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 April 30, 2016

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 1-31340

THE CATO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	56-0484485
(State or other jurisdiction of incorporation or organization)	(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 ____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes X No ____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ____ No X

As of April 30, 2016, there were 25,904,126 shares of Class A common stock and 1,751,576 shares of Class B common stock outstanding.

FORM 10-Q

Quarter Ended April 30, 2016

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended	
	April 30, 2016	May 2, 2015
	(Dollars in thousands, except per share data)	
REVENUES		
Retail sales	$ **285,497**	$ 281,575
Other revenue (principally finance charges, late fees and layaway charges)	**2,476**	2,324
Total revenues	**287,973**	283,899
COSTS AND EXPENSES, NET		
Cost of goods sold (exclusive of depreciation shown below)	**163,973**	162,520
Selling, general and administrative (exclusive of depreciation shown below)	**71,071**	68,584
Depreciation	**5,676**	5,374
Interest and other income	**(2,928)**	(568)
Cost and expenses, net	**237,792**	235,910
Income before income taxes	**50,181**	47,989
Income tax expense	**14,307**	16,906
Net income	$ **35,874**	$ 31,083
Basic earnings per share	$ **1.29**	$ 1.11
Diluted earnings per share	$ **1.29**	$ 1.11
Dividends per share	$ **0.30**	$ 0.30
Comprehensive income:		
Net income	$ **35,874**	$ 31,083
Unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of $94 and ($201) for April 30, 2016 and May 2, 2015, respectively	**153**	(332)
Comprehensive income	$ **36,027**	$ 30,751

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	April 30, 2016	January 30, 2016
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	**$ 55,988**	$ 67,057
Short-term investments	**242,372**	215,495
Restricted cash and investments	**4,476**	4,472
Accounts receivable, net of allowance for doubtful accounts of $1,443 and $1,447 at April 30, 2016 and January 30, 2016, respectively	**37,421**	36,610
Merchandise inventories	**134,166**	141,101
Prepaid expenses and other current assets	**6,704**	7,317
Total Current Assets	**481,127**	472,052
Property and equipment – net	**135,289**	138,303
Noncurrent deferred income taxes	**10,187**	10,280
Other assets	**22,201**	21,709
Total Assets	**$ 648,804**	$ 642,344
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	**$ 96,869**	$ 113,154
Accrued expenses	**49,425**	52,886
Accrued bonus and benefits	**5,111**	12,034
Accrued income taxes	**11,852**	1,363
Total Current Liabilities	**163,257**	179,437
Other noncurrent liabilities	**51,377**	50,242
Stockholders' Equity:		
Preferred stock, $100 par value per share, 100,000 shares authorized, none issued	**-**	-
Class A common stock, $0.033 par value per share, 50,000,000 shares authorized; issued 25,904,126 shares and 26,129,692 shares at April 30, 2016 and January 30, 2016, respectively	**869**	877
Convertible Class B common stock, $0.033 par value per share, 15,000,000 shares authorized; issued 1,751,576 shares and 1,743,525 shares at April 30, 2016 and January 30, 2016, respectively	**58**	58
Additional paid-in capital	**91,230**	90,336
Retained earnings	**341,060**	320,594
Accumulated other comprehensive income	**953**	800
Total Stockholders' Equity	**434,170**	412,665
Total Liabilities and Stockholders' Equity	**$ 648,804**	$ 642,344

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended	
	April 30, 2016	May 2, 2015
	(Dollars in thousands)	
Operating Activities:		
Net income	$ 35,874	$ 31,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,676	5,374
Provision for doubtful accounts	246	259
Purchase premium and premium amortization of investments	4	(1,214)
Share-based compensation	394	667
Excess tax benefits from share-based compensation	(62)	(59)
Deferred income taxes	-	(1,204)
Loss on disposal of property and equipment	936	67
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(1,057)	2,448
Merchandise inventories	6,935	3,687
Prepaid and other assets	(462)	(2,650)
Accrued income taxes	10,551	18,124
Accounts payable, accrued expenses and other liabilities	(22,875)	(26,817)
Net cash provided by operating activities	36,160	29,765
Investing Activities:		
Expenditures for property and equipment	(6,030)	(4,579)
Purchase of short-term investments	(36,900)	(28,531)
Sales of short-term investments	10,683	13,885
Purchase of other assets	(63)	(1,837)
Sales of other assets	-	268
Change in restricted cash and investments	(2)	5
Net cash used in investing activities	(32,312)	(20,789)
Financing Activities:		
Dividends paid	(8,318)	(8,374)
Repurchase of common stock	(7,100)	(547)
Proceeds from employee stock purchase plan	209	235
Excess tax benefits from share-based compensation	62	59
Proceeds from stock options exercised	230	-
Net cash used in financing activities	(14,917)	(8,627)
Net increase/(decrease) in cash and cash equivalents	(11,069)	349
Cash and cash equivalents at beginning of period	67,057	93,946
Effect of exchange rate changes on cash	-	(1)
Cash and cash equivalents at end of period	$ 55,988	$ 94,294
Non-cash investing activity		
Accrued other assets and property and equipment	$ 218	$ 1,697

