

CATO CORP  
Form 10-Q  
May 28, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended May 2, 2015

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  
(State or other jurisdiction of incorporation or organization)

56-0484485  
(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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  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  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

As of May 2, 2015, there were 26,319,927 shares of Class A common stock and 1,743,525 shares of Class B common stock outstanding.

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**Quarter Ended May 2, 2015**

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**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****THE CATO CORPORATION**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND  
COMPREHENSIVE INCOME  
(UNAUDITED)**

	<b>Three Months Ended</b>	
	<b>May 2, 2015</b>	<b>May 3, 2014</b>
	-	-
	<b>(Dollars in thousands, except per share data)</b>	
<b>REVENUES</b>		
Retail sales	\$ 281,575	\$ 282,462
Other revenue (principally finance charges, late fees and layaway charges)	2,324	2,270
Total revenues	<b>283,899</b>	284,732
<b>COSTS AND EXPENSES, NET</b>		
Cost of goods sold (exclusive of depreciation shown below)	<b>162,520</b>	164,363
Selling, general and administrative (exclusive of depreciation shown below)	<b>68,584</b>	67,487
Depreciation	<b>5,374</b>	5,452
Interest and other income	<b>(568)</b>	(742)
Cost and expenses, net	<b>235,910</b>	236,560
Income before income taxes	<b>47,989</b>	48,172
Income tax expense	<b>16,906</b>	18,166

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Net income	\$	<b>31,083</b>	\$	30,006
Basic earnings per share	\$	<b>1.11</b>	\$	1.04
Diluted earnings per share	\$	<b>1.11</b>	\$	1.04
Dividends per share	\$	<b>0.30</b>	\$	0.30
Comprehensive income:				
Net income	\$	<b>31,083</b>	\$	30,006
Unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of (\$201) and (\$32) for May 2, 2015 and May 3, 2014, respectively		<b>(332)</b>		(51)
Comprehensive income	\$	<b>30,751</b>	\$	29,955

See notes to condensed consolidated financial statements (unaudited).

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**THE CATO CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

	May 2, 2015	January 31, 2015 (Dollars in thousands)	May 3, 2014
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 94,294	\$ 93,946	\$ 79,468
Short-term investments	177,471	162,185	159,286
Restricted cash and investments	4,474	4,479	4,699
Accounts receivable, net of allowance for doubtful accounts of \$1,535, \$1,542 and \$1,732 at May 2, 2015, January 31, 2015 and May 3, 2014 respectively	38,316	41,023	41,036
Merchandise inventories	133,862	137,549	129,652
Deferred income taxes	4,492	4,291	4,752
Prepaid expenses	13,384	10,978	10,522
Total Current Assets	466,293	454,451	429,415
Property and equipment – net	133,480	135,181	142,989
Noncurrent deferred income taxes	4,567	3,363	1,375
Other assets	17,894	15,283	9,458
Total Assets	\$ 622,234	\$ 608,278	\$ 583,237
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current Liabilities:			
Accounts payable	\$ 101,116	\$ 111,674	\$ 96,816
Accrued expenses	47,322	48,404	44,258
Accrued bonus and benefits	4,310	19,567	6,009
Accrued income taxes	32,321	14,256	32,479
Total Current Liabilities	185,069	193,901	179,562
Other noncurrent liabilities (primarily deferred rent)	34,177	34,179	30,170
Stockholders' Equity:			
Preferred stock, \$100 par value per share, 1,000,000 shares authorized, none issued	-	-	-
Class A common stock, \$0.033 par value per share, 50,000,000 shares authorized; issued 26,319,927 shares, 26,174,684 shares			

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and 26,282,502 shares at May 2, 2015, January 31, 2015 and

May 3, 2014, respectively	<b>877</b>	873	876
Convertible Class B common stock, \$0.033 par value per share,			
15,000,000 shares authorized; issued 1,743,525 shares at			
May 2, 2015, January 31, 2015 and May 3, 2014	<b>58</b>	58	58
Additional paid-in capital	<b>85,983</b>	85,029	81,324
Retained earnings	<b>315,616</b>	293,452	290,520
Accumulated other comprehensive income	<b>454</b>	786	727
Total Stockholders' Equity	<b>402,988</b>	380,198	373,505
Total Liabilities and Stockholders' Equity	<b>\$ 622,234</b>	\$ 608,278	\$ 583,237

See notes to condensed consolidated financial statements (unaudited).



