

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2005 calendar year, or tax year beginning 2005, and ending

B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C Name of organization: CATO INSTITUTE
Number and street (or P O box if mail is not delivered to street address) Room/suite: 1000 MASSACHUSETTS AVE., N.W.
City or town, state or country, and ZIP + 4: WASHINGTON, DC 20001-5400

D Employer identification number: 23-7432162
E Telephone number: (202) 842-0200
F Accounting method: Cash [X] Accrual [] Other (specify) []

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations

H(a) Is this a group return for affiliates? Yes [] No [X]

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? (If "No," attach a list See instructions) Yes [] No [X]

H(d) Is this a separate return filed by an organization covered by a group ruling? Yes [] No [X]

I Group Exemption Number

M Check [] if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

G Website: WWW.CATO.ORG

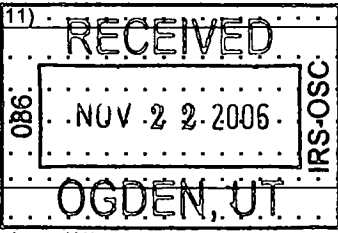
J Organization type (check only one) [X] 501(c)(3) (insert no) 4947(a)(1) or 527

K Check here [] if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12 23,402,380.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Table with 21 rows and 4 columns: Description, Sub-column, Amount, Total. Includes Revenue (lines 1-12), Expenses (lines 13-17), and Net Assets (lines 18-21). Total revenue: 22,656,851. Total expenses: 17,065,056. Net assets at end of year: 21,461,645.



SCANNED DEC 20 2006

Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See the instructions)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) (cash \$ <u>146,898.</u> noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	146,898.	146,898.	STMT 3	
23	Specific assistance to individuals (attach schedule)				
24	Benefits paid to or for members (attach schedule)				
25	Compensation of officers, directors, etc.	825,791.	621,652.	89,513.	114,626.
26	Other salaries and wages	5,876,558.	4,423,854.	636,994.	815,710.
27	Pension plan contributions	383,710.	285,751.	73,448.	24,511.
28	Other employee benefits	714,533.	411,234.	245,619.	57,680.
29	Payroll taxes	457,558.	321,903.	85,632.	50,023.
30	Professional fundraising fees				
31	Accounting fees				
32	Legal fees				
33	Supplies	283,176.	123,385.	138,308.	21,483.
34	Telephone	136,775.	53,522.	80,084.	3,169.
35	Postage and shipping	1,298,473.	517,332.	102,265.	678,876.
36	Occupancy	17,540.	NONE	17,540.	NONE
37	Equipment rental and maintenance	288,551.	7,877.	280,674.	NONE
38	Printing and publications	1,041,396.	876,338.	NONE	165,058.
39	Travel	1,203,434.	1,104,395.	37,154.	61,885.
40	Conferences, conventions, and meetings	1,852.	1,852.	NONE	NONE
41	Interest	2,296.	NONE	2,296.	NONE
42	Depreciation, depletion, etc (attach schedule)	643,411.	NONE	643,411.	NONE
43	Other expenses not covered above (itemize)				
a	STMT 5	3,743,104.	2,332,625.	1,052,917.	357,562.
b					
c					
d					
e					
f					
g					
44	Total functional expenses. Add lines 22 through 43 (Organizations completing columns (B)-(D), carry these totals to lines 13-15).	17,065,056.	11,228,618.	3,485,855.	2,350,583.

