

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

Form 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 20, 2009

THE CATO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation)

1-31340

(Commission
File Number)

56-0484485

(I.R.S. Employer
Identification Number)

8100 Denmark Road, Charlotte, North Carolina

(Address of Principal Executive Offices)

28273-5975

(Zip Code)

(704) 554-8510

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

THE CATO CORPORATION

Item 2.02. Results of Operations and Financial Condition.

On May 20, 2009, The Cato Corporation issued a press release regarding its financial results for the first quarter ending May 2, 2009. 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 May 20, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CATO CORPORATION

May 21, 2009
Date

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

May 21, 2009
Date

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

Exhibit Index

Exhibit

Exhibit No.

Press Release issued May 20, 2009

99.1



The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:

John R. Howe
Executive Vice President
Chief Financial Officer
704-551-7315

**CATO REPORTS 1Q EPS UP 12%
Provides 2Q and Updates 2009 Guidance**

Charlotte, NC (May 20, 2009) — The Cato Corporation (NYSE: CTR) today reported net income of \$18.8 million or \$.64 per diluted share for the first quarter ended May 2, 2009, compared to net income of \$16.9 million or \$.57 per diluted share for the first quarter ended May 3, 2008. Net income increased 11% and earnings per diluted share increased 12%. Sales for the first quarter were \$238.1 million, a 5% increase over sales of \$225.8 million for the first quarter ended May 3, 2008. The Company's comparable store sales increased 3% in the first quarter.

"Sales and markdowns for the first quarter were better than expected and resulted in higher merchandise margin," said John Cato, Chairman, President, and Chief Executive Officer. "We continue to believe our customer's discretionary spending ability is limited and expect comparable store sales to be in the range of down 3% to flat for the second quarter and for the balance of the year. We estimate second quarter earnings per diluted share to be in the range of \$.48 to \$.54 versus \$.41 last year. After adjusting our original 2009 guidance for first quarter actual results, our estimate of earnings per diluted share for the full year is now a range of \$1.13 to \$1.27 versus \$1.14 last year."

SG&A expenses for the quarter increased 230 basis points primarily as a result of higher accrued incentive compensation. The Company's cash and short-term investments increased by \$21.9 million during the quarter to \$166.7 million.

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All 2008 quarterly and annual result references reflect the restatement of earnings per diluted share under EITF 03-6-1.

During the first quarter, the Company opened eight stores and closed four stores. Two of the closings were conversions to the It's Fashion Metro concept. As of May 2, 2009, the Company operated 1,285 stores in 31 states, compared to 1,326 stores in 32 states as of May 3, 2008.

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's Cato division offers exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices every day. The It's Fashion division offers fashion with a focus on the latest trendy styles and nationally recognized urban brands for the entire family 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 second quarter and year 2009 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. Additional information concerning these and other important factors can be found in Item 1A. "Risk Factors" of the Company's most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. 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 MAY 2, 2009 AND MAY 3, 2008
(Dollars in thousands, except per share data)

| | Quarter Ended | | | |
|---|----------------|--------------|----------------|--------------|
| | May 2, 2009 | % Sales | May 3, 2008 | % Sales |
| REVENUES | | | | |
| Retail sales | \$ 238,055 | 100.0% | \$ 225,791 | 100.0% |
| Other income (principally finance, late fees and layaway charges) | 2,972 | 1.3% | 3,037 | 1.4% |
| Total revenues | 241,027 | 101.3% | 228,828 | 101.4% |
| GROSS MARGIN (Memo) | 96,142 | 40.4% | 84,171 | 37.3% |
| COSTS AND EXPENSES, NET | | | | |
| Cost of goods sold | 141,913 | 59.6% | 141,620 | 62.7% |
| Selling, general and administrative | 64,644 | 27.2% | 56,317 | 24.9% |
| Depreciation | 5,544 | 2.3% | 5,610 | 2.5% |
| Interest and other income | (1,060) | -0.4% | (1,901) | -0.8% |
| Cost and expenses, net | 211,041 | 88.7% | 201,646 | 89.3% |
| Income Before Income Taxes | 29,986 | 12.6% | 27,182 | 12.1% |
| Income Tax Expense | 11,173 | 4.7% | 10,329 | 4.6% |
| Net Income | \$ 18,813 | 7.9% | \$ 16,853 | 7.5% |
| Basic Earnings Per Share | \$ 0.64 | | \$ 0.57 | |
| Basic Weighted Average Shares | 29,391,822 | | 29,400,136 | |
| Diluted Earnings Per Share | \$ 0.64 | | \$ 0.57 | |
| Diluted Weighted Average Shares | 29,408,907 | | 29,417,446 | |

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

| | May 2, 2009 (Unaudited) | May 3, 2008 (Unaudited) | January 31, 2009 |
|---|-------------------------------|-------------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 42,006 | \$ 42,091 | \$ 42,262 |
| Short-term investments | 115,696 | 76,101 | 93,452 |
| Restricted Cash | 9,016 | 9,037 | 9,089 |
| Accounts receivable — net | 42,518 | 45,570 | 44,136 |
| Merchandise inventories | 114,339 | 113,227 | 112,290 |
| Other current assets | 13,936 | 14,496 | 14,140 |
| Total Current Assets | 337,511 | 300,522 | 315,369 |
| Property and Equipment — net | 114,096 | 122,936 | 116,262 |
| Other Assets | 7,228 | 4,548 | 3,722 |
| TOTAL | \$ 458,835 | \$ 428,006 | \$ 435,353 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current Liabilities | \$ 160,500 | \$ 143,974 | \$ 150,730 |
| Noncurrent Liabilities | 21,853 | 24,106 | 22,810 |
| Stockholders' Equity | 276,482 | 259,926 | 261,813 |

