
**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): November 29, 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 November 29, 2007, The Cato Corporation issued a press release regarding its financial results for the third quarter ending November 3, 2007. A copy of this press release is furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99.1 — Press Release issued November 29, 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

November 30, 2007

Date

/s/ John P. D. Cato

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

November 30, 2007

Date

/s/ Thomas W. Stoltz

Thomas W. Stoltz
Executive Vice President
Chief Financial Officer

Exhibit Index

<u>Exhibit</u>	<u>Exhibit No.</u>
Press Release issued November 29, 2007	99.1



The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:

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

**CATO REPORTS 3Q EARNINGS
Revises 4Q and Full Year Guidance**

Charlotte, NC (November 29, 2007) — The Cato Corporation (NYSE: CTR) today reported net income of \$2.9 million for the third quarter ended November 3, 2007, compared to net income of \$5.9 million for the third quarter ended October 28, 2006, a decrease of 51%. Earnings per diluted share for the third quarter were \$0.09, compared to \$0.18 last year, a decrease of 50%. Sales for the third quarter were \$181.9 million, a 3% decrease from sales of \$187.7 million last year. Comparable store sales for the quarter decreased 5%.

For the nine months ended November 3, 2007, the Company earned net income of \$34.1 million compared to net income of \$38.8 million for the nine months ended October 28, 2006, a decrease of 12%. Earnings per diluted share were \$1.07 compared to \$1.22 last year, a decrease of 12%. Sales were \$625.0 million for the first nine months of 2007, a 1% decrease from sales of \$632.1 million last year. Year-to-date comparable store sales decreased 3%.

For the quarter, the gross margin rate decreased to 30.7% versus 32.2% last year. The decrease is primarily due to lower than planned sales resulting in higher markdowns. The SG&A rate increased to 28.2% from 27.4% last year primarily due to the deleveraging of expenses on the lower sales base.

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"Third quarter results reflect the difficult retail environment we continue to face," commented John Cato, Chairman, President, and Chief Executive Officer. "Due to lower sales and additional markdowns, we expect fourth quarter results will be in the range of a loss of (\$0.08) to \$0.00 per diluted share versus \$0.40 last year. This estimate is based on comparable store sales in the range of down 7% to down 4% for the quarter. For the year, earnings per diluted share are estimated to be in the range of \$0.99 to \$1.07 versus \$1.62 last year."

Fourth quarter 2006 included 14 weeks compared to 13 weeks this year and several positive one-time adjustments totaling \$0.10 earnings per diluted share as noted in prior releases.

Year-to-date, the Company has opened 49 new stores, relocated 16 stores, and closed four stores. As of November 3, 2007, the Company operated 1,321 stores in 31 states, compared to 1,270 stores in 31 states as of October 28, 2006. The Company still expects to open 60 to 65 stores for the year.

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. 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 or estimated financial results for the third quarter, fourth quarter and full year and any related assumptions, as well as the Company's expected plans for full year store openings 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 and other factors discussed under "Risk Factors" in Part I, Item 1A of the Company's most recently filed annual report on Form 10-K, as amended or supplemented, and in other reports the Company files with or furnishes to the SEC from time to time. 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 NOVEMBER 3, 2007 AND OCTOBER 28, 2006
(Dollars in thousands, except per share data)

	Quarter Ended				Nine Months Ended			
	November 3, 2007	% Sales	October 28, 2006	% Sales	November 3, 2007	% Sales	October 28, 2006	% Sales
REVENUES								
Retail sales	\$ 181,870	100.0%	\$ 187,727	100.0%	\$ 624,977	100.0%	\$ 632,101	100.0%
Other income (principally finance, late fees and layaway charges)	2,968	1.6%	3,155	1.7%	9,024	1.4%	9,686	1.5%
Total revenues	<u>184,838</u>	<u>101.6%</u>	<u>190,882</u>	<u>101.7%</u>	<u>634,001</u>	<u>101.4%</u>	<u>641,787</u>	<u>101.5%</u>
GROSS MARGIN (Memo)	55,790	30.7%	60,498	32.2%	207,962	33.3%	219,014	34.7%
COSTS AND EXPENSES, NET								
Cost of goods sold	126,080	69.3%	127,229	67.8%	417,015	66.7%	413,087	65.3%
Selling, general and administrative	51,303	28.2%	51,482	27.4%	154,903	24.8%	157,831	25.0%
Depreciation	5,684	3.1%	5,169	2.7%	16,698	2.6%	15,561	2.5%
Interest and other income	(2,176)	-1.2%	(2,131)	-1.1%	(6,385)	-1.0%	(5,624)	-0.9%
Cost and expenses, net	<u>180,891</u>	<u>99.4%</u>	<u>181,749</u>	<u>96.8%</u>	<u>582,231</u>	<u>93.1%</u>	<u>580,855</u>	<u>91.9%</u>
Income Before Income Taxes	3,947	2.2%	9,133	4.9%	51,770	8.3%	60,932	9.6%
Income Tax Expense	1,011	0.6%	3,272	1.8%	17,654	2.8%	22,179	3.5%
Net Income	<u>\$ 2,936</u>	<u>1.6%</u>	<u>\$ 5,861</u>	<u>3.1%</u>	<u>\$ 34,116</u>	<u>5.5%</u>	<u>\$ 38,753</u>	<u>6.1%</u>
Basic Earnings Per Share	<u>\$ 0.09</u>		<u>\$ 0.19</u>		<u>\$ 1.08</u>		<u>\$ 1.24</u>	
Basic Weighted Average Shares	<u>31,891,308</u>		<u>31,298,253</u>		<u>31,713,755</u>		<u>31,270,347</u>	
Diluted Earnings Per Share	<u>\$ 0.09</u>		<u>\$ 0.18</u>		<u>\$ 1.07</u>		<u>\$ 1.22</u>	
Diluted Weighted Average Shares	<u>31,988,081</u>		<u>31,846,241</u>		<u>32,020,584</u>		<u>31,795,150</u>	

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

	November 3, 2007 (Unaudited)	October 28, 2006 (Unaudited)	February 3, 2007
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 20,187	\$ 21,428	\$ 24,833
Short-term investments	126,797	86,229	98,709
Accounts receivable — net	44,470	45,229	45,958
Merchandise inventories	114,066	110,078	115,918
Other current assets	14,623	10,900	14,095
Total Current Assets	<u>320,143</u>	<u>273,864</u>	<u>299,513</u>
Property and Equipment — net	125,377	130,255	128,461
Other Assets	4,617	11,150	4,348
TOTAL	<u>\$ 450,137</u>	<u>\$ 415,269</u>	<u>\$ 432,322</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities	\$ 126,955	\$ 115,190	\$ 123,049
Noncurrent Liabilities	32,083	32,448	32,480
Stockholders' Equity	<u>291,099</u>	<u>267,631</u>	<u>276,793</u>
TOTAL	<u>\$ 450,137</u>	<u>\$ 415,269</u>	<u>\$ 432,322</u>