

THE CATO CORPORATION

AUDIT COMMITTEE CHARTER

(AS AMENDED ON FEBRUARY 23, 2012)

I. PURPOSE

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") of The Cato Corporation (the "Company") in fulfilling its oversight responsibilities for (a) the integrity of the Company's financial statements, (b) the Company's compliance with legal and regulatory requirements, (c) safeguarding the Company's assets, (d) the independence, qualifications and performance of the independent auditors, (e) the performance of the internal audit function and (f) the Company's internal control procedures over financial reporting and disclosure.

While the Committee has the responsibility and authority set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate and prepared in accordance with generally accepted accounting principles. That is the responsibility of management and the independent auditors.

The independent auditors are selected by, report directly to and are ultimately accountable to the Committee. The Committee has direct responsibility and sole authority for the appointment, compensation and oversight of the work of the independent auditors for the purpose of reporting on the Company's financial statements and management's assessment of the adequacy of the system of internal control over financial reporting. This responsibility and authority includes resolution of any disagreements between management and the independent auditors regarding accounting and financial reporting matters.

The Company shall provide appropriate funding, as required, for (a) compensation to the independent auditors for all audit services and any non-audit services pre-approved by the Committee, (b) compensation to any advisors engaged by the Committee, and (c) ordinary administrative expenses of the Committee that may be necessary in fulfilling its duties.

II. COMMITTEE COMPOSITION

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

All members of the Committee must comply with any financial literacy requirements of the NYSE. The Board will determine whether at least one member of the Committee qualifies as an "audit committee financial expert" in compliance with the criteria established by the SEC. At a minimum, at least one member of the Committee must have accounting or related financial management expertise, as determined by the Board. The existence of such a member, including his or her name and whether or not he or she is independent, will be disclosed in periodic filings made by the Company with the SEC. No member of the Committee may serve simultaneously on the audit committees of more than three public companies, including the Company, unless the Board determines that such simultaneous service would not impair such member's ability to effectively serve on the Committee.

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

III. MEETINGS

The Committee shall meet at least four times annually or more frequently as required and shall regularly report to the Board regarding the execution of its duties and responsibilities under this Charter. The Committee may request the presence of management or others to provide information or advice as needed. Each regularly scheduled meeting will conclude with an executive session of the Committee. The Committee shall meet periodically with management, the independent auditors and the internal auditors in separate executive sessions as deemed necessary or as required by applicable laws or regulations.

IV. DUTIES AND RESPONSIBILITIES

To fulfill its responsibilities under this Charter, the Committee will:

A. Integrity of Financial Statements

1. Review with management and the independent auditors the Company's quarterly financial statements on Form 10-Q, along with Management's Discussion and Analysis of Financial Condition and Results of Operations included therein, prior to the Company filing the Form 10-Q with the SEC. The Committee will discuss, as appropriate, earnings press releases and earnings guidance provided to analysts and rating agencies.
2. Meet with the independent auditors prior to beginning the audit to review and approve the scope of their work.
3. Review the Company's annual financial statements to be included in the annual report to the SEC on Form 10-K and the independent auditors' report thereon along with Management's Discussion and Analysis of Financial Condition and Results of Operations with the independent auditors and management. The Committee will recommend to the Board whether the annual financial statements should be included in the Form 10-K.
4. Inquire of management and the independent auditors about policies with respect to risk assessment and management, significant risks or exposures and assess the steps management has taken to minimize such risks to the Company.
5. Meet privately with the independent auditors to discuss the results of the audit and any significant findings or difficulties encountered during the course of the work, including management's response thereto, any restrictions of audit scope or access to required information and the auditors' judgment about the quality and appropriateness of the Company's accounting principles as applied in its financial statements.
6. Periodically meet privately with the internal audit director to discuss any significant difficulties, disagreements with management, scope restrictions encountered in the course of the work of the internal audit group or other matters deemed appropriate.
7. Prepare a report for inclusion in the Company's Proxy Statement as required by the rules and regulations of the SEC.

B. Financial Reporting Processes and Internal Control Structure

1. Discuss with the independent auditor, management and the internal auditors the effectiveness and integrity of the Company's financial reporting processes and the Company's internal control structure (including both disclosure controls and procedures and internal control over financial reporting).
2. Evaluate the impact of any of the following that have been brought to the attention of the Committee: (a) significant deficiencies and material weaknesses in the design or operation of the Company's internal control over financial reporting, or (b) any fraud, whether or not material, that involves management or any associates who have a significant role in the Company's internal controls.
3. Review all related-party transactions required to be disclosed under Item 404 of Regulation S-K.
4. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by associates of concerns regarding questionable activities.

C. Oversight of the Independent Auditors

1. Review and pre-approve all audit and permitted non-audit services to be performed for the Company by the independent auditors. The authority to grant pre-approvals may be delegated to one or more designated members of the Committee whose decisions will be presented to the full Committee at its next regularly scheduled meeting. Consider whether the independent auditors' performance of permitted non-audit services is compatible with the auditors' independence.
2. Discuss with the independent auditors the matters required to be discussed under Statement of Auditing Standards ("SAS") No. 114, as amended or superseded.
3. Obtain and review a report from the independent auditors at least annually describing (a) the auditors' internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review, or any inquiry or investigation by governmental or professional authorities within the preceding five years with respect to audits carried out by the independent auditors, including any significant issues raised and any steps taken to deal with such issues, and (c) all relationships between the independent auditors and the Company, addressing the matters set forth in Ethics and Independence Rule 3526, Communication with Audit Committees Concerning Independence.
4. Set clear hiring policies for employees or former employees of the independent auditors.

D. Oversight of the Internal Audit Function

1. Annually review and recommend changes (if any) to the internal audit charter.
2. Annually review the proposed scope of activities of the internal audit function. Obtain regular reports from the internal auditor to management on the results of internal audits.

E. Related Person Transactions

1. Review and approve all related person transactions of the Company in accordance with the policies of the Company in effect from time to time.

V. PROCESSES

After each Committee meeting, the Committee shall report its actions and recommendations to the Board at its next regularly scheduled meeting.

The Committee shall conduct and present to the Board an annual review of the performance of its duties as specified in this Charter.

The Committee shall review this Charter periodically and recommend any proposed revisions to the Corporate Governance and Nominating Committee of the Board for its approval.

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

The Committee shall have the authority to engage outside consultants or advisors, special or independent counsel and other advisors as the Committee deems appropriate, and to set the terms (including fees and retention terms) of all such engagements. With respect to any consultants or advisors used to assist the Committee in the evaluation of the Company's financial statements, disclosure controls or procedures, or internal controls over financial reporting, this authority shall be vested solely in the Committee. The Corporation shall provide appropriate funding, as determined by the Committee, for paying fees and other compensation to outside advisors engaged by the Committee.