

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): July 22, 2003

THE CATO CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

0-3747

56-0484485

(State or Other Jurisdiction
of Incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification Number)

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 or Former Address, if changed since last report)

THE CATO CORPORATION

July 22, 2003

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Item 7 – Financial Statements and Exhibits

(c) Exhibits

99(a) - News Released dated July 22, 2003

99(b) - Stock Repurchase Agreement

99(c) - Agreement (Wayland H. Cato, Jr.)

99(d) - Agreement (Edgar T. Cato)

Item 9 – Regulation FD Disclosure

On July 22, 2003, the Registrant issued a news release to announce that the Registrant has entered into an agreement with a limited partnership and trust affiliated with Wayland H. Cato, Jr. and a limited partnership affiliated with Edgar T. Cato to purchase their entire holdings of the Registrant's Class B common stock, a total of 5,137,484 shares. The shares will be purchased for \$18.50 per share, or a total purchase price of approximately \$95.0 million. The Registrant intends to fund the stock repurchase transaction with a combination of currently available cash and a new bank financing facility. This transaction is expected to be completed in August 2003, subject to certain customary closing conditions.

Disclosures About Forward Looking Statements

The discussions included in this document and its exhibits not historical in nature, including specifically the statements regarding the expected completion and benefits of the proposed stock repurchase transaction, are considered "forward-looking" 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. 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.

The news of this event was released on July 22, 2003, as evidenced by Exhibit 99(a) to this Form 8-K. The related Stock Repurchase Agreements are included as Exhibits 99(b), 99(c), and 99(d) to this Form 8-K.

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

July 23, 2003

Date

/s/ John P. Derham Cato

John P. Derham Cato
President, Vice Chairman of the Board
and Chief Executive Officer

July 23, 2003

Date

/s/ Michael O. Moore

Michael O. Moore
Executive Vice President
Chief Financial Officer and Secretary

July 23, 2003

Date

/s/ Robert M. Sandler

Robert M. Sandler
Senior Vice President
Controller



The CATO Corporation

NEWS RELEASE

FOR IMMEDIATE RELEASE

CEO Approval _____

For Further Information Contact:

Michael O. Moore
Executive Vice President
Chief Financial Officer
704-551-7201

**The Cato Corporation Agrees To
Repurchase Stock From Founders**

Charlotte, North Carolina (July 22, 2003), The Cato Corporation (NYSE: CTR) announced today that it has entered into an agreement with a limited partnership and trust affiliated with Wayland H. Cato, Jr. and a limited partnership affiliated with Edgar T. Cato to purchase their entire holdings of the Company's Class B common stock, a total of 5,137,484 shares. These shares represent approximately 20.2% of the Company's total outstanding common stock and 66.2% of the total voting interest. The shares will be purchased for \$18.50 per share, or a total purchase price of \$95.0 million. This price represents a 10.2% discount to the July 21, 2003 closing price and a 10.7% discount to the five-day average closing price ending July 21, 2003. The Company intends to fund the stock repurchase transaction with a combination of currently available cash and a new bank financing facility. This transaction is expected to be completed in August, 2003, subject to certain customary closing conditions.

John Cato, the Company's President, Vice Chairman and Chief Executive Officer, commented that, "We believe this stock repurchase transaction will be beneficial to The Cato Corporation and its stockholders. We expect the transaction to be accretive to earnings per share, without reducing the publicly traded float. The Cato Corporation's substantial cash reserves enable the Company to repurchase these shares while maintaining the financial flexibility to pursue its growth plan and continue to pay dividends. In addition, this transaction eliminates uncertainties associated with the large block of stock owned by these shareholders." John Cato, who joined the Company in 1981, assumed his current role as Chief Executive Officer in 1999. He is the son of Wayland H. Cato, Jr.

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

The stock repurchase transaction was negotiated by a Special Committee of The Cato Corporation's Board of Directors and approved by the independent directors on the Company's Board. In connection with this transaction, the Special Committee was advised by independent financial and legal advisors.