Joint Costs. Check if you are following SOP 98-2.
 Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No
 If "Yes," enter (i) the aggregate amount of these joint costs \$ _____, (ii) the amount allocated to Program services \$ _____,
 (iii) the amount allocated to Management and general \$ _____, and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? SEE STATEMENT 6 All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)	Program Service Expenses (Required for 501(c)(3) and (4) orgs, and 4947(a)(1) trusts, but optional for others)
a FORUMS/SEMINARS AND OTHER MEANS OF EDUCATION: CATO SPONSORED 746 FORUMS AND SEMINARS WITH TOPICS INCLUDING SOCIAL SECURITY, CONSTITUTIONAL LIMITED GOVERNMENT, INTERNATIONAL TRADE, SCHOOL CHOICE, TECHNOLOGY, FREE MARKETS THE ENVIRONMENT AND DEFENSE AND PEACE. (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	1,577,531.
b PUBLICATIONS INCLUDE 26 POLICY ANALYSES, 3 FOREIGN POLICY PAPERS, 2 SOCIAL SECURITY PAPERS, 4 BRIEFING PAPERS. ALSO 4 ISSUES OF REGULATION MAGAZINE, 2 ISSUES OF CATO JOURNAL, 12 AUDIO TAPES AND 14 BOOKS (Grants and allocations \$ <u>146,898.</u>) If this amount includes foreign grants, check here <input type="checkbox"/>	9,651,087.
c (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	
d (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	
e Other program services (attach schedule) (Grants and allocations \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services),	11,228,618.

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
Assets	45 Cash - non-interest-bearing		NONE	45	7,671,599.
	46 Savings and temporary cash investments		6,439,395.	46	4,638,320.
	47a Accounts receivable	47a	197,830.		
	b Less: allowance for doubtful accounts	47b	NONE	47c	197,830.
	48a Pledges receivable	48a	338,255.		
	b Less: allowance for doubtful accounts	48b		48c	338,255.
	49 Grants receivable			49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule)			50	
	51a Other notes and loans receivable (attach schedule)	51a			
	b Less: allowance for doubtful accounts	51b		51c	
	52 Inventories for sale or use		166,095.	52	231,996.
	53 Prepaid expenses and deferred charges		139,618.	53	76,090.
	54 Investments - securities (attach schedule) <input checked="" type="checkbox"/> STMT 7. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		2,033,734.	54	2,079,726.
	55a Investments - land, buildings, and equipment, basis	55a			
	b Less: accumulated depreciation (attach schedule)	55b		55c	
56 Investments - other (attach schedule)			56		
57a Land, buildings, and equipment, basis	57a	15,511,431.			
b Less: accumulated depreciation (attach schedule)	57b	8,839,016.	57c	6,672,415.	
58 Other assets (describe <input type="checkbox"/> STMT 8)		236,217.	58	236,216.	
59 Total assets (must equal line 74) Add lines 45 through 58		16,748,786.	59	22,142,447.	
Liabilities	60 Accounts payable and accrued expenses		558,202.	60	411,068.
	61 Grants payable			61	
	62 Deferred revenue		113,059.	62	75,753.
	63 Loans from officers, directors, trustees, and key employees (attach schedule)			63	
	64a Tax-exempt bond liabilities (attach schedule)			64a	
	b Mortgages and other notes payable (attach schedule)			64b	
	65 Other liabilities (describe <input type="checkbox"/> STMT 9)		207,675.	65	193,981.
66 Total liabilities. Add lines 60 through 65		878,936.	66	680,802.	
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.				
	67 Unrestricted		12,819,499.	67	17,806,019.
	68 Temporarily restricted		1,040,254.	68	1,645,529.
	69 Permanently restricted		2,010,097.	69	2,010,097.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.				
	70 Capital stock, trust principal, or current funds			70	
	71 Paid-in or capital surplus, or land, building, and equipment fund			71	
	72 Retained earnings, endowment, accumulated income, or other funds			72	
73 Total net assets or fund balances (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19, column (B) must equal line 21)		15,869,850.	73	21,461,645.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73.		16,748,786.	74	22,142,447.	

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

75a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 13
75b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s)
75c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? Note. Related organizations include section 509(a)(3) supporting organizations. If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization
75d Does the organization have a written conflict of interest policy?

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits (If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation, (D) Contributions to employee benefit plans & deferred compensation plans, (E) Expense account and other allowances. Row 1 shows -0- in all columns.

Part VI Other Information (See the instructions.)

