

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended May 2, 2020

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-31340

THE CATO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

56-0484485

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

8100 Denmark Road, Charlotte, North Carolina 28273-5975

(Address of principal executive offices)
(Zip Code)

(704)554-8510

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A - Common Stock, par value \$.033 per share	CATO	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _____ X _____ No _____

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes _____ X _____ No _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes _____ No _____ X _____

As of May 2, 2020, there were 22,252,038 shares of Class A common stock and 1,763,652 shares of Class B common stock outstanding.

THE CATO CORPORATION

FORM 10-Q

Quarter Ended May 2, 2020

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PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****THE CATO CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)**

	Three Months Ended	
	May 2, 2020	May 4, 2019
	(Dollars in thousands, except per share data)	
REVENUES		
Retail sales	\$ 98,813	\$ 228,066
Other revenue (principally finance charges, late fees and layaway charges)	<u>1,919</u>	<u>2,285</u>
Total revenues	<u>100,732</u>	<u>230,351</u>
COSTS AND EXPENSES, NET		
Cost of goods sold (exclusive of depreciation shown below)	83,597	136,083
Selling, general and administrative (exclusive of depreciation shown below)	52,511	65,990
Depreciation	4,006	3,843
Interest and other income	<u>(1,851)</u>	<u>(1,136)</u>
Costs and expenses, net	<u>138,263</u>	<u>204,780</u>
Income (loss) before income taxes	(37,531)	25,571
Income tax expense (benefit)	(9,114)	4,316
Net income (loss)	<u>\$ (28,417)</u>	<u>\$ 21,255</u>
Basic earnings (loss) per share	<u>\$ (1.19)</u>	<u>\$ 0.87</u>
Diluted earnings (loss) per share	<u>\$ (1.19)</u>	<u>\$ 0.87</u>
Comprehensive income:		
Net income (loss)	\$ (28,417)	\$ 21,255
Unrealized gain (loss) on available-for-sale securities, net of deferred income taxes of (\$90) and \$126 for May 2, 2020 and May 4, 2019, respectively	(298)	412
Comprehensive income (loss)	<u>\$ (28,715)</u>	<u>\$ 21,667</u>

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	May 2, 2020	February 1, 2020
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 29,809	\$ 11,824
Short-term investments	118,020	200,387
Restricted cash	2,585	2,577
Restricted short-term investments	1,330	1,319
Accounts receivable, net of allowance for doubtful accounts of \$614 and \$726 at May 2, 2020 and February 1, 2020, respectively	30,462	26,088
Merchandise inventories	122,767	115,365
Prepaid expenses and other current assets	6,131	5,237
Total Current Assets	<u>311,104</u>	<u>362,797</u>
Property and equipment – net	84,151	88,667
Noncurrent deferred income taxes	8,413	8,636
Other assets	22,759	24,073
Right-of-Use assets – net	214,527	200,803
Total Assets	<u>\$ 640,954</u>	<u>\$ 684,976</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 74,934	\$ 68,438
Accrued expenses	38,006	47,099
Accrued bonus and benefits	8,888	18,913
Accrued income taxes	1,690	1,703
Current lease liability	61,019	63,149
Total Current Liabilities	<u>184,537</u>	<u>199,302</u>
Other noncurrent liabilities	22,754	21,976
Lease liability	162,011	147,184
Stockholders' Equity:		
Preferred stock, \$100 par value per share, 100,000 shares authorized, none issued	-	-
Class A common stock, \$0.033 par value per share, 50,000,000 shares authorized; 22,252,038 and 22,535,779 shares issued at May 2, 2020 and February 1, 2020, respectively	750	761
Convertible Class B common stock, \$0.033 par value per share, 15,000,000 shares authorized; 1,763,652 and 1,763,652 shares issued at May 2, 2020 and February 1, 2020, respectively	59	59
Additional paid-in capital	111,693	110,813
Retained earnings	158,025	203,458
Accumulated other comprehensive income	1,125	1,423
Total Stockholders' Equity	<u>271,652</u>	<u>316,514</u>
Total Liabilities and Stockholders' Equity	<u>\$ 640,954</u>	<u>\$ 684,976</u>