Wayland H. Cato, Jr. and Edgar T. Cato have informed the Company of their intention to retire from their services on the Company's Board of Directors. Wayland H. Cato, Jr., 80, is the non-executive Chairman of the Board and has been a director of the Company since 1946. Edgar T. Cato, 78, is the Former Vice Chairman of the Board and has also been a director since 1946. Mr. Edgar T. Cato is the brother of Mr. Wayland H. Cato, Jr. The Compensation Committee of the Board of Directors is currently evaluating retirement arrangements for Wayland H. Cato, Jr. and Edgar T. Cato. However, the retirement arrangements are unrelated to, and are not a condition for, the share repurchase.

Wayland H. Cato, Jr. stated, "The management transition is now complete and the Company is postured for continued success. This sale represents an opportunity to diversify our holdings during our lifetimes and to eliminate any estate issues associated with owning such a large concentration of voting stock."

The Cato Corporation is a leading specialty retailer of value-priced women's fashion apparel operating two divisions, "Cato" and "It's Fashion!". The Company primarily offers exclusive merchandise with fashion and quality comparable to mall specialty stores at low prices, every day. As of July 5, 2003, The Cato Corporation operated 1,047 stores in 26 states, compared to 954 stores in 24 states as of July 6, 2002. Additional information on The Cato Corporation is available at www.catocorp.com.

The discussions included in this document and its exhibits not historical in nature, including specifically the statements regarding the expected completion and benefits of the proposed stock repurchase transaction, are considered "forward-looking" 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. 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.

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8100 Denmark Road
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(704) 554-8510

STOCK REPURCHASE AGREEMENT

THIS STOCK REPURCHASE AGREEMENT is dated as of the 22 day of July, 2003 (the "Agreement"), by and among Cato Family Investments Limited Partnership and the Wayland H. Cato, Jr. Revocable Trust, dated January 2, 1991, as amended (collectively, the "WC Sellers"), and Cato's Roseneath Limited Partnership (the "EC Seller" and, together with the WC Sellers, the "Sellers"), and The Cato Corporation, a Delaware corporation (the "Company").

PREAMBLES

WHEREAS, the WC Sellers currently own an aggregate of 3,296,568 shares of the Class B Common Stock of the Company, as more specifically set forth in Exhibit A to this Agreement (collectively, the "WC Shares"); and

WHEREAS, the EC Seller currently owns an aggregate of 1,840,916 shares of the Class B Common Stock of the Company (collectively, the "EC Shares" and together with the WC Shares, the "Shares"); and

WHEREAS, the Sellers desire to sell the Shares to the Company and the Company desires to purchase the Shares from the Sellers pursuant to the terms and conditions set forth below;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained in this Agreement, the parties hereto agree as follows:

1. **Purchase and Sale of the Shares.** Subject to the terms of this Agreement,

(a) Each of the WC Sellers agrees to sell to the Company, and the Company agrees to purchase from the WC Sellers, the WC Shares in the share amounts set forth on Exhibit A hereto, and

(b) The EC Seller agrees to sell to the Company, and the Company agrees to purchase from the EC Seller, the EC Shares in the share amounts set forth on Exhibit A hereto.

2. **Purchase Consideration.** The purchase price for the Shares (the "Purchase Price") shall be \$18.50 per share in cash.

3. **Closing.**

(a) The consummation of the transactions contemplated under this Agreement (the "Closing") shall occur at the offices of Parker, Poe, Adams & Bernstein L.L.P., 401 South Tryon Street, Suite 3000, Charlotte North Carolina 28202, or such other location as the parties shall mutually agree, at a time mutually agreed to by the parties on or before August 22, 2003 (the "Closing Date"), unless otherwise agreed to by the parties.