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity.
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes.
78a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?
78b If "Yes," has it filed a tax return on Form 990-T for this year?
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement.
80a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization?
80b If "Yes," enter the name of the organization and check whether it is exempt or nonexempt.
81a Enter direct and indirect political expenditures (See line 81 instructions).
81b Did the organization file Form 1120-POL for this year?

Part VI Other Information (continued)

		Yes	No
82 a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value?		X
82 b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II (See instructions in Part III)		N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
83 b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	N/A	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		X
84 b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	N/A	
85 a	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?	N/A	
85 b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year	N/A	
85 c	Dues, assessments, and similar amounts from members		N/A
85 d	Section 162(e) lobbying and political expenditures		N/A
85 e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		N/A
85 f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		N/A
85 g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?	N/A	
85 h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year?	N/A	
86 a	501(c)(7) orgs Enter a Initiation fees and capital contributions included on line 12		N/A
86 b	Gross receipts, included on line 12, for public use of club facilities		N/A
87 a	501(c)(12) orgs Enter a Gross income from members or shareholders		N/A
87 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		X
89 a	501(c)(3) organizations Enter Amount of tax imposed on the organization during the year under section 4911 NONE, section 4912 NONE, section 4955 NONE		
89 b	501(c)(3) and 501(c)(4) orgs Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction		X
	Enter Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958		NONE
	Enter Amount of tax on line 89c, above, reimbursed by the organization		NONE
90 a	List the states with which a copy of this return is filed DISTRICT OF COLUMBIA, PENNSYLVANIA		
90 b	Number of employees employed in the pay period that includes March 12, 2005 (See instructions)	114	
91 a	The books are in care of CATO INSTITUTE Telephone no 202-842-0200 Located at 1000 MASS. AVE., NW, WASHINGTON DC, ZIP + 4 20001-5403		
91 b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts		X
91 c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country _____		X
92	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the tax year		N/A

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue					
a CONFERENCES					540,199.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	195,328.	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory			18	-15,372.	
101 Net income or (loss) from special events					
102 Gross profit or (loss) from sales of inventory					229,866.
103 Other revenue a					
b MAILING LIST SALES	900004	3,340.			
c ROYALTIES			15	45,997.	
d MISCELLANEOUS					5,771.
e					
104 Subtotal (add columns (B), (D), and (E))		3,340.		225,953.	775,836.
105 Total (add line 104, columns (B), (D), and (E))					1,005,129.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes)
▼	STMT 12

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

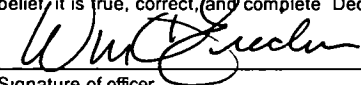
(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions.)

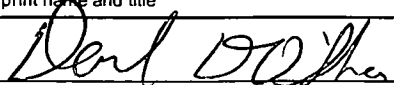
Under penalties of perjury, I declare that I have examined this return and believe it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has knowledge.

Please Sign Here

Signature of officer: 
 WILLIAM C. BR
 Vice President for Finance

Type or print name and title

Paid Preparer's Use Only

Preparer's signature: 
 Firm's name (or yours if self-employed), address, and ZIP + 4: WATKINS, MEEGAN, DRU
 7700 WISCONSIN AVENUE
 BETHESDA, MD

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

Supplementary Information - (See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

2005

Name of the organization

CATO INSTITUTE

Employer identification number

23-7432162

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
JAGADEESH GOKHALE WASHINGTON, DC 20001	SR FELLOW - FISCAL 40 HRS/WK	139,000.	8,827.	NONE
ROGER PILON WASHINGTON, DC 20001	DIR OF CTR FOR CONST 40 HRS/WK	156,000.	19,705.	NONE
TED CARPENTER WASHINGTON, DC 20001	VP OF DEF & FOR POL 40 HRS/WK	145,000.	15,000.	NONE
WILLIAM LINDSEY WASHINGTON, DC 20001	VP OF RESEARCH 40 HRS/WK	160,000.	20,248.	NONE
RAY DORMAN WASHINGTON, DC 20001	VP OF DEVELOPMENT 40 HRS/WK	163,990.	10,478.	NONE
Total number of other employees paid over \$50,000 . . . ▶	45			