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

NOTE 1- GENERAL:

The condensed consolidated financial statements as of April 30, 2016 and for the thirteen week period ended April 30, 2016 and May 2, 2015 have been prepared from the accounting records of The Cato Corporation and its wholly-owned subsidiaries (the "Company"), and all amounts shown are unaudited. In the opinion of management, all adjustments considered necessary for a fair statement have been included. All such adjustments are of a normal, recurring nature unless otherwise noted. The results of the interim period may not be indicative of the results expected for the entire year.

The interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2016. Amounts as of January 30, 2016 have been derived from the audited balance sheet, but do not include all disclosures required by accounting principles generally accepted in the United States of America.

During the first quarter of 2016, the Company determined that there was an error in the classification of unrecognized tax benefits for uncertain tax positions as current liabilities in Accrued income taxes that resulted in a revision to the prior year end balance sheet as of January 30, 2016. The Condensed Consolidated Balance Sheet as of January 30, 2016 has been revised to correct the presentation of the amounts, which resulted in a decrease to Accrued income taxes and a corresponding increase to Other noncurrent liabilities of $13.6 million, which primarily consists of deferred rent and deferred compensation liabilities. There was no impact to the statement of income and comprehensive income and no impact to total net cash provided by operating activities or used in investing and financing activities in the statement of cash flows. The Company concluded that the revision was immaterial to prior period financial statements.

During the first quarter of 2016, the Company changed its estimate for recognizing gift card breakage income. The Company changed the dormancy period to 24 months of inactivity from 60 months of inactivity to more closely align with recent Company experience, industry practice and tax treatment. As a result the Company recognized $2.4 million of additional breakage income (recorded in Interest and other income in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income) for gift cards that were dormant from January 30, 2011 through February 1, 2014.

On May 19, 2016, the Board of Directors increased the quarterly dividend to $0.33 per share.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

NOTE 2- EARNINGS PER SHARE:

ASC 260 – *Earnings Per Share* requires dual presentation of basic and diluted Earnings Per Share ("EPS") on the face of all income statements for all entities with complex capital structures. The Company has presented one basic EPS and one diluted EPS amount for all common shares in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income. While the Company's certificate of incorporation provides the right for the Board of Directors to declare dividends on Class A shares without declaration of commensurate dividends on Class B shares, the Company has historically paid the same dividends to both Class A and Class B shareholders and the Board of Directors has resolved to continue this practice. Accordingly, the Company's allocation of income for purposes of the EPS computation is the same for Class A and Class B shares and the EPS amounts reported herein are applicable to both Class A and Class B shares.

Basic EPS is computed as net income less earnings allocated to non-vested equity awards divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options and the Employee Stock Purchase Plan.

	Three Months Ended	
	April 30, 2016	May 2, 2015
	(Dollars in thousands)	
Numerator		
Net earnings	**$ 35,874**	$ 31,083
Earnings allocated to non-vested equity awards	**(727)**	(609)
Net earnings available to common stockholders	**$ 35,147**	$ 30,474
Denominator		
Basic weighted average common shares outstanding	**27,178,974**	27,369,149
Dilutive effect of stock options	**1,877**	6,081
Diluted weighted average common shares outstanding	**27,180,851**	27,375,230
Net income per common share		
Basic earnings per share	**$ 1.29**	$ 1.11
Diluted earnings per share	**$ 1.29**	$ 1.11

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

NOTE 3– ACCUMULATED OTHER COMPREHENSIVE INCOME:

The following tables set forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended April 30, 2016:

	Changes in Accumulated Other Comprehensive Income (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at January 30, 2016	$ 800
Other comprehensive income before reclassification	154
Amounts reclassified from accumulated other comprehensive income (b)	(1)
Net current-period other comprehensive income	153
Ending Balance at April 30, 2016	$ 953

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to other comprehensive income ("OCI").
(b) Includes $2 impact of accumulated other comprehensive income reclassifications into Interest and other income for net gains on available-for-sale securities. The tax impact of this reclassification was $1.

The following tables set forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended May 2, 2015:

	Changes in Accumulated Other Comprehensive Income (a)
	Unrealized Gains and (Losses) on Available-for-Sale Securities
Beginning Balance at January 31, 2015	$ 786
Other comprehensive income before reclassification	(483)
Amounts reclassified from accumulated other comprehensive income (b)	151
Net current-period other comprehensive income	(332)
Ending Balance at May 2, 2015	$ 454

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to other comprehensive income ("OCI").
(b) Includes ($241) impact of accumulated other comprehensive income reclassifications into Interest and other income for net gains on available-for-sale securities. The tax impact of this reclassification was ($90).