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended	
	May 2, 2020	May 4, 2019
	(Dollars in thousands)	
Operating Activities:		
Net income (loss)	\$ (28,417)	\$ 21,255
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,006	3,843
Provision for doubtful accounts	28	178
Purchase premium and premium amortization of investments	(18)	58
Share-based compensation	650	691
Deferred income taxes	313	-
Loss on disposal of property and equipment	66	182
Impairment of store assets	5,270	-
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	(4,402)	(1,926)
Merchandise inventories	(7,402)	8,370
Prepaid and other assets	(255)	8,643
Operating lease right-of-use assets and liabilities	(1,027)	-
Accrued income taxes	(13)	2,629
Accounts payable, accrued expenses and other liabilities	(40,134)	(29,255)
Net cash provided (used) by operating activities	<u>(71,335)</u>	<u>14,668</u>
Investing Activities:		
Expenditures for property and equipment	(5,311)	(995)
Purchase of short-term investments	(8,275)	(44,709)
Sales of short-term investments	90,435	53,639
Purchase of other assets	-	(22)
Sales of other assets	94	4
Net cash provided (used) by investing activities	<u>76,943</u>	<u>7,917</u>
Financing Activities:		
Dividends paid	(7,990)	(8,118)
Repurchase of common stock	(9,875)	(2,834)
Proceeds from line of credit	34,000	-
Payments on line of credit	(4,000)	-
Proceeds from employee stock purchase plan	250	261
Net cash provided (used) by financing activities	<u>12,385</u>	<u>(10,691)</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	17,993	11,894
Cash, cash equivalents, and restricted cash at beginning of period	14,401	25,209
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 32,394</u>	<u>\$ 37,103</u>
Non-cash activity:		
Accrued other assets and property and equipment	\$ 1,936	\$ 256

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	Class A Common Stock	Convertible Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
(Dollars in thousands)						
Balance — February 1, 2020	\$ 761	\$ 59	\$ 110,813	\$ 203,458	\$ 1,423	\$ 316,514
Comprehensive income:						
Net income (loss)	-	-	-	(28,417)	-	(28,417)
Unrealized gains on available-for-sale securities, net of deferred income tax benefit of (\$90)	-	-	-	-	(298)	(298)
Dividends paid (\$0.33 per share)	-	-	-	(7,990)	-	(7,990)
Class A common stock sold through employee stock purchase plan — 26,957 shares	1	-	293	-	-	294
Class B common stock sold through stock option plans — - shares	-	-	-	-	-	-
Class A common stock issued through restricted stock grant plans — 307,354 shares	10	-	587	8	-	605
Repurchase and retirement of treasury shares — 618,056 shares	(22)	-	-	(9,034)	-	(9,056)
Balance — May 2, 2020	\$ 750	\$ 59	\$ 111,693	\$ 158,025	\$ 1,125	\$ 271,652

	Class A Common Stock	Convertible Class B Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
(Dollars in thousands)						
Balance — February 2, 2019	\$ 767	\$ 59	\$ 105,580	\$ 210,507	\$ (77)	\$ 316,836
Comprehensive income:						
Net income (loss)	-	-	-	21,255	-	21,255
Unrealized gains on available-for-sale securities, net of deferred income tax liability of \$126	-	-	-	-	412	412
Dividends paid (\$0.33 per share)	-	-	-	(8,118)	-	(8,118)
Class A common stock sold through employee stock purchase plan — 20,676 shares	1	-	307	-	-	308
Class B common stock sold through stock option plans — - shares	-	-	-	-	-	-
Class A common stock issued through restricted stock grant plans — 355,609 shares	11	-	624	10	-	645
Repurchase and retirement of treasury shares — 208,041 shares	(7)	-	-	(2,827)	-	(2,834)
Balance — May 4, 2019	\$ 772	\$ 59	\$ 106,511	\$ 220,827	\$ 335	\$ 328,504

See notes to condensed consolidated financial statements (unaudited).