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
APPLIED INTELLIGENCE GROUP ARLINGTON, VA 22205	COMPUTER CONSULTING	150,000.
NEW HOPE ENVIRONMENTAL NEW HOPE, VA 24469	ENVIRONMENTAL POLICY	50,269.
THE COMPASS GROUP, INC. ALDIE, VA 20105	MGMT CONSULTING	76,000.
Total number of others receiving over \$50,000 for professional services ▶	NONE	

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
SOUTHWEST PUBLISHING TOPEKA, KS 66617	PRINTING AND MAILING	735,677.
AUTOMATED GRAPHIC SYSTEMS WHITE PLAINS, MD 20695	PRNTG/STRG/FULFILLMT	431,605.
CONRAD DIRECT, INC. CRESSKILL, NJ 07626	MAIL LIST BROKERAGE	220,696.
IMPRESSIONS, INC. TUXEDO, MD 20781	PRINTING	206,911.
ZIP MAILING SERVICE, INC. LANDOVER, MD 20785	MAILING	171,184.
Total number of other contractors receiving over \$50,000 for other services ▶	25	

For Paperwork Reduction Act Notice, see the Instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2005

Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ► \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B)		X
	Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities		
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions)		
a	Sale, exchange, or leasing of property?	2a	X
b	Lending of money or other extension of credit?	2b	X
c	Furnishing of goods, services, or facilities?	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? STMT. 13	2d	X
e	Transfer of any part of its income or assets?	2e	X
3a	Do you make grants for scholarships, fellowships, student loans, etc? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments)	3a	X
b	Do you have a section 403(b) annuity plan for your employees?	3b	X
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?	3c	X
4a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?	4a	X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?	4b	X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

The organization is not a private foundation because it is (Please check only ONE applicable box.)

5 A church, convention of churches, or association of churches Section 170(b)(1)(A)(i)

6 A school Section 170(b)(1)(A)(ii) (Also complete Part V)

7 A hospital or a cooperative hospital service organization Section 170(b)(1)(A)(iii)

8 A Federal, state, or local government or governmental unit Section 170(b)(1)(A)(v)

9 A medical research organization operated in conjunction with a hospital Section 170(b)(1)(A)(iii) Enter the hospital's name, city, and state ► _____

10 An organization operated for the benefit of a college or university owned or operated by a governmental unit Section 170(b)(1)(A)(iv) (Also complete the **Support Schedule** in Part IV-A)

11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A.)

11b A community trust. Section 170(b)(1)(A)(vi) (Also complete the **Support Schedule** in Part IV-A)

12 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc , functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See section 509(a)(2) (Also complete the **Support Schedule** in Part IV-A)

13 An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in (1) lines 5 through 12 above, or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2) Check the box that describes the type of supporting organization ► Type 1 Type 2 Type 3

Provide the following information about the supported organizations (See page 6 of the instructions)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety Section 509(a)(4) (See page 6 of the instructions)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Table with columns: Calendar year (or fiscal year beginning in), (a) 2004, (b) 2003, (c) 2002, (d) 2001, (e) Total. Rows include: 15 Gifts, grants, and contributions received; 16 Membership fees received; 17 Gross receipts from admissions, merchandise sold or services performed; 18 Gross income from interest, dividends; 19 Net income from unrelated business activities; 20 Tax revenues levied; 21 Value of services or facilities furnished; 22 Other income; 23 Total of lines 15 through 22; 24 Line 23 minus line 17; 25 Enter 1% of line 23; 26 Organizations described on lines 10 or 11; 27 Organizations described on line 12.