(b) At the Closing, the Company will pay to each Seller the Purchase Price set forth next to such Seller's name in Exhibit A hereto. Payment will be made by (i) delivery of a certified check, or (ii) upon the request of a Seller, wire transfer to a bank account designated by the Seller in writing not later than five business days prior to the Closing

4. **Representations and Warranties of the Sellers.** Each WC Seller hereby represents and warrants to the Company as to itself, and the EC Seller hereby represents and warrants to the Company as to itself, as follows:

(a) Each Seller is the legal owner of the Shares set forth opposite its name on Exhibit A hereto;

(b) Each Seller holds or, as of the Closing will hold, its Shares free and clear of all liens, pledges, encumbrances and adverse claims;

(c) Each Seller has been duly formed or organized as a partnership or trust, as the case may be, and is validly existing under the laws of its state of formation or organization. Each Seller has full power and authority to execute, deliver and perform its obligations under this Agreement and to sell, transfer and assign its Shares to the Company pursuant to this Agreement;

(d) This Agreement and the transactions contemplated hereby have been authorized by each Seller by all necessary partnership, trust or other appropriate action, as the case may be, of such Seller, and this Agreement is a legal, valid and binding agreement of such Seller, enforceable in accordance with its terms;

(e) The execution, delivery and performance of this Agreement do not and will not constitute a breach or violation of, or a default under, the governing documents of any Seller, and do not require any consent or approval of any third party, except such consents or approvals as shall have been obtained on or before the Closing Date; and

(f) Upon the delivery to the Company of the certificates for the Shares, properly endorsed or with appropriate stock powers sufficient for transfer of the Shares to the Company, the Company will have acquired good and valid title thereto, free and clear of all liens, pledges, encumbrances and adverse claims.

5. **Representations and Warranties of the Company.** The Company hereby represents and warrants to each of the Sellers as follows:

(a) The Company has been duly organized and is validly existing under the laws of the State of Delaware. The Company has the full corporate power and authority to execute, deliver and perform its obligations under this Agreement;

(a) This Agreement and the transactions contemplated hereby have been authorized by the Company by all necessary corporate action of the Company, and this Agreement is a legal, valid and binding agreement of the Company, enforceable in accordance with its terms; and

(c) The execution, delivery and performance of this Agreement do not and will not constitute a breach or violation of, or a default under, the Company's Restated Certificate of Incorporation and By-Laws, or require any consent or approval of any third party, except such consents or approvals as shall have been obtained on or before the Closing Date.

6. **Conditions to the Company's Obligations.** The obligations of the Company to complete the Closing are contingent upon the occurrence of each of the following events:

(a) Certificates for all of the Shares, together with all appropriate endorsements, stock powers, assurances and such other documents as the Company may reasonably request (including signature guarantees, if requested by the Company), in a form reasonably satisfactory to the Company, must be delivered to the Company at the Closing;

(b) Each of the representations and warranties (i) of the Sellers in Section 4, above, (ii) of Wayland H. Cato, Jr. in that certain Agreement, dated as of the date hereof, between Wayland H. Cato, Jr. and the Company, and (iii) of Edgar T. Cato in that certain Agreement, dated as of the date hereof, between Edgar T. Cato and the Company, shall be true and correct on the Closing Date with the same effect as though all such representations and warranties had been made on the Closing Date; and

(c) There shall have been delivered to the Company the legal opinion of the Sellers' counsel, Moore & Van Allen, PLLC dated the Closing Date, in substantially the form and substantially to the effect set forth in Exhibit B hereto.

7. **Conditions to the Sellers' Obligations.**

(a) The Purchase Price set forth in Exhibit A hereto shall have been delivered to each of the Sellers in the form and manner described in Section 3, above;

(b) Each of the representations and warranties of the Company set forth in Section 5, above, shall be true on the Closing Date with the same effect as though all such representations and warranties had been made on the Closing Date; and

(c) There shall have been delivered to the Sellers the legal opinion of the Company's counsel, Parker, Poe, Adams & Bernstein L.L.P., dated the Closing Date, in substantially the form and substantially to the effect set forth in Exhibit C hereto.

