

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): August 18, 2011

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
(IRS Employer
Identification No.)

8100 Denmark Road, Charlotte, NC
(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:

- 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 August 18, 2011, The Cato Corporation issued a press release regarding its financial results for the second quarter ending July 30, 2011. 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 August 18, 2011.

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

August 22, 2011

Date

/s/ John P. D. Cato

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

August 22, 2011

Date

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

Exhibit Index

Exhibit

Exhibit No.

Press Release issued August 18, 2011.

99.1

EXHIBIT 99.1

The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

For Further Information Contact:

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

CATO REPORTS 2Q EPS OF \$.61, UP 6% Provides Second Half Guidance

Charlotte, NC (August 18, 2011) – The Cato Corporation (NYSE: CATO) today reported net income of \$18.1 million or \$.61 per diluted share for the second quarter ended July 30, 2011, compared to net income of \$17.0 million or \$.58 per diluted share, as restated, for the second quarter ended July 31, 2010. Both net income and earnings per diluted share increased 6% over last year. Sales for the second quarter were \$234.1 million, a 1% increase over sales of \$231.8 million last year. Second quarter same-store sales decreased 1%.

For the six months ended July 30, 2011, the Company earned net income of \$48.6 million or \$1.65 per diluted share, compared with net income of \$42.0 million or \$1.42 per diluted share, as restated, for the six months ended July 31, 2010, an increase of 16% in both net income and earnings per diluted share. Sales for the first half were \$505.0 million, a 3% increase over the prior year's first half sales of \$490.9 million. Same-store sales for the first half were flat to the prior year.

"Same-store sales for the second quarter were within our estimated range and we were able to control expenses well," stated John Cato, Chairman, President, and Chief Executive Officer. "As we noted in our July sales release, our same-store sales trend reflects the difficult economic conditions and uncertainty affecting our customers, especially the lower income customer. Also, we continue to expect rising raw material costs will have a negative effect on second half

8100 Denmark Road
P. O. Box 34216
Charlotte, NC 28234
(704) 554-8510

performance. As a result, we now expect earnings per diluted share for second half of the year will be at the low end of our original guidance range of \$.50 to \$.56.”

Second quarter gross margin was 38.0% compared to 39.0% last year due primarily to higher markdowns. Second quarter SG&A costs as a percent of sales decreased to 25.2% from 26.9% last year primarily as a result of lower accrued incentive compensation and insurance costs. The effective tax rate for the quarter was 36.0% compared to 36.3% last year.

As noted above, based on year-to-date results and the Company’s original guidance for the second half, earnings per diluted share are expected to be at the low end of the adjusted range of \$2.15 to \$2.21 versus \$2.00 last year, as restated, an increase of 8% to 11%. By quarter, earnings per diluted share are estimated to be in the range of \$.18 to \$.21 versus \$.20 last year, as restated, for the third quarter and \$.32 to \$.35 versus \$.37 last year, as restated, for the fourth quarter. Comparable store sales for both the third and fourth quarters are estimated to be in the range of down 2% to flat.

During the first half, the Company opened 12 new stores, relocated one store and closed nine stores. Five of the closings were It’s Fashion stores closed to open as It’s Fashion Metro stores in the same market. The Company now expects to open approximately 41 stores during 2011. As of July 30, 2011, The Cato Corporation operated 1,285 stores in 31 states, compared to 1,275 stores in 31 states as of July 31, 2010.

The Cato Corporation is a leading specialty retailer of value-priced fashion apparel and accessories 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 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”

8100 Denmark Road
P. O. Box 34216
Charlotte, NC 28234
(704) 554-8510

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.