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15

Part V Private School Questionnaire (See page 7 of the instructions.) **NOT APPLICABLE**
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

	Yes	No
29 Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29	
30 Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30	
31 Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe, if "No," please explain (If you need more space, attach a separate statement.) ----- ----- -----	31	
32 Does the organization maintain the following:		
a Records indicating the racial composition of the student body, faculty, and administrative staff?	32a	
b Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b	
c Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c	
d Copies of all material used by the organization or on its behalf to solicit contributions?	32d	
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement) ----- -----		
33 Does the organization discriminate by race in any way with respect to:		
a Students' rights or privileges?	33a	
b Admissions policies?	33b	
c Employment of faculty or administrative staff?	33c	
d Scholarships or other financial assistance?	33d	
e Educational policies?	33e	
f Use of facilities?	33f	
g Athletic programs?	33g	
h Other extracurricular activities?	33h	
If you answered "Yes" to any of the above, please explain (If you need more space, attach a separate statement.) ----- ----- -----		
34 a Does the organization receive any financial aid or assistance from a governmental agency?	34a	
b Has the organization's right to such aid ever been revoked or suspended? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
35 Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc 75-50, 1975-2 C B. 587, covering racial nondiscrimination? If "No," attach an explanation	35	

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 9 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768) **NOT APPLICABLE**

Check **a** if the organization belongs to an affiliated group Check **b** if you checked "a" and "limited control" provisions apply

Limits on Lobbying Expenditures

(The term "expenditures" means amounts paid or incurred)

		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
36 Total lobbying expenditures to influence public opinion (grassroots lobbying) . . .	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is -			
Not over \$500,000 20% of the amount on line 40	}	41	
Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000			
Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000			
Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000			
Over \$17,000,000 \$1,000,000			
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the instructions for lines 45 through 50 on page 11 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

NOT APPLICABLE

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h.)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h.)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities

FORM 990, PART I - INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS

DESCRIPTION	AMOUNT
INTEREST INCOME	195,328.
TOTAL	195,328.

FORM 990, PART I - GROSS SALES LESS RETURNS AND ALLOWANCES
=====

DESCRIPTION -----	AMOUNT -----
PUBLICATION SALES	338,408.

TOTAL	338,408.
	=====

FORM 990, PART II - GRANTS AND ALLOCATIONS PAID DURING THE YEAR

=====

RECIPIENT NAME AND ADDRESS -----	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT -----	PURPOSE OF GRANT OR CONTRIBUTION -----	AMOUNT -----
GRANTS PAID =====			
CHILDREN'S SCHOLARSHIP FUND NEW YORK, NY 10018	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	63,898.
CASCADE POLICY INSTITUTE PORTLAND, OR 97205	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	64,500.
GOLDWATER INSTITUTE PHOENIX, AZ 85004	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	5,000.
GEORGE MASON UNIVERSITY FOUNDATION ARLINGTON, VA 22201	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	5,000.
HERITAGE FOUNDATION WASHINGTON, DC 20002	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	2,500.
MILTON & ROSE D FRIEDMAN FOUNDATION INDIANAPOLIS, IN 46282	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.

FORM 990, PART II - GRANTS AND ALLOCATIONS PAID DURING THE YEAR

=====

RECIPIENT NAME AND ADDRESS -----	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT -----	PURPOSE OF GRANT OR CONTRIBUTION -----	AMOUNT -----
MANHATTAN INSTITUTE FOR POLICY RESEARCH NEW YORK, NY 10017	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.
REASON FOUNDATION LOS ANGELES, CA 90034	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.
PALMER R CHITESTER FUND ERIE, PA 16505	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.
LEADERSHIP INSTITUTE ARLINGTON, VA 22201	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.
INSTITUTE FOR HUMANE STUDIES ARLINGTON, VA 22201	NONE 501(C)(3)	TO HELP FUND LIKE-MINDED 501(C)(3) ORG.	1,000.
TOTAL CONTRIBUTIONS PAID			----- 146,898. =====