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

NOTE 4– FINANCING ARRANGEMENTS:

As of April 30, 2016, the Company had an unsecured revolving credit agreement to borrow $35.0 million less the balance of any revocable letters of credit as discussed below. The revolving credit agreement is committed until August 2018. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance as of April 30, 2016. There were no borrowings outstanding under this credit facility during the periods ended April 30, 2016 or January 30, 2016. The weighted average interest rate under the credit facility was zero at April 30, 2016 due to no borrowings during the year.

At April 30, 2016 and January 30, 2016, the Company had no outstanding revocable letters of credit relating to purchase commitments.

NOTE 5 – REPORTABLE SEGMENT INFORMATION:

The Company has determined that it has four operating segments, as defined under ASC 280-10, including Cato, It’s Fashion, Versona and Credit. As outlined in ASC 280-10, the Company has two reportable segments: Retail and Credit. The Company has aggregated its three retail operating segments, including e-commerce, based on the aggregation criteria outlined in ASC 280-10, which states that two or more operating segments may be aggregated into a single reportable segment if aggregation is consistent with the objective and basic principles of ASC 280-10, which require the segments have similar economic characteristics, similar product, similar production processes, similar clients and similar methods of distribution.

The Company’s retail operating segments have similar economic characteristics and similar operating, financial and competitive risks. They are similar in nature of product, as they all offer women’s apparel, shoes and accessories. Merchandise inventory for the Company’s retail operating segments is sourced from the same countries and some of the same vendors, using similar production processes. Merchandise for the Company’s operating segments is distributed to retail stores in a similar manner through the Company’s single distribution center and is subsequently distributed to clients in a similar manner.

The Company operates its women’s fashion specialty retail stores in 33 states as of April 30, 2016, principally in the southeastern United States. The Company offers its own credit card to its customers and all credit authorizations, payment processing and collection efforts are performed by a separate subsidiary of the Company.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

The following schedule summarizes certain segment information (in thousands):

Three Months Ended April 30, 2016	**Retail**	**Credit**	**Total**
Revenues	$286,703	$1,270	$287,973
Depreciation	5,664	12	5,676
Interest and other income	(2,928)	-	(2,928)
Income before taxes	49,838	343	50,181
Capital expenditures	6,030	-	6,030
Three Months Ended May 2, 2015	**Retail**	**Credit**	**Total**
Revenues	$282,493	$1,406	$283,899
Depreciation	5,362	12	5,374
Interest and other income	(568)	-	(568)
Income before taxes	47,518	471	47,989
Capital expenditures	4,579	-	4,579

	Retail	**Credit**	**Total**
Total assets as of April, 30, 2016	$591,366	$57,438	$648,804
Total assets as of January, 30, 2016	540,941	101,403	642,344

The Company evaluates segment performance based on income before taxes. The Company does not allocate certain corporate expenses or income taxes to the credit segment.

The following schedule summarizes the direct expenses of the credit segment which are reflected in selling, general and administrative expenses (in thousands):

	Three Months Ended	
	April 30, 2016	May 2, 2015
Bad debt expense	**$ 246**	$ 259
Payroll	**231**	211
Postage	**180**	191
Other expenses	**258**	262
Total expenses	**$ 915**	$ 923

NOTE 6– STOCK BASED COMPENSATION:

As of April 30, 2016, the Company had three long-term compensation plans pursuant to which stock-based compensation was outstanding or could be granted. The Company's 1987 Non-Qualified Stock Option Plan is for the granting of options to officers and key employees. As of April 30, 2016, there were no available stock options for grant under this plan. The 2013 Incentive Compensation Plan and 2004 Amended and Restated Incentive Compensation Plan are for the granting of various forms of equity-based awards, including restricted stock and stock options for grant, to officers, directors and key employees. Effective May 23, 2013, shares for grant were no longer available under the 2004 Amended and Restated Incentive Compensation Plan.

The following table presents the number of options and shares of restricted stock initially authorized and available for grant under each of the plans as of April 30, 2016:

	1987 Plan	2004 Plan	2013 Plan	Total
Options and/or restricted stock initially authorized	5,850,000	1,350,000	1,500,000	8,700,000
Options and/or restricted stock available for grant:				
April 30, 2016	-	-	1,166,772	1,166,772

In accordance with ASC 718, the fair value of current restricted stock awards is estimated on the date of grant based on the market price of the Company's stock and is amortized to compensation expense on a straight-line basis over the related vesting periods. As of April 30, 2016 and January 30, 2016, there was $11,058,000 and $12,214,000, respectively, of total unrecognized compensation expense related to nonvested restricted stock awards, which had a remaining weighted-average vesting period of 2.7 years and 2.6 years, respectively. The total fair value of the shares recognized as compensation expense during the three months ended April 30, 2016 was $353,000 compared to $621,000 for the three months ended May 2, 2015. These expenses are classified as a component of Selling, general and administrative expenses (exclusive of depreciation) in the Condensed Consolidated Statements of Income.