###

8100 Denmark Road
P. O. Box 34216
Charlotte, NC 28234
(704) 554-8510

THE CATO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
FOR THE PERIODS ENDED JULY 30, 2011 AND JULY 31, 2010

(Dollars in thousands, except per share data)

	Quarter Ended				Six Months Ended			
	July 30, 2011	%	As Restated		July 30, 2011	%	As Restated	
			July 31, 2010 (A)	% Sales			July 31, 2010 (A)	% Sales
REVENUES								
Retail sales	\$ 234,077	100.0%	\$ 231,839	100.0%	\$ 505,010	100.0%	\$ 490,879	100.0%
Other income (principally finance, late fees and layaway charges)	2,729	1.2%	2,862	1.2%	5,456	1.1%	5,785	1.2%
Total revenues	<u>236,806</u>	<u>101.2%</u>	<u>234,701</u>	<u>101.2%</u>	<u>510,466</u>	<u>101.1%</u>	<u>496,664</u>	<u>101.2%</u>
GROSS MARGIN (Memo)	88,921	38.0%	90,435	39.0%	201,449	39.9%	199,615	40.7%
COSTS AND EXPENSES, NET								
Cost of goods sold	145,156	62.0%	141,404	61.0%	303,561	60.1%	291,264	59.3%
Selling, general and administrative	58,955	25.2%	62,340	26.9%	122,271	24.2%	130,421	26.6%
Depreciation	5,371	2.3%	5,277	2.3%	10,775	2.2%	10,547	2.2%
Interest and other income	(949)	-0.4%	(957)	-0.4%	(1,906)	-0.4%	(1,849)	-0.4%
Cost and expenses, net	<u>208,533</u>	<u>89.1%</u>	<u>208,064</u>	<u>89.7%</u>	<u>434,701</u>	<u>86.1%</u>	<u>430,383</u>	<u>87.7%</u>
Income Before Income Taxes	28,273	12.1%	26,637	11.5%	75,765	15.0%	66,281	13.5%
Income Tax Expense	<u>10,170</u>	<u>4.4%</u>	<u>9,659</u>	<u>4.2%</u>	<u>27,141</u>	<u>5.4%</u>	<u>24,269</u>	<u>4.9%</u>
Net Income	<u>\$ 18,103</u>	<u>7.7%</u>	<u>\$ 16,978</u>	<u>7.3%</u>	<u>\$ 48,624</u>	<u>9.6%</u>	<u>\$ 42,012</u>	<u>8.6%</u>
Basic Earnings Per Share	<u>\$ 0.61</u>		<u>\$ 0.58</u>		<u>\$ 1.65</u>		<u>\$ 1.42</u>	
Diluted Earnings Per Share	<u>\$ 0.61</u>		<u>\$ 0.58</u>		<u>\$ 1.65</u>		<u>\$ 1.42</u>	

(A) The Company has reclassified certain 2010 income statement items to conform with 2011 presentation.

THE CATO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	July 30, 2011	<u>As Restated</u>	<u>As Restated</u>
	(Unaudited)	July 31, 2010	January 29, 2011
		(Unaudited)	(Unaudited)
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 77,376	\$ 68,336	\$ 48,630
Short-term investments	190,533	165,755	181,395
Restricted cash	4,801	2,547	4,826
Accounts receivable - net	37,621	39,747	39,703
Merchandise inventories	117,225	105,157	144,028
Other current assets	<u>7,077</u>	<u>13,154</u>	<u>6,859</u>
Total Current Assets	434,633	394,696	425,441
Property and equipment – net	104,333	100,869	99,773
Other assets	<u>9,434</u>	<u>7,499</u>	<u>7,545</u>
TOTAL	<u>\$ 548,400</u>	<u>\$ 503,064</u>	<u>\$ 532,759</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities	\$ 154,912	\$ 152,418	\$ 173,918
Noncurrent Liabilities	23,730	24,195	24,827
Stockholders' Equity	<u>369,758</u>	<u>326,451</u>	<u>334,014</u>
TOTAL	<u>\$ 548,400</u>	<u>\$ 503,064</u>	<u>\$ 532,759</u>

(A) The Company has reclassified certain 2010 income statement items to conform with 2011 presentation.