FORM 990, PART II - OTHER EXPENSES
 =====

DESCRIPTION -----	TOTAL -----	PROGRAM SERVICES -----	MANAGEMENT AND GENERAL -----	FUNDRAISING -----
PROFESSIONAL FEES	27,603.	NONE	27,603.	NONE
PEST AND REFUSE	5,768.	NONE	5,768.	NONE
INTERN EARNINGS	128,946.	127,896.	1,050.	NONE
BAD DEBT	27,241.	NONE	27,241.	NONE
PROMOTIONS	1,062,702.	1,041,331.	1,042.	20,329.
BOOKS, SUBSCRIPTIONS & DUES	294,974.	189,241.	38,162.	67,571.
FULFILLMENT & STORAGE	176,010.	175,965.	NONE	45.
MAILING LIST EXPENSE	179,434.	7,713.	NONE	171,721.
INDEPENDENT CONTRACTORS, OTHER	1,032,788.	619,116.	315,776.	97,896.
BANK FEES	61,035.	36,781.	24,254.	NONE
TAXES AND LICENSES	212,670.	NONE	212,670.	NONE
SECURITY	84,433.	NONE	84,433.	NONE
UTILITIES	207,750.	1,403.	206,347.	NONE
MISCELLANEOUS	14,826.	2,825.	12,001.	NONE
INSURANCE	96,570.	NONE	96,570.	NONE
AUDIO/VISUAL COSTS	130,354.	130,354.	NONE	NONE
TOTALS	3,743,104.	2,332,625.	1,052,917.	357,562.

FORM 990, PART III - ORGANIZATION'S PRIMARY EXEMPT PURPOSE

=====

THE CATO INSTITUTE BROADENS PUBLIC POLICY DEBATES CONSISTENT WITH THE TRADITIONAL AMERICAN PRINCIPLES OF INDIVIDUAL LIBERTY, LIMITED GOVERNMENT, DYNAMIC MARKET CAPITALISM AND PEACEFUL RELATIONS AMONG NATIONS.

FORM 990, PART IV - INVESTMENTS - SECURITIES

=====

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
-----	-----	-----
SHORT TERM REPURCHASE AGRMT	2,033,734.	2,079,726.
TOTALS	2,033,734.	2,079,726.
	=====	=====

FORM 990, PART IV - OTHER ASSETS

=====

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
-----	-----	-----
REMAINDER INTERESTS RECEIVABLE	236,217.	236,216.
TOTALS	----- 236,217.	----- 236,216.
	=====	=====

FORM 990, PART IV - OTHER LIABILITIES

=====

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
CAPITAL LEASE OBLIGATION	207,675.	193,981.
	-----	-----
TOTALS	207,675.	193,981.
	=====	=====

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
EDWARD H. CRANE WASHINGTON, DC 20001	PRESIDENT/CEO 40 HRS/WK	407,900.	48,584.	NONE
FRED YOUNG RACINE, WI 53402	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
FRANK BOND TIMONIUM, MD 21093	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
RICHARD J. DENNIS CHICAGO, IL 60606	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
DAVID H. PADDEN CHICAGO, IL 60603	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
JOHN C. MALONE ENGLEWOOD, CO 80112	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
HOWARD S. RICH NEW YORK, NY 10012	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
FREDERICK W. SMITH MEMPHIS, TN 38120	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
LEWIS E. RANDALL FREELAND, WA 98249	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
JEFF YASS BALA CYNWYD, PA 19004	DIRECTOR 3 HRS/WK	NONE	NONE	NONE
DAVID BOAZ	EXECUTIVE VP 40 HRS/WK	200,299.	20,811.	NONE

FORM 990, PART V-A - CURRENT OFFICERS, DIRECTORS, AND TRUSTEES

=====

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
-----	-----	-----	-----	-----
WASHINGTON, DC 20001				
WILLIAM ERICKSON WASHINGTON, DC 20001	VP FINANCE & ADMIN 40 HRS/WK	152,592.	19,511.	NONE
JANETTE STOUT WASHINGTON, DC 20001	SECRETARY 40 HRS/WK	65,000.	5,102.	
	GRAND TOTALS	825,791.	94,008.	NONE
		-----	-----	-----
		=====	=====	=====

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

=====

LINE NO. ---	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES -----
--------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------

93A	CONFERENCES AND SEMINARS - PROVIDE A FORUM FOR DISCUSSION OF RELATED ISSUES AND CURRENT DEVELOPMENTS, FURTHERING THE ORGANIZATION'S EXEMPT PURPOSE
102	SALES OF PUBLICATIONS TO DISSEMINATE THE ORGANIZATION'S RESEARCH
103D	MISCELLANEOUS RECEIPTS WHICH SUPPORT THE ORGANIZATION'S EXEMPT PURPOSE

SCHEDULE A, PART III - EXPLANATION FOR LINE 2D

=====

SEE PART V, FORM 990

SCHEDULE A, PART IV-A - OTHER INCOME
 =====

DESCRIPTION -----	2004 ----	2003 ----	2002 ----	2001 ----	TOTAL -----
MISCELLANEOUS INCOME	86,085.	11,104.	6,555.	27,091.	130,835.
TOTALS	86,085.	11,104.	6,555.	27,091.	130,835.
	=====	=====	=====	=====	=====

Description of Property

DEPRECIATION															
Asset description	Date placed in service	Unadjusted Cost or basis	Bus %	179 exp reduction in basis	Basis Reduction	Basis for depreciation	Beginning Accumulated depreciation	Ending Accumulated depreciation	Method	Conv	Life	ACRS class	MA CRS class	Current-year 179 expense	Current-year depreciation
BUILDING	01/01/2000	10171729.	100.000			10171729.	6,296,648.	6,609,622.	SL		27.500				312,974.
FURN & FIXTURES	01/01/2000	990,910.	100.000			990,910.	607,388.	805,570.	SL		5.000				198,182.
FURN & FIXTURES	01/01/2000	851,752.	100.000			851,752.	851,752.	851,752.	SL		5.000				
FURN & FIXTURES	01/01/2001	235,065.	100.000			235,065.	152,174.	199,187.	SL		5.000				47,013.
FURN & FIXTURES	01/01/2001	27,791.	100.000			27,791.	17,970.	23,528.	SL		5.000				5,558.
LAND	01/01/1993	2,504,836.	100.000								5.000				
FURN & FIXTURES	12/31/2002	382,792.	100.000			382,792.	208,938.	245,054.	SL		5.000				36,116.
BUILDING	06/15/2002	52,422.	100.000			52,422.	4,924.	6,830.	SL		27.500				1,906.
BUILDING	12/31/2003	81,529.	100.000			81,529.	2,965.	5,930.	SL		27.500				2,965.
FURN & FIXTURES	01/01/2003	181,760.	100.000			181,760.	52,846.	89,198.	SL		5.000				36,352.
FURN & FIXTURES	01/01/2000	79,953.	100.000			79,953.	61,297.		SL		5.000				*
FURN & FIXTURES	01/01/2005	30,845.	100.000			30,845.		2,345.	SL		5.000				2,345.
Less Retired Assets		79,953.				79,953.	61,297.								
Subtotals		15511431.				13006595.	8,195,605.	8,839,016.							643,411.

Listed Property															
Asset description	Date placed in service	Unadjusted Cost or basis	Bus %	179 exp reduction in basis	Basis Reduction	Basis for depreciation	Beginning Accumulated depreciation	Ending Accumulated depreciation	Method	Conv	Life	ACRS class	MA CRS class	Current-year 179 expense	Current-year depreciation
Less Retired Assets															
Subtotals															
TOTALS		15511431.				13006595.	8,195,605.	8,839,016.							643,411.

AMORTIZATION															
Asset description	Date placed in service	Cost or basis	Accumulated amortization	Ending Accumulated amortization	Code	Life	Current-year amortization								
TOTALS															

*Assets Retired
JSA
5X9024 1 000

FEDERAL FOOTNOTES

=====

FORM 990, PART I, LINE 8(A) SECURITIES

GROSS AMOUNT FROM SALE OF INVESTMENTS:	\$ 621,615
LESS: COST OF INVESTMENTS:	(618,331)

REALIZED GAIN ON INVESTMENTS :	\$ 3,284
	=====

FEDERAL FOOTNOTES

=====

FORM 990, PART I, LINE 8(B) OTHER

PROCEEDS FROM SALE OF EQUIPMENT:

NONE

LESS: COST OF EQUIPMENT:

(18,656)

LOSS ON DISPOSAL OF EQUIPMENT:

\$ 18,656

=====

FEDERAL FOOTNOTES

=====

FORM 990, PART I, LINE 10

GROSS SALE OF INVENTORY, LESS RETURNS & ALLOWANCES:	\$ 338,408
LESS: COST OF GOODS SOLD:	(108,542)

GROSS PROFIT FROM SALE OF INVENTORY:	\$ 229,866
	=====

Application for Extension of Time To File an Exempt Organization Return

(Rev December 2004)

Department of the Treasury Internal Revenue Service

File a separate application for each return

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box [X]
If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only. []

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868.

Type or print Name of Exempt Organization: CATO INSTITUTE
Employer identification number: 23-7432162
Number, street, and room or suite no. if a P O box, see instructions: 1000 MASSACHUSETTS AVE., N.W.
City, town or post office, state, and ZIP code. For a foreign address, see instructions: WASHINGTON, DC 20001-5400

Check type of return to be filed (file a separate application for each return):

Form 990 [X]
Form 990-BL []
Form 990-EZ []
Form 990-PF []
Form 990-T (corporation) []
Form 990-T(sec 401(a) or 408(a) trust) []
Form 990-T (trust other than above) []
Form 1041-A []
Form 4720 []
Form 5227 []
Form 6069 []
Form 8870 []

The books are in the care of CATO INSTITUTE

Telephone No. 202 789-5255 FAX No. 202 842 3490

- If the organization does not have an office or place of business in the United States, check this box []
If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box [] . If it is for part of the group, check this box [] and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a Form 990-T corporation) extension of time until 08/15, 2006, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
[X] calendar year 2005 or
[] tax year beginning , and ending .

2 If this tax year is for less than 12 months, check reason: [] Initial return [] Final return [] Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

are filing for an **Additional (not automatic) 3-Month Extension, complete only Part II** and check this box

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

• If you are filing for an **Automatic 3-Month Extension, complete only Part I** (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time - Must File Original and One Copy.

Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization CATO INSTITUTE	Employer identification number 23-7432162
	Number, street, and room or suite no. If a P.O. box, see instructions 1000 MASSACHUSETTS AVE., N.W.	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions WASHINGTON, DC 20001-5400	

Check type of return to be filed (File a separate application for each return)

<input checked="" type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-T(sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 5227
<input type="checkbox"/> Form 990-BL	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 6069
<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 4720	

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **CATO INSTITUTE**
Telephone No. **202 842-0200** FAX No. **202 842 3490**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the **whole group**, check this box If it is for **part** of the group, check this box and attach a list with the names and EINs of all members the extension is for

4 I request an additional 3-month extension of time until **11/15/2006**

5 For calendar year **2005**, or other tax year beginning _____ and ending _____

6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension **TAXPAYER IS AWAITING INDEPENDENT THIRD PARTY INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN. THE RETURN WILL BE FILED AS SOON AS THE INFORMATION IS AVAILABLE.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ _____

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____

c **Balance Due.** Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature *Deborah D. Osher* Title *CPR* Date *8/8/06*

Notice to Applicant - To Be Completed by the IRS

- We have approved this application. Please attach this form to the organization's return
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period
- We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested
- Other _____

By _____ Date _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name WATKINS, MEEGAN, DRURY & CO, LLC
	Number and street (include suite, room, or apt. no.) or a P.O. box number 7700 WISCONSIN AVENUE, SUITE 500
	City or town, province or state, and country (including postal or ZIP code) BETHESDA, MD 20814

L EXTENSION APPROVED
AUG 21 2006
FIELD DIRECTOR
SUBMISSION PROCESSING CGDEN