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 1 - GENERAL:

The condensed consolidated financial statements as of May 2, 2020 and for the thirteen-week periods ended May 2, 2020 and May 4, 2019 have been prepared from the accounting records of The Cato Corporation and its wholly-owned subsidiaries (the "Company"), and all amounts shown are unaudited. In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements have been included. All such adjustments are of a normal, recurring nature unless otherwise noted. The results of the interim period may not be indicative of the results expected for the entire year.

The interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2020. Amounts as of February 1, 2020 have been derived from the audited balance sheet, but do not include all disclosures required by accounting principles generally accepted in the United States of America.

COVID-19 Update

The spread of COVID-19 has resulted in state and local orders mandating store closures to mitigate the spread of the virus. Responses by customers, government and the private sector have and will likely continue to adversely impact our business operations for the remainder of 2020 and possibly beyond. The extent to which the COVID-19 pandemic ultimately impacts the Company's business, financial condition, results of operations, cash flows, and liquidity may differ from management's current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

Beginning March 19, 2020, the Company temporarily closed all Cato, Its Fashion, Its Fashion Metro and Versona stores. In addition, the Company suspended its quarterly dividend, significantly reduced capital expenditures and reduced its SG&A expense through the reduction of non-payroll expenses, as well as, furloughing associates and in certain instances eliminating positions primarily at the corporate office. Beginning on May 1, 2020, the Company began to re-open stores based on the pertinent state and local orders. There is significant uncertainty around the duration, breadth and severity of continued business disruptions related to COVID-19, as well as its impact on the U.S. economy, consumer willingness to visit malls and shopping centers, and associate staffing for our stores. At this time, it is uncertain as to the effect of national, state or local action or legislation that attempts to address the economic effects of COVID-19 on our customers, suppliers or the Company.

While the Company currently anticipates that our results for the remainder of 2020 will be adversely impacted, the extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain, including new information that may emerge concerning the severity of COVID-19, potential economic impacts to customers and suppliers, and the actions taken to contain it or mitigate its impact.

Accounting Policies - Impairment of Long-Lived Assets:

The Company invests in leaseholds, right-of use assets and equipment primarily in connection with the opening and remodeling of stores and in computer software and hardware. The Company periodically reviews its store locations and estimates the recoverability of its long-lived assets, which primarily relate

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

to Fixtures and equipment, Leasehold improvements, Right-of-use assets net of Lease liabilities and Information technology equipment and software. An impairment charge is recorded for the amount by which the carrying value exceeds the estimated fair value when the Company determines that projected cash flows associated with those long-lived assets will not be sufficient to recover the carrying value. This determination is based on a number of factors, including the store's projected cash flows, which include future sales growth projections. The Company assesses the fair value of each lease by considering market rents and any lease terms that may adjust market rents under certain conditions such as the loss of an anchor tenant or a leased space in a shopping center not meeting certain criteria. Further, in determining when to close a store, the Company considers real estate development in the area and perceived local market conditions, which can be difficult to predict and may be subject to change. As a result of store closures, the Company determined a triggering event occurred resulting in an impairment analysis being performed. An asset impairment charge of \$5.3 million was recorded in the first quarter of 2020.