The following summary shows the changes in the shares of unvested restricted stock outstanding during the three months ended April 30, 2016:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards at January 30, 2016	576,676	$ 29.71
Granted	-	-
Vested	-	-
Forfeited or expired	(29,921)	29.74
Restricted stock awards at April 30, 2016	546,755	$ 29.70

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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The Company's Employee Stock Purchase Plan allows eligible full-time employees to purchase a limited number of shares of the Company's Class A Common Stock during each semi-annual offering period at a 15% discount through payroll deductions. During the three months ended April 30, 2016 and May 2, 2015, the Company sold 7,048 and 7,763 shares to employees at an average discount of $5.23 and $5.34 per share, respectively, under the Employee Stock Purchase Plan. The compensation expense recognized for the 15% discount given under the Employee Stock Purchase Plan was approximately $37,000 and $41,000 for the three months ended April 30, 2016 and May 2, 2015, respectively. These expenses are classified as a component of Selling, general and administrative expenses.

As of May 1, 2016, the Company granted 148,591 shares of additional restricted stock to officers and key employees. The shares have a weighted average grant date fair value of $36.83 and will vest over five years at the rate of 33% in each of the third and fourth years and 34% in the fifth. The calculated unearned compensation expense of $5,473,000 will be charged as a component of additional paid-in capital and amortized to compensation expense over the related vesting term.

NOTE 7 – FAIR VALUE MEASUREMENTS:

The following tables set forth information regarding the Company's financial assets and liabilities that are measured at fair value (in thousands) as of April 30, 2016 and January 30, 2016:

Description	April 30, 2016	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	$ 207,580	$ -	$ 207,580	$ -
Corporate Bonds	23,882	-	23,882	-
U.S. Treasury Notes	3,005	3,005	-	-
Cash Surrender Value of Life Insurance	7,452	-	-	7,452
Asset-backed Securities (ABS)	10,909	-	10,909	-
Corporate Equities	607	607	-	-
Certificates of Deposit	100	100	-	-
Total Assets	$ 253,535	$ 3,712	$ 242,371	$ 7,452
Liabilities:				
Deferred Compensation	(7,313)	-	-	(7,313)
Total Liabilities	$ (7,313)	$ -	$ -	$ (7,313)

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

Description	January 30, 2016	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	$ 193,500	$ -	$ 193,500	$ -
Corporate Bonds	10,941	-	10,941	-
U.S. Treasury Notes	1,203	1,203	-	-
Cash Surrender Value of Life Insurance	6,409	-	-	6,409
Asset-backed Securities (ABS)	11,054	-	11,054	-
Corporate Equities	578	578	-	-
Certificates of Deposit	100	100	-	-
Total Assets	$ 223,785	$ 1,881	$ 215,495	$ 6,409
Liabilities:				
Deferred Compensation	(6,187)	-	-	(6,187)
Total Liabilities	$ (6,187)	$ -	$ -	$ (6,187)

The Company’s investment portfolio was primarily invested in corporate bonds and tax-exempt and taxable governmental debt securities held in managed accounts with underlying ratings of A or better at April 30, 2016 and January 30, 2016. The state, municipal and corporate bonds have contractual maturities which range from one day to 8.0 years. The U.S. Treasury Notes and Certificates of Deposit have contractual maturities which range from five months to 1.9 years. These securities are classified as available-for-sale and are recorded as Short-term investments, Restricted cash and investments and Other assets on the accompanying Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income.

Additionally, at April 30, 2016, the Company had $0.6 million of corporate equities and deferred compensation plan assets of $7.5 million. At January 30, 2016, the Company had $0.6 million of corporate equities and deferred compensation plan assets of $6.4 million. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets.

Level 1 category securities are measured at fair value using quoted active market prices. Level 2 investment securities include corporate and municipal bonds for which quoted prices may not be available on active exchanges for identical instruments. Their fair value is principally based on market values determined by management with assistance of a third-party pricing service. Since quoted prices in active markets for identical assets are not available, these prices are determined by the pricing service using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics, among other factors.