8. **Notices.** All notices and other communications given under this Agreement shall be in writing and shall be deemed given (a) on the date of delivery, if delivered personally, (b) on the date of transmission, if sent via facsimile transmission to the number given below, and telephonic confirmation of receipt is obtained promptly after completion of transmission, (c) on the date after delivery to a reputable nationally recognized overnight courier service, or (d) three days after being mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or such other address for a party as shall be specified by like notice):

(i) if to the Company to,
The Cato Corporation

8100 Denmark Road
Charlotte, North Carolina 28273
Attention: John P. Derham Cato
Facsimile: (704) 551-7450
with a copy to:

R. Douglas Harmon
Parker, Poe, Adams & Bernstein L.L.P.
401 South Tryon Street, Suite 3000
Charlotte, North Carolina 28202-1935
Facsimile: (704) 335-4485

(ii) if to the WC Sellers to:

c/o Wayland H. Cato, Jr.
782 Soldier Creek Road
Sheridan, Wyoming 82801
Facsimile: (704) 551-7617

with copies to:

Aaron A. Smith
8100 Denmark Road
P.O. Box 34216
Charlotte, North Carolina 28234
Facsimile: (704) 551-7617

Barney Stewart III
Moore & Van Allen, PLLC
100 N. Tryon Street, 47th Floor
Charlotte, North Carolina 28202-4003
Facsimile: (704) 378-2029

(iii) if to the EC Seller,

Roseneath GP, Inc.
8100 Denmark Road
P.O. Box 34216
Charlotte, North Carolina 28234
Facsimile: (704) 551-7617
Attn: Aaron A. Smith

with copies to:

Barney Stewart III
Moore & Van Allen, PLLC
100 N. Tryon Street, 47th Floor
Charlotte, North Carolina 28234
Facsimile: (704) 378-2029

Such addresses may be changed, from time to time, by means of a notice given in the manner provided in this Section (provided that no such notice shall be effective until it is received by the other parties hereto).

9. **Miscellaneous.**

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(b) The parties to this Agreement shall each bear their own expenses incurred in connection with this Agreement.

(c) The representations and warranties contained in Section 4 and 5 hereof shall survive the Closing for so long as any statute of limitations applicable to the matters addressed by such representations and warranties remains open, in whole or in part, including without limitation by reason of waiver of such statute of limitations.

(d) The construction, interpretation and validity of this Agreement shall be governed by and determined in accordance with the laws of the State of North Carolina, without regard to the conflict of law principles thereof.

(e) Each of the parties hereto and their respective agents, attorneys and advisors will maintain the confidentiality of all information provided in connection herewith. Through the Closing Date, the Company and the Sellers will cooperate in the preparation and dissemination of any press releases, announcements and other disclosures to others relating to the transactions contemplated by the Agreement; provided, that this subsection shall not preclude the Company or any Seller from making any disclosure that the Company or any Seller reasonably believes is required by applicable law.

(f) This Agreement contains the final, complete and exclusive statement of the agreement between the parties with respect to the transactions contemplated herein, and all prior or contemporaneous agreements, written or oral, with respect to the subject matter hereof are merged herein. No change, amendment, qualification or cancellation hereof shall be effective unless in writing and executed by each of the parties hereto by their duly authorized officers.

10. This Agreement may be executed in any number of counterparts, which together shall constitute one and the same Agreement. The parties may execute more than one copy of the Agreement, each of which shall constitute an original.

[Signatures appear on the following pages]

IN WITNESS WHEREOF, the Sellers and the Company each have caused this Agreement to be duly executed under seal as of the day and year first above written.