Recently Adopted Accounting Policies

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires companies to measure and recognize expected credit losses for financial assets held at amortized costs based on expected losses rather than incurred losses. The new accounting rules were effective for the Company in the first quarter of 2020 and will have a minimal impact on the financial statements.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 2 - EARNINGS PER SHARE:

Accounting Standard Codification (“ASC”) 260 – *Earnings Per Share* requires dual presentation of basic and diluted Earnings Per Share (“EPS”) on the face of all income statements for all entities with complex capital structures. The Company has presented one basic EPS and one diluted EPS amount for all common shares in the accompanying Condensed Consolidated Statements of Income and Comprehensive Income. While the Company’s certificate of incorporation provides the right for the Board of Directors to declare dividends on Class A shares without declaration of commensurate dividends on Class B shares, the Company has historically paid the same dividends to both Class A and Class B shareholders and the Board of Directors has resolved to continue this practice. Accordingly, the Company’s allocation of income for purposes of the EPS computation is the same for Class A and Class B shares and the EPS amounts reported herein are applicable to both Class A and Class B shares.

Basic EPS is computed as net income less earnings allocated to non-vested equity awards divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options and the Employee Stock Purchase Plan.

	Three Months Ended	
	May 2, 2020	May 4, 2019
	(Dollars in thousands)	
Numerator		
Net earnings (loss)	\$ (28,417)	\$ 21,255
Earnings (loss) allocated to non-vested equity awards	1,135	(660)
Net earnings (loss) available to common stockholders	<u>\$ (27,282)</u>	<u>\$ 20,595</u>
Denominator		
Basic weighted average common shares outstanding	<u>22,959,887</u>	<u>23,756,695</u>
Diluted weighted average common shares outstanding	<u>22,959,887</u>	<u>23,756,695</u>
Net income (loss) per common share		
Basic earnings (loss) per share	<u>\$ (1.19)</u>	<u>\$ 0.87</u>
Diluted earnings (loss) per share	<u>\$ (1.19)</u>	<u>\$ 0.87</u>

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 3 – ACCUMULATED OTHER COMPREHENSIVE INCOME:

The following tables set forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended May 2, 2020:

	Changes in Accumulated Other Comprehensive Income (a)	
	Unrealized Gains and (Losses) on Available-for-Sale Securities	
Beginning Balance at February 1, 2020	\$	1,423
Other comprehensive income before reclassification		(802)
Amounts reclassified from accumulated other comprehensive income (b)		504
Net current-period other comprehensive income		(298)
Ending Balance at May 2, 2020	\$	1,125

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to other comprehensive income ("OCI").

(b) Includes \$655 impact of accumulated other comprehensive income reclassifications into Interest and other income for net gains on available-for-sale securities. The tax impact of this reclassification was \$151.

The following tables set forth information regarding the reclassification out of Accumulated other comprehensive income (in thousands) for the three months ended May 4, 2019:

	Changes in Accumulated Other Comprehensive Income (a)	
	Unrealized Gains and (Losses) on Available-for-Sale Securities	
Beginning Balance at February 2, 2019	\$	(77)
Other comprehensive income before reclassification		403
Amounts reclassified from accumulated other comprehensive income (b)		9
Net current-period other comprehensive income		412
Ending Balance at May 4, 2019	\$	335

(a) All amounts are net-of-tax. Amounts in parentheses indicate a debit/reduction to other comprehensive income ("OCI").

(b) Includes \$12 impact of accumulated other comprehensive income reclassifications into Interest and other income for net gains on available-for-sale securities. The tax impact of this reclassification was \$3.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 4 – FINANCING ARRANGEMENTS:

As of May 2, 2020, the Company had an unsecured revolving credit agreement allowing the Company to borrow \$35.0 million less the balance of any letters of credit as discussed below. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance as of May 2, 2020. There were \$30.0 million in outstanding borrowings under this credit facility at May 2, 2020 and no outstanding borrowings at February 1, 2020. As of May 2, 2020, the \$30.0 million of outstanding borrowings is recorded in Accounts payable in the Condensed Consolidated Balance Sheets. The weighted average interest rate under the credit facility was 1.76% at May 2, 2020.

On June 2, 2020, the Company signed an amendment extending the revolving credit agreement through May 2023. This new amendment, among other items, temporarily lowers the liquidity amount the Company is required to maintain. In addition, a fixed charge ratio covenant