Deferred compensation plan assets consist of life insurance policies. These life insurance policies are valued based on the cash surrender value of the insurance contract, which is determined based on such factors as the fair value of the underlying assets and discounted cash flow and are therefore classified within Level 3 of the valuation hierarchy. The Level 3 liability associated with the life insurance policies represents a deferred compensation obligation, the value of which is tracked via underlying insurance funds. These funds are designed to mirror existing mutual funds and money market funds that are observable and actively traded. Cash surrender values are provided by third parties and reviewed for reasonableness by the Company.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED APRIL 30, 2016 AND MAY 2, 2015

The following tables summarize the change in fair value of the Company's financial assets measured using Level 3 inputs as of April 30, 2016 and May 2, 2015 (dollars in thousands):

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3)			
	Available-For-Sale Debt Securities	Other Investments	Cash Surrender	
	ARS	Private Equity	Value	Total
Beginning Balance at January 30, 2016	$ -	$ -	$ 6,409	$ 6,409
Redemptions	-	-	-	-
Additions	-	-	809	809
Total gains or (losses)				
Included in interest and other income (or changes in net assets)	-	-	234	234
Included in other comprehensive income	-	-	-	-
Ending Balance at April 30, 2016	$ -	$ -	$ 7,452	$ 7,452

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3)	
	Deferred Compensation	Total
Beginning Balance at January 30, 2016	$ (6,187)	$ (6,187)
Redemptions	-	-
Additions	(836)	(836)
Total (gains) or losses		
Included in interest and other income (or changes in net assets)	(290)	(290)
Included in other comprehensive income	-	-
Ending Balance at April 30, 2016	$ (7,313)	$ (7,313)

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3)			
	Available-For-Sale Debt Securities	Other Investments	Cash Surrender	
	ARS	Private Equity	Value	Total
Beginning Balance at January 31, 2015	$ -	$ 306	$ 4,558	$ 4,865
Redemptions	-	(246)	-	(246)
Additions			-	-
Total gains or (losses)				
Included in interest and other income (or changes in net assets)	-	-	215	215
Included in other comprehensive income	-	(21)	-	(21)
Ending Balance at May 2, 2015	$ -	$ 39	$ 4,773	$ 4,812

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3)	
	Deferred Compensation	Total
Beginning Balance at January 31, 2015	$ (4,272)	$ (4,272)
Redemptions	47	47
Total (gains) or losses		
Included in interest and other income (or changes in net assets)	(195)	(195)
Ending Balance at May 2, 2015	$ (4,420)	$ (4,420)

NOTE 8 – RECENT ACCOUNTING PRONOUNCEMENTS:

Recently Adopted Accounting Policies

In November 2015, the Financial Accounting Standards Board issued new accounting guidance that requires entities to present deferred tax assets and deferred tax liabilities, along with any related valuation allowance, as noncurrent in a balance sheet. The standard is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted. We have early adopted this new guidance prospectively beginning with the Condensed Consolidated Balance Sheet at January 30, 2016, which is included in the Company's Annual Report on Form 10-K. Prior periods were not retrospectively adjusted.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board issued new accounting guidance regarding employee share-based payment accounting. The new guidance simplifies certain aspects of the accounting for share-based payment transactions, including income tax requirements, forfeitures and presentation on the balance sheet and statement of cash flows. The new guidance is effective for the Company for annual and interim periods beginning after December 15, 2016. The Company is assessing what impacts the adoption of this new guidance will have on its Consolidated Financial Statements.

In November 2015, the Financial Accounting Standards Board issued an effective date for a new leasing standard that will require substantially all leases to be recorded on the balance sheet. The standard is effective for the Company's first quarter of its 2019 fiscal year; early adoption is permitted as of the beginning of an interim or annual reporting period. The Company is assessing what impacts this new standard will have on its Consolidated Financial Statements.

In July 2015, the Financial Accounting Standards Board issued an accounting standards update that will simplify the measurement of inventory for companies. The standard differentiates the valuation methods used to measure inventory based on the type of inventory method utilized by a company. Companies using the first-in, first-out method and the average cost method will measure inventory at the net realizable value method to measure inventory. Companies using the last-in, first-out method and the retail method will use the lower of cost or market to measure inventory. The standard is effective for the Company's first quarter of its 2017 fiscal year; early adoption is permitted as of the beginning of an interim or annual reporting period. The Company is assessing what impacts this new standard will have on its Consolidated Financial Statements.

In May 2014, the Financial Accounting Standards Board issued an accounting standards update that will supersede most current revenue recognition guidance and modify the accounting treatment for certain costs associated with revenue generation. The core principle of the revised revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and provides several steps to apply to achieve that principle. In addition, the new guidance enhances disclosure requirements to include more information about specific revenue contracts entered into by the entity. The standard is effective for the Company's first quarter of its 2018 fiscal year; early adoption is permitted as of the original effective date. The Company is assessing what impacts this new standard will have on its Consolidated Financial Statements.