THE CATO CORPORATION

By: _____

John P. Derham Cato
President, Vice Chairman and Chief
Executive Officer

**CATO FAMILY INVESTMENTS LIMITED
PARTNERSHIP**

By its General Partner:

WAYGROUP, LLC

By: _____

Name: Wayland H. Cato, Jr., Trustee
of Wayland H. Cato, Jr. Revocable Trust,
dated January 2, 1991, as amended

Title: Manager

WAYLAND H. CATO, JR. REVOCABLE TRUST, dated
January 2, 1991, as amended

By: _____

Name: Wayland H. Cato, Jr., Trustee

CATO'S ROSENEATH LIMITED PARTNERSHIP

By Roseneath GP, Inc., General Partner

By: _____

Name: Aaron A. Smith
Title: Vice President

EXHIBIT A

LIST OF SELLING STOCKHOLDERS

WC SELLERS	Shares of Class B Common Stock	Purchase Price Per Share	Total Purchase Price
Cato Family Investments Limited Partnership	3,275,268	\$18.50	\$60,592,458.00
Wayland H. Cato, Jr. Revocable Trust	21,300	\$18.50	394,050.00
Total WC Sellers	3,296,568	\$18.50	\$60,986,508.00
EC SELLER			
Cato's Roseneath Limited Partnership	1,840,916	\$18.50	\$34,056,946.00
TOTAL SELLERS	5,137,484	\$18.50	\$95,043,454.00

EXHIBIT B

**FORM OF LEGAL OPINION OF
COUNSEL TO THE SELLERS**

Moore & Van Allen, PLLC shall have delivered an opinion as to the following matters, which opinion may contain such conditions and qualifications as are customary for similar transactions and as to which the Company shall reasonably agree:

1. To the best of our knowledge, each Seller is the legal owner of the Shares set forth opposite its name on Exhibit A to the Agreement.
2. To the best of our knowledge, each Seller holds its Shares free and clear of all liens, pledges, encumbrances and adverse claims.
3. Each Seller has been duly formed or organized as a partnership or trust, as the case may be, and is validly existing under the laws of its state of formation or organization. Exhibit A hereto accurately sets forth the name of each Seller, the type of entity and its state of formation or organization. Each Seller has full power and authority to execute, deliver and perform its obligations under the Agreement and to sell, transfer and assign its Shares to the Company pursuant to the Agreement.
4. The Agreement and the transactions contemplated thereby have been authorized by each Seller by all necessary partnership, trust or other appropriate action, as the case may be, of such Seller, and the Agreement is a legal, valid and binding agreement of each such Seller, enforceable in accordance with its terms.
5. The execution, delivery and performance of the Agreement do not and will not constitute a breach or violation of, or a default under, the governing documents of any Seller, and do not require any consent or approval of any third party.
6. Certificates representing all of the Shares have been duly endorsed and delivered, to the Company.

EXHIBIT C

**FORM OF LEGAL OPINION OF
COUNSEL TO THE COMPANY**

Parker, Poe, Adams & Bernstein, L.L.P. shall deliver an opinion as to the following matters, which opinion may contain such conditions and qualifications as are customary for similar transactions and as to which the Sellers shall reasonably agree:

1. The Company has been duly organized and is validly existing under the laws of the State of Delaware. The Company has the full power and authority to execute, deliver and perform its obligations under the Agreement.
2. The Agreement and the transactions contemplated thereby have been authorized by the Company by all necessary corporate action of the Company, and the Agreement is a legal, valid and binding agreement of the Company, enforceable in accordance with its terms.
1. The execution, delivery and performance of the Agreement do not and will not constitute a breach of, or a default under, the Company's Restated Certificate of Incorporation and By-Laws, or require any consent or approval of any third party.

AGREEMENT
(Wayland H. Cato, Jr.)

THIS AGREEMENT is dated as of the 22 day of July, 2003 ("Agreement"), by and among Wayland H. Cato, Jr. ("Wayland Cato") and The Cato Corporation, a Delaware corporation (the "Company").

