

**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): November 15, 2005

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 15, 2005, The Cato Corporation issued a press release regarding its financial results for the third quarter ending October 29, 2005. 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.

(c) Exhibits

Exhibit 99.1 – Press Release issued November 15, 2005

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 17, 2005
Date

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

November 17, 2005
Date

/s/ Michael O. Moore
Michael O. Moore
Executive Vice President
Chief Financial Officer and Secretary

Exhibit Index

<u>Exhibit</u>	<u>Exhibit No.</u>
Press Release issued November 15, 2005	99.1



FOR IMMEDIATE RELEASE

NEWS RELEASE
CEO Approval

For Further Information Contact:

Michael O. Moore
Executive Vice President
Chief Financial Officer
704-551-7201

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

Charlotte, NC (November 15, 2005) — The Cato Corporation (NYSE: CTR) today reported net income of \$4.1 million for the third quarter ended October 29, 2005, compared to net income of \$1.8 million for the third quarter ended October 30, 2004, an increase of 126%. Earnings per diluted share for the third quarter were \$0.13, compared \$0.06 last year, an increase of 117%. Sales for the third quarter were \$177.8 million, a 9% increase over sales of \$163.6 million last year. Comparable store sales for the quarter increased 4%.

For the nine months ended October 29, 2005, the Company earned net income of \$33.2 million compared to net income of \$26.7 million for the nine months ended October 30, 2004, a 24% increase. Earnings per diluted share were \$1.04 compared to \$.85 last year, a 22% increase. Sales were \$601.1 million for the first nine months of 2005, a 6% increase from sales of \$565.9 million last year. The Company's year-to-date comparable store sales increased 1%.

For the quarter, the gross margin rate increased to 32.6% versus 29.3% last year primarily due to a reduction in markdowns. The SG&A rate increased to 28.8% from 27.2% last year primarily due to increased incentive compensation.

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"Increased sales of regular priced merchandise and higher customer spending in hurricane affected states resulted in increased third quarter earnings," commented John Cato, Chairman, President, and Chief Executive Officer. "We estimate fourth quarter earnings per diluted share will be in the range of \$.28 to \$.30 versus \$.26 last year, an increase of 8% to 15%. This estimate is based on comparable store sales in the range of down 2% to up 2%. For the year, earnings per diluted share are estimated to be in the range of \$1.32 to \$1.34 versus \$1.11 last year, an increase of 19% to 21%."

The Company repurchased 148,300 shares during the third quarter at an average cost of \$18.93 and has 1,595,000 shares remaining in its repurchase program.

During the third quarter, the Company opened 25 new stores. Year-to-date the Company has opened 52 new stores, relocated 11 stores, and closed seven stores. As of October 29, 2005, the Company operated 1,222 stores in 31 states, compared to 1,149 stores in 29 states as of October 30, 2004.

In the fourth quarter, the Company expects to open 31 stores, which would bring the total number of new stores opened for the year to 83.

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 financial results for the fourth quarter and year and expected plans for fourth quarter 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. 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 OCTOBER 29, 2005 AND OCTOBER 30, 2004
(Dollars in thousands, except per share data)

	Quarter Ended				Nine Months Ended			
	October 29, 2005	% Sales	October 30, 2004 (Restated)	% Sales	October 29, 2005	% Sales	October 30, 2004 (Restated)	% Sales
REVENUES								
Retail sales	\$ 177,762	100.0%	\$ 163,611	100.0%	\$ 601,142	100.0%	\$ 565,873	100.0%
Other income (principally finance, late fees and layaway charges)	3,592	2.0%	3,903	2.4%	11,103	1.9%	11,727	2.1%
Total revenues	<u>181,354</u>	<u>102.0%</u>	<u>167,514</u>	<u>102.4%</u>	<u>612,245</u>	<u>101.9%</u>	<u>577,600</u>	<u>102.1%</u>
GROSS MARGIN (Memo)	57,893	32.6%	47,971	29.3%	204,413	34.0%	181,649	32.1%
COSTS AND EXPENSES, NET								
Cost of goods sold	119,869	67.4%	115,640	70.7%	396,729	66.0%	384,224	67.9%
Selling, general and administrative	51,231	28.8%	44,402	27.2%	151,328	25.2%	137,518	24.3%
Depreciation	5,094	2.9%	5,140	3.1%	15,158	2.5%	15,210	2.7%
Interest expense	10	0.0%	183	0.1%	172	0.0%	512	0.1%
Interest and other income	(1,235)	(0.7)%	(676)	(0.4)%	(3,247)	(0.5)%	(1,838)	(0.3)%
Cost and expenses, net	<u>174,969</u>	<u>98.4%</u>	<u>164,689</u>	<u>100.7%</u>	<u>560,140</u>	<u>93.2%</u>	<u>535,626</u>	<u>94.7%</u>
Income Before Income Taxes	6,385	3.6%	2,825	1.7%	52,105	8.7%	41,974	7.4%
Income Tax Expense	2,318	1.3%	1,025	0.6%	18,914	3.2%	15,236	2.7%
Net Income	<u>\$ 4,067</u>	<u>2.3%</u>	<u>\$ 1,800</u>	<u>1.1%</u>	<u>\$ 33,191</u>	<u>5.5%</u>	<u>\$ 26,738</u>	<u>4.7%</u>
Basic Earnings Per Share	<u>\$ 0.13</u>		<u>\$ 0.06</u>		<u>\$ 1.07</u>		<u>\$ 0.87</u>	
Basic Weighted Average Shares	<u>31,126,752</u>		<u>30,913,685</u>		<u>31,139,741</u>		<u>30,832,394</u>	
Diluted Earnings Per Share	<u>\$ 0.13</u>		<u>\$ 0.06</u>		<u>\$ 1.04</u>		<u>\$ 0.85</u>	
Diluted Weighted Average Shares	<u>31,771,535</u>		<u>31,451,004</u>		<u>31,798,500</u>		<u>31,376,973</u>	

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

	October 29, 2005 (Unaudited)	October 30, 2004 (Unaudited) (Restated)	January 29, 2005
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 18,288	\$ 27,560	\$ 18,640
Short-term investments	75,107	63,323	88,588
Accounts receivable — net	47,638	49,404	50,889
Merchandise inventories	103,435	101,807	100,538
Other current assets	8,694	7,387	7,767
Total Current Assets	<u>253,162</u>	<u>249,481</u>	<u>266,422</u>
Property and Equipment — net	122,034	116,307	117,590
Other Assets	10,941	10,110	10,122
TOTAL	<u>\$386,137</u>	<u>\$375,898</u>	<u>\$394,134</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
	\$120,138	\$119,967	\$132,631
Noncurrent Liabilities			
	34,478	34,239	34,328
Long Term Debt	0	17,000	16,000
Stockholders' Equity	<u>231,521</u>	<u>204,692</u>	<u>211,175</u>
TOTAL	<u>\$386,137</u>	<u>\$375,898</u>	<u>\$394,134</u>