THE CATO CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION:

The following information should be read along with the unaudited Condensed Consolidated Financial Statements, including the accompanying Notes appearing in this report. Any of the following are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended: (1) statements in this Form 10-Q that reflect projections or expectations of our future financial or economic performance; (2) statements that are not historical information; (3) statements of our beliefs, intentions, plans and objectives for future operations, including those contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (4) statements relating to our operations or activities for our fiscal year ending January 28, 2017 (fiscal 2016) and beyond, including, but not limited to, statements regarding expected amounts of capital expenditures and store openings, relocations, remodels and closures; and (5) statements relating to our future contingencies. When possible, we have attempted to identify forward-looking statements by using words such as "will," "expects," "anticipates," "approximates," "believes," "estimates," "hopes," "intends," "may," "plans," "could," "would," "should" and any variations or negative formations of such words and similar expressions. We can give no assurance that actual results or events will not differ materially from those expressed or implied in any such forward-looking statements. Forward-looking statements included in this report are based on information available to us as of the filing date of this report, but 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: any actual or perceived deterioration in the conditions that drive consumer confidence and spending, including, but not limited to, levels of unemployment, fuel, energy and food costs, wage rates, tax rates, home values, consumer net worth and the availability of credit; uncertainties regarding the impact of any governmental responses to the foregoing conditions; competitive factors and pricing pressures; our ability to predict and respond to rapidly changing fashion trends and consumer demands; adverse weather or similar conditions that may affect our sales or operations; inventory risks due to shifts in market demand; and other factors discussed under "Risk Factors" in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended January 30, 2016 ("fiscal 2015"), as amended or supplemented, and in other reports we file with or furnish to the Securities and Exchange Commission ("SEC") from time to time. We do not undertake, and expressly decline, any obligation to update any such forward-looking information contained in this report, whether as a result of new information, future events, or otherwise.

CRITICAL ACCOUNTING POLICIES:

The Company's accounting policies are more fully described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2016. As disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of the Company's financial statements include the allowance for doubtful accounts, inventory shrinkage, the calculation of potential asset impairment, workers' compensation, general and auto insurance liabilities, reserves relating to self-insured health insurance, and uncertain tax positions.

The Company's critical accounting policies and estimates are discussed with the Audit Committee.

THE CATO CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

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	
	April 30, 2016	May 2, 2015
Total retail sales	**100.0 %**	100.0 %
Other revenue	**0.9**	0.8
Total revenues	**100.9**	100.8
Cost of goods sold (exclusive of depreciation)	**57.4**	57.7
Selling, general and administrative (exclusive of depreciation)	**24.9**	24.4
Depreciation	**2.0**	1.9
Interest and other income	**(1.0)**	(0.2)
Income before income taxes	**17.6**	17.0
Net income	**12.6**	11.0

RESULTS OF OPERATIONS (CONTINUED):

Comparison of First Quarter of 2016 with 2015

Total retail sales for the first quarter were $285.5 million compared to last year's first quarter sales of $281.6 million. Same-store sales were flat in the first quarter of fiscal 2016. Same store sales include stores that have been open more than 15 months. Stores that have been relocated or expanded are also included in the same store sales calculation after they have been open more than 15 months. The method of calculating same store sales varies across the retail industry. As a result, our same store sales calculation may not be comparable to similarly titled measures reported by other companies. E-commerce sales were less than 2% of sales for the first quarter of fiscal 2016 and are included in the same-store sales calculation. Total revenues, comprised of retail sales and other revenue (principally finance charges and late fees on customer accounts receivable, shipping charged to customers for e-commerce purchases and layaway fees), were $288.0 million for the first quarter ended April 30, 2016, compared to $283.9 million for the first quarter ended May 2, 2015. The Company operated 1,372 stores at April 30, 2016 compared to 1,352 stores at the end of last fiscal year's first quarter. For the first three months of fiscal 2016 the Company opened one new store, relocated two stores and closed one store. The Company currently expects to open approximately 23 stores, relocate approximately 16 stores and close approximately 17 stores in fiscal 2016.

Credit revenue of $1.3 million represented 0.4% of total revenues in the first quarter of fiscal 2016, compared to 2015 credit revenue of $1.4 million or 0.5% of total revenues. Credit revenue decreased slightly for the most recent comparable period due to lower finance charge income and lower late fee income from sales under the Company's proprietary credit card. Credit revenue is comprised of interest earned on the Company's private label credit card portfolio and related fee income. Related expenses include principally bad debt expense, payroll, postage and other administrative expenses, and totaled $0.9 million in the first quarter of 2016, compared to last year's first quarter expenses of $0.9 million.

Other revenue, a component of total revenues, was $2.5 million for the first quarter of fiscal 2016, compared to $2.3 million for the prior year's comparable first quarter. The increase resulted primarily from increased shipping charged to customers for e-commerce purchases, partially offset by lower credit revenue and finance charges.

Cost of goods sold was $164.0 million, or 57.4% of retail sales for the first quarter of fiscal 2016, compared to $162.5 million, or 57.7% of retail sales in the first quarter of fiscal 2015. The overall decrease in cost of goods sold as a percent of retail sales for the first quarter of 2016 resulted primarily from the lower merchandise costs from leveraging regular priced sales and lower freight costs, partially offset by higher buying and occupancy costs. Cost of goods sold includes merchandise costs (net of discounts and allowances), buying costs, distribution costs, occupancy costs, freight and inventory shrinkage. Net merchandise costs and in-bound freight are capitalized as inventory costs. Buying and distribution costs include payroll, payroll-related costs and operating expenses for the buying departments and distribution center. Occupancy expenses include rent, real estate taxes, insurance, common area maintenance, utilities and maintenance for stores and distribution facilities. Total gross margin dollars (retail sales less cost of goods sold exclusive of depreciation) increased by 2.1% to $121.5 million for the first quarter of fiscal 2016 compared to $119.1 million in the first quarter of fiscal 2015. Gross margin as presented may not be comparable to those of other entities.