PREAMBLES

WHEREAS, the Company has entered into that certain Stock Repurchase Agreement, dated as of the date hereof (the "Stock Repurchase Agreement"), with, among others, Cato Family Investments Limited Partnership and the Wayland H. Cato, Jr. Revocable Trust (together, the "WC Sellers"), pursuant to which the WC Sellers have agreed to sell to the Company an aggregate of 3,296,568 shares of the Class B Common Stock of the Company (the "Shares"); and

WHEREAS, the WC Sellers make certain representations and warranties to the Company in the Stock Repurchase Agreement; and

WHEREAS, Wayland Cato has certain interests in the WC Sellers and wishes the Company to enter into the Stock Repurchase Agreement; and

WHEREAS, the Company requires that Wayland Cato enter into this Agreement as a condition to the Company's obligation to enter into the Stock Repurchase Agreement and complete the transactions contemplated by the Stock Repurchase Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained in the Agreement and in the Stock Repurchase Agreement, the parties hereto agree as follows:

1. Wayland Cato hereby represents and warrants to the Company as to each of those matters as to which the WC Sellers represent and warrant to the Company in Section 4 of the Stock Repurchase Agreement.
2. Wayland Cato acknowledges and agrees that he will be required to confirm to the Company the continuing accuracy of the foregoing representations and warranties as of the Closing Date, as defined in the Stock Repurchase Agreement.
3. Wayland Cato acknowledges and agrees that the foregoing representations and warranties shall survive the Closing, as defined in the Stock Repurchase Agreement, for so long as any statute of limitations applicable to the matters addressed by such representations and warranties remains open, in whole or in part, including without limitation by reason of waiver of such statute of limitations.

4. The parties hereto agree that the construction, interpretation and validity of this Agreement shall be governed by and determined in accordance with the laws of the State of North Carolina, without regard to the conflict of law principles thereof.

IN WITNESS WHEREOF, Wayland Cato and the Company each have duly executed, or have caused to be duly executed, this Agreement under seal as of the day and year first above written.

THE CATO CORPORATION

By:

John P. Derham Cato
President, Vice Chairman and Chief
Executive Officer

Wayland H. Cato, Jr.

**AGREEMENT
(Edgar T. Cato)**

THIS AGREEMENT is dated as of the 22 day of July, 2003 ("Agreement"), by and among Edgar T. Cato ("Edgar Cato") and The Cato Corporation, a Delaware corporation (the "Company").

PREAMBLES

WHEREAS, the Company has entered into that certain Stock Repurchase Agreement, dated as of the date hereof (the "Stock Repurchase Agreement"), with, among others, Cato's Roseneath Limited Partnership (the "EC Seller"), pursuant to which the EC Seller has agreed to sell to the Company an aggregate of 1,840,916 shares of the Class B Common Stock of the Company (the "Shares"); and

WHEREAS, the EC Seller makes certain representations and warranties to the Company in the Stock Repurchase Agreement; and

WHEREAS, Edgar Cato has certain interests in the EC Seller and wishes the Company to enter into the Stock Repurchase Agreement; and

WHEREAS, the Company requires that Edgar Cato enter into this Agreement as a condition to the Company's obligation to enter into the Stock Repurchase Agreement and complete the transactions contemplated by the Stock Repurchase Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual promises contained in this Agreement and in the Stock Repurchase Agreement, the parties hereto agree as follows:

1. Edgar Cato hereby represents and warrants to the Company as to each of those matters as to which the EC Seller represents and warrants to the Company in Section 4 of the Stock Repurchase Agreement.
2. Edgar Cato acknowledges and agrees that he will be required to confirm to the Company the continuing accuracy of the foregoing representations and warranties as of the Closing Date, as defined in the Stock Repurchase Agreement.
3. Edgar Cato acknowledges and agrees that the foregoing representations and warranties shall survive the Closing, as defined in the Stock Repurchase Agreement, for so long as any statute of limitations applicable to the matters addressed by such representations and warranties remains open, in whole or in part, including without limitation by reason of waiver of such statute of limitations.

4. The parties hereto agree that the construction, interpretation and validity of this Agreement shall be governed by and determined in accordance with the laws of the State of North Carolina, without regard to the conflict of law principles thereof.

IN WITNESS WHEREOF, Edgar Cato and the Company each have duly executed, or have caused to be duly executed, this Agreement under seal as of the day and year first above written.

THE CATO CORPORATION

By: _____

John P. Derham Cato
President, Vice Chairman and Chief
Executive Officer

Edgar T. Cato