges and for Mr. Stoltz's temporary housing for 90 days. In addition, the Company will pay Mr. Stoltz a one-time relocation allowance of \$30,000. Mr. Stoltz has agreed to reimburse the Company in full for all such moving, temporary housing allowance and other relocation expenses in the event he resigns during the first 24 months of his employment.

Mr. Stoltz 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 December 4, 2006, the Company issued a press release announcing the hiring of Thomas W. Stoltz as its new Executive Vice President and Chief Financial Officer, effective as of December 4, 2006. A copy of the press release is attached hereto as Exhibit 99.2, and the contents thereof are incorporated herein by reference. Mr. Stoltz, who is 45 years old, has served as Chief Financial Officer with Citi Trends, Inc., Savannah, Georgia, where he was employed from 2000 to 2006. Mr. Stoltz has served in various executive positions with Factory Card Outlet and Dollar General.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 Letter of Agreement between the Company and Thomas W. Stoltz

99.2 Press release issued on December 4, 2006

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

December 4, 2006

Date

/s/ John P. D. Cato

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

December 4, 2006

Date

/s/ Robert M. Sandler

Robert M. Sandler
Senior Vice President
Controller

Exhibit Index

Exhibit

- 99.1 Letter Agreement between the Company and Thomas W. Stoltz
- 99.2 Press release issued on December 4, 2006



The CATO Corporation

November 1, 2006

Thomas W. Stoltz
118 E. 46th Street
Savannah, GA 31405

Dear Tom:

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 offer, which we have discussed and agreed upon:

Position:	Executive Vice President, Chief Financial Officer
Salary:	\$250,000 annual salary paid monthly at \$20,833.33 on the last day of the month for that month.
Reporting to:	Chairman, President and Chief Executive Officer
Effective Date:	November 20, 2006
Performance Bonus:	Bonus for 2006 payable up to \$90,000 based on prior company's bonus payout for 2006 as determined by their performance and approved bonus distributions. Bonus potential of up to 60% salary, based on company and individual performance for fiscal 2007. The company has paid an average of 69% of bonus potential for the past six years. Assuming this average, your bonus would be \$103,500 based on your annual salary.
Restricted Stock:	10,000 shares, subject to 5-year vesting from date of employment with 1/3 of the shares vesting at the end of the third year, 1/3 of the shares vesting at the end of the fourth year and 1/3 of the shares vesting at the end of the fifth year.
Employment Agreement:	Six months severance pay, if terminated without cause, provided with signed Separation and Confidentiality Agreement and General Release.
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 2006 with an effective date of May 1, 2007.

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

Relocation Allowance:

Cato will pay all reasonable and customary charges to move you and your household possessions to the Charlotte area, as well as, 90 days temporary housing. In addition, Cato will pay a one-time relocation allowance of \$30,000 upon establishing your primary residency in Charlotte. However, if within the first 24 months after joining the company, you decide to resign from the Company, you agree to re-pay the \$30,000 relocation allowance in full and immediately, as well as all costs associated with your move and temporary housing. The relocation allowance is subject to taxes.

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 \$7,500 current maximum on a pre-tax basis. In addition, the Company has also given a profit sharing contribution based on company profits, averaging .63% of our associates salary over past years. This could amount to an additional \$1,575 to you based on your salary. There is a one year of employment eligibility requirement which must be met prior to joining the Plan.

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.

Paid Time Off ("PTO"): 15 days of PTO per year until the end of the fifth year. At the end of the fifth year, PTO will accrue as per company policy.

Tom, 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, welcome to Cato.

Sincerely Yours,

Accepted:

/s/ Robert C. Brummer

/s/ Thomas Stoltz

11/7/06

Robert C. Brummer
Senior Vice President
Human Resources

Thomas Stoltz

Date



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 ANNOUNCES APPOINTMENT OF A NEW CHIEF FINANCIAL OFFICER

Charlotte, NC (December 4, 2006) — The Cato Corporation (NYSE:CTR) announced today the appointment of Tom Stoltz as Executive Vice President, Chief Financial Officer effective December 4, 2006. Mr. Stoltz will report to John Cato, Chairman, President and Chief Executive Officer and be responsible for corporate finance, financial planning and analysis, tax, treasury and information technology. Mr. Stoltz comes to Cato from Citi Trends, Inc., Savannah, Georgia, where he was served as Chief Financial Officer from 2000 to 2006. His previous employment includes Chief Financial Officer/Vice President of Finance at Factory Card Outlet and Corporate Controller and Interim Chief Financial Officer at Dollar General Corporation.

“I am pleased to announce the addition of Tom to our management team,” commented Mr. Cato. “I am excited to have someone with his broad retail experience to help us continue our profitable growth.”

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 November 25, 2006, the Company operated 1,278 stores in 31 states.

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