RESULTS OF OPERATIONS (CONTINUED):

Selling, general and administrative expenses ("SG&A") primarily include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, bank and credit card processing fees and bad debts. SG&A expenses increased 3.6% to $71.1 million, or 24.9% of retail sales for the first quarter of fiscal 2016, compared to $68.6 million, or 24.4% of retail sales in the first quarter of fiscal 2015. The increase was primarily attributable to increased store expenses and incentive compensation, partially offset by lower advertising expenses.

Depreciation expense was $5.7 million, or 2.0% of retail sales for the first quarter of fiscal 2016, compared to $5.4 million, or 1.9% of retail sales for the first quarter of fiscal 2015.

Interest and other income was $2.9 million, or 1.0% of retail sales for the first quarter of fiscal 2016, compared to $0.6 million, or 0.2% of retail sales for the first quarter of fiscal 2015. The increase is primarily attributable to a change in the recognition of unredeemed gift card breakage income, as described in Note 1.

Income tax expense was $14.3 million or 5.0% of retail sales for the first quarter of fiscal 2016, compared to $16.9 million, or 6.0% of retail sales for the first quarter of fiscal 2015. The 2016 quarter decrease resulted from a lower effective tax rate. The effective income tax rate for the first quarter of fiscal 2016 was 28.5% compared to 35.2% for the first quarter of 2015. The decrease in the 2016 first quarter tax rate was primarily due to favorable adjustments from foreign and domestic tax initiatives.

LIQUIDITY, CAPITAL RESOURCES AND MARKET RISK:

The Company has consistently maintained a strong liquidity position. Cash provided by operating activities during the first three months of fiscal 2016 was $36.2 million as compared to $29.8 million in the first three months of fiscal 2015. These amounts enable the Company to fund its regular operating needs, capital expenditure program, cash dividend payments and share repurchases. In addition, the Company maintains a $35.0 million unsecured revolving credit facility for short-term financing of seasonal cash needs. There were no outstanding borrowings on this facility at April 30, 2016 and January 30, 2016.

Cash provided by operating activities for the first three months of fiscal 2016 was primarily generated by earnings adjusted for depreciation and changes in working capital. The increase of $6.4 million for the first three months of fiscal 2016 as compared to the first three months of fiscal 2015 was primarily due to an increase in net income, a larger decrease in inventories from fiscal year-end 2016 as compared to 2015 and a decrease in prepaid and other assets, partially offset by a decrease in accrued income taxes.

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 regular operating requirements, expected capital expenditures, dividends and share repurchases for fiscal 2016 and the next 12 months.

At April 30, 2016, the Company had working capital of $317.9 million compared to $292.6 million at January 30, 2016.

LIQUIDITY, CAPITAL RESOURCES AND MARKET RISK (CONTINUED):

At April 30, 2016 and January 30, 2016, the Company had an unsecured revolving credit agreement, which provides for borrowings of up to $35.0 million less the balance of revocable credits discussed below. The revolving credit agreement is committed until August 2018. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance as of April 30, 2016. There were no borrowings outstanding under the credit facility as of April 30, 2016 and January 30, 2016.

At April 30, 2016 and January 30, 2016, the Company had no outstanding revocable letters of credit relating to purchase commitments.

Expenditures for property and equipment totaled $6.0 million in the first three months of fiscal 2016, compared to $4.6 million in last year's first three months. The expenditures for the first three months of 2016 were primarily for the development of one new store and two relocated stores, additional investments in new technology and home office renovations. For the full fiscal 2016 year, the Company expects to invest approximately $26 million for capital expenditures to open approximately 23 new stores, relocate approximately 16 stores, upgrade merchandise systems and complete home office renovations.

Net cash used in investing activities totaled $32.3 million in the first three months of fiscal 2016 compared to $20.8 million used in the comparable period of fiscal 2015, primarily due to an increase in purchases of short-term investments and a decrease in the sale of short-term investments, partially offset by a decrease in the purchase of other assets.

Net cash used in financing activities totaled $14.9 million in the first three months of fiscal 2016 compared to $8.6 million used in the comparable period of fiscal 2015 primarily due to an increase in share repurchases.

On May 19, 2016, the Board of Directors increased the quarterly dividend to $0.33 per share.

As of April 30, 2016, the Company had 1,812,423 shares remaining in open authorizations under its share repurchase program.

The Company does not use derivative financial instruments.

The Company's investment portfolio was primarily invested in corporate bonds and tax-exempt and taxable governmental debt securities held in managed accounts with underlying ratings of A or better at April 30, 2016 and January 30, 2016. The state, municipal and corporate bonds have contractual maturities which range from one day to 8.0 years. The U.S. Treasury Notes and Certificates of Deposit have contractual maturities which range from five months to 1.9 years. These securities are classified as available-for-sale and are recorded as Short-term investments, Restricted cash and investments and Other assets on the accompanying Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income.

Additionally, at April 30, 2016, the Company had $0.6 million of corporate equities and deferred compensation plan assets of $7.5 million. At January 30, 2016, the Company had $0.6 million of corporate equities and deferred compensation plan assets of $6.4 million. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets.

See Note 7, Fair Value Measurements.

RECENT ACCOUNTING PRONOUNCEMENTS:

See Note 8, Recent Accounting Pronouncements.

THE CATO CORPORATION
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

The Company is subject to market rate risk from exposure to changes in interest rates based on its financing, investing and cash management activities, but the Company does not believe such exposure is material.

ITEM 4. CONTROLS AND PROCEDURES:

We carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of April 30, 2016. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of April 30, 2016, our disclosure controls and procedures, as defined in Rule 13a-15(e), under the Securities Exchange Act of 1934 (the "Exchange Act"), were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

No change in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) has occurred during the Company's fiscal quarter ended April 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

THE CATO CORPORATION

ITEM 1. LEGAL PROCEEDINGS

Not Applicable

ITEM 1A. RISK FACTORS

In addition to the other information in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for our fiscal year ended January 30, 2016. These risks could materially affect our business, financial condition or future results; however, they are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes the Company's purchases of its common stock for the three months ended April 30, 2016:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares that may Yet be Purchased Under The Plans or Programs (2)
February 2016	143,900	$ 34.83	143,900	
March 2016	5,000	36.36	5,000	
April 2016	53,800	35.43	53,800	
Total	202,700	$ 35.03	202,700	1,812,423

(1) Prices include trading costs.

(2) As of January 30, 2016, the Company's share repurchase program had 2,015,123 shares remaining in open authorizations. During the first quarter ending April 30, 2016, the Company repurchased and retired 202,700 shares under this program for approximately $7,100,307 or an average market price of $35.03 per share. As of the first quarter ending April 30, 2016, the Company had 1,812,423 shares remaining in open authorizations. There is no specified expiration date for the Company's repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

PART II OTHER INFORMATION

THE CATO CORPORATION

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

Exhibit No.	Item
3.1	Registrant's Restated Certificate of Incorporation dated March 6, 1987, incorporated by reference to Exhibit 4.1 to Form S-8 of the Registrant filed February 7, 2000 (SEC File No. 333-96283).
3.2	Registrant's By Laws, incorporated by reference to Exhibit 99.2 to Form 8-K of the Registrant Filed December 10, 2007.
4.1	Rights Agreement dated December 18, 2003, incorporated by reference to Exhibit 4.1 to Form 8-A12G of the Registrant filed December 22, 2003 and as amended in Form 8-A12B/A filed January 6, 2004.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1*	Section 1350 Certification of Principal Executive Officer.
32.2*	Section 1350 Certification of Principal Financial Officer.
101.1*	The following materials from Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2016, formatted in XBRL: (i) Condensed Consolidated Statements of Income and Comprehensive Income for the Three Months ended April 30, 2016 and May 2, 2015; (ii) Condensed Consolidated Balance Sheets at April 30, 2016 and January 30, 2016; (iii) Condensed Consolidated Statements of Cash Flows for the Three Months Ended April 30, 2016 and May 2, 2015; and (iv) Notes to Condensed Consolidated Financial Statements.

* Submitted electronically herewith.

PART II OTHER INFORMATION

THE CATO CORPORATION

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 thereunto duly authorized.

THE CATO CORPORATION

June 3, 2016	/s/ John P. D. Cato
Date	John P. D. Cato Chairman, President and Chief Executive Officer
June 3, 2016	/s/ John R. Howe
Date	John R. Howe Executive Vice President Chief Financial Officer

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John P. D. Cato, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 3, 2016

/s/ John P. D. Cato

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

EXHIBIT 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John R. Howe, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 3, 2016

/s/ John R. Howe
John R. Howe
Executive Vice President
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF PERIODIC REPORT

I, John P. D. Cato, Chairman, President and Chief Executive Officer of The Cato Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended April 30, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 3, 2016

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

EXHIBIT 32.2

CERTIFICATION OF PERIODIC REPORT

I, John R. Howe, Executive Vice President, Chief Financial Officer of The Cato Corporation (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended April 30, 2016 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 3, 2016

/s/ John R. Howe
John R. Howe
Executive Vice President
Chief Financial Officer