



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 17, 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 May 17, 2005, The Cato Corporation issued a press release regarding its financial results for the first quarter ending April 30, 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 Released issued May 17, 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

May 19, 2005

\_\_\_\_\_  
Date

/s/ John P. Derham Cato

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

May 19, 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 May 17, 2005	99.1



The CATO Corporation

**NEWS RELEASE**

**FOR IMMEDIATE RELEASE**

CEO Approval \_\_\_\_\_

For Further Information Contact:  
 Michael O. Moore  
 Executive Vice President  
 Chief Financial Officer  
 704-551-7201

**CATO REPORTS 1Q EPS UP 7%  
 EXCEEDS PREVIOUS ESTIMATE  
 Provides 2Q Guidance**

Charlotte, NC (May 17, 2005) – The Cato Corporation (NYSE: CTR) today reported net income of \$18.4 million or \$.87 per diluted share for the first quarter ended April 30, 2005, compared to net income of \$16.8 million or \$.81 per diluted share for the first quarter ended May 1, 2004. Net income increased 10% and earnings per diluted share increased 7% from first quarter 2004. Sales for the first quarter were \$215.1 million, a 5% increase over sales of \$205.2 million for the first quarter last year. The Company's first quarter comparable store sales were flat to last year.

"Our first quarter results exceeded our estimated EPS range of \$.83 to \$.86," said John Cato, Chairman, President, and Chief Executive Officer. "Gross margin was better than plan and last year due to tight inventory management. We expect second quarter earnings per diluted share to be in the range of \$.40 to \$.42 versus \$.39 last year. For the year, we are estimating earnings per diluted share to be in the range of \$1.73 to \$1.81 versus \$1.66 last year. Comparable store sales are estimated to be in the range of flat to up 2% for the second quarter and balance of the year. For the year, our plan of delivering a 10% increase in net income and a 9% increase in EPS, or \$1.81 per diluted share, remains unchanged."

During the first quarter, the Company opened 17 stores, relocated five stores, and closed six stores. As of April 30, 2005, the Company operated 1,188 stores in 31 states, compared to

1,118 stores in 28 states as of May 1, 2004.

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](http://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 2005 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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8100 Denmark Road  
P. O. Box 34216  
Charlotte, NC 28234  
(704) 554-8510

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**THE CATO CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**  
**FOR THE PERIODS ENDED APRIL 30, 2005 AND MAY 1, 2004**  
(Dollars in thousands, except per share data)

	Quarter Ended			
	April 30, 2005	% Sales	May 1, 2004 (Restated)	% Sales
<b>REVENUES</b>				
Retail sales	\$ 215,064	100.0%	\$ 205,193	100.0%
Other income (principally finance, late fees and layaway charges)	3,863	1.8%	4,008	2.0%
<b>Total revenues</b>	<b>218,927</b>	<b>101.8%</b>	<b>209,201</b>	<b>102.0%</b>
<b>GROSS MARGIN (Memo)</b>	<b>78,630</b>	<b>36.6%</b>	<b>72,795</b>	<b>35.5%</b>
<b>COSTS AND EXPENSES, NET</b>				
Cost of goods sold	136,434	63.4%	132,398	64.5%
Selling, general and administrative	49,333	22.9%	45,796	22.3%
Depreciation	5,038	2.3%	4,979	2.4%
Interest expense	152	0.1%	162	0.1%
Interest and other income	(941)	-0.4%	(506)	-0.2%
<b>Cost and expenses, net</b>	<b>190,016</b>	<b>88.3%</b>	<b>182,829</b>	<b>89.1%</b>
<b>Income Before Income Taxes</b>	<b>28,911</b>	<b>13.5%</b>	<b>26,372</b>	<b>12.9%</b>
Income Tax Expense	10,495	4.9%	9,573	4.7%
<b>Net Income</b>	<b>\$ 18,416</b>	<b>8.6%</b>	<b>\$ 16,799</b>	<b>8.2%</b>
<b>Basic Earnings Per Share</b>	<b>\$ 0.89</b>		<b>\$ 0.82</b>	
<b>Basic Weighted Average Shares</b>	<b>20,736,217</b>		<b>20,499,605</b>	
<b>Diluted Earnings Per Share</b>	<b>\$ 0.87</b>		<b>\$ 0.81</b>	
<b>Diluted Weighted Average Shares</b>	<b>21,195,426</b>		<b>20,845,867</b>	

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

	April 30, 2005 (Unaudited)	May 1, 2004 (Unaudited) (Restated)	January 29, 2005
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 22,773	\$ 23,167	\$ 18,640
Short-term investments	71,472	67,155	88,588
Accounts receivable — net	49,534	51,427	50,889
Merchandise inventories	105,084	99,855	100,538
Other current assets	12,112	11,190	7,767
<b>Total Current Assets</b>	<b>260,975</b>	<b>252,794</b>	<b>266,422</b>
Property and Equipment — net	118,727	116,400	117,590
Other Assets	10,391	10,189	10,122
<b>TOTAL</b>	<b>\$ 390,093</b>	<b>\$ 379,383</b>	<b>\$ 394,134</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities	\$ 128,771	\$ 124,586	\$ 132,631
Noncurrent Liabilities	34,268	34,372	34,328
Long Term Debt	0	20,000	16,000
Stockholders' Equity	227,054	200,425	211,175
<b>TOTAL</b>	<b>\$ 390,093</b>	<b>\$ 379,383</b>	<b>\$ 394,134</b>