

# THE CATO CORPORATION

## CORPORATE GOVERNANCE AND NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

(AS AMENDED ON FEBRUARY 24, 2011)

### I. PURPOSE

The primary function of the Corporate Governance and Nominating Committee (the "Committee") is to assist the Board of Directors (the "Board") of The Cato Corporation ("Company") in: (1) determining the composition of the Board and identifying qualified individuals to become Board members, consistent with criteria established by the Board; (2) developing, recommending to the Board and implementing a set of corporate governance principles applicable to the Company; (3) overseeing the evaluation of the Board and its committees; and (4) reviewing and recommending to the Board changes in the responsibilities and composition of each of the Board committees.

### II. COMPOSITION

The Committee will be comprised of three or more directors appointed by the Board, each of whom will be "independent" within the meaning of listing standards of the New York Stock Exchange ("NYSE") and rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), and such other criteria as the Board may establish.

The Board will appoint a Chair of the Committee and all members of the Committee will serve at the pleasure of the Board or until successors are duly appointed.

### III. MEETINGS

The Committee will meet as it deems necessary or appropriate in its judgment and will keep minutes of its proceedings. The Committee may ask members of management or others to attend any meeting and provide information or advice as needed.

### IV. DUTIES AND RESPONSIBILITIES

To fulfill its responsibilities, the Committee will:

#### Board Membership

(1) Make recommendations to the Board regarding the size and composition of the Board within the range established by the Company's Certificate of Incorporation and By-laws (the "By-laws") and the criteria for the selection of candidates for membership on the Board.

(2) Oversee the search for individuals qualified to become members of the Board, including by evaluating persons suggested by shareholders or others, and supervise appropriate inquiries into the backgrounds and qualifications of possible candidates.

(3) Recommend to the Board director nominees to be presented for election at each annual meeting, or at a special meeting, if applicable, of the Company's shareholders. The Committee will recommend the Board nominees to fill any vacancies in Board seats between annual meetings, as well as the class of directors in which such nominees should serve. The Committee will also receive and consider any nominees to the Board made by shareholders pursuant to the requirements of the By-laws.

(4) Prior to making any such recommendations to the Board, the Committee will review the background and qualifications of each nominee in order to determine such nominee's experience, competence, character and impact on the diversity of the Board and will assess each nominee's potential contributions to the Board, taking into account the then existing composition of the Board and such other matters or criteria as the Committee deems appropriate.

(5) Review each Director's continuation on the Board every three years prior to standing for re-election.

(6) Establish and implement policies and procedures for Director resignation, removal, retention and retirement.

(7) Develop and recommend to the Board standards for determining the absence of material relationships between a Director and the Company.

#### Board Committees

(8) Review the function of the Board's various committees and the fulfillment of their respective legal duties and make recommendations to the Board with respect to how to improve the function of such committees. The Committee will review and make recommendations to the Board regarding changes in the number, chairperson, composition or responsibilities of each of the Board committees. The Committee will review the respective charters for each Board committee to ensure that all responsibilities are adequately described and recommend new or revised charters to the Board for formal approval as appropriate.

(9) Recommend to the Board for its approval the membership of the various Board committees, including the removal of members as appropriate.

(10) Review with the Board, on an annual basis, the appropriate skills and characteristics required of Board members in the context of the current make-up of the Board, including an assessment of judgment, knowledge, diversity, age and skills, all in the context of an assessment of the perceived needs of the Board at that point in time.

#### Corporate Governance

(11) Assist the Board in determining the independence of directors to ensure that a majority of the Board is "independent", as defined in the corporate governance rules of NYSE, that members of the Audit Committee of the Board satisfy the independence standards of NYSE, SEC rules and the relevant provisions of the Sarbanes-Oxley Act of 2002, and that members of the Compensation Committee of the Board satisfy the independence standards of NYSE, SEC rules and 162(m) of the Internal Revenue Code.

(12) Review and assess annually the overall performance and effectiveness of the Board. The Committee will report the results thereof to the Board and recommend improvements where warranted.

(13) Develop and recommend to the Board for its approval an annual self-evaluation process for the Board and each of its committees, and oversee the annual self-evaluations.

(14) Develop and recommend to the Board for its approval a set of corporate governance guidelines, review those guidelines periodically and recommend changes to the Board as appropriate.

(15) Develop and recommend to the Board for its approval a code of business conduct and ethics for the Company, review the code periodically and recommend changes to the Board as appropriate.

(16) Periodically review the frequency, structure and content of Board meetings and recommend changes to the Board as appropriate.

(17) Assist management with the preparation of the disclosure in the Company's annual proxy statement regarding director independence and the operation of the Committee.

(18) Consider any other matters of corporate governance raised by the Committee, the Board or management.

## **V. PROCESSES**

After each Committee meeting, the Committee will report its actions and recommendations to the Board.

The Committee will conduct and present to the Board an annual review of its performance of its duties as specified in this Charter. In addition, the Committee will review this Charter periodically and recommend any proposed revisions to the Board for its approval.

The Committee will have the authority to delegate any of its responsibilities under this Charter to subcommittees. In the event of such delegation, the Chairman or subcommittee will make regular reports to the Committee regarding such responsibilities.

The Committee will also have the authority to engage a search firm to assist in identifying director candidates and to engage outside counsel and other advisors, in each case as the Committee deems appropriate, and to set the terms (including fees and retention terms) of all such engagements. The Company will provide appropriate funding, as determined by the Committee, for paying fees and other compensation to all outside advisors engaged by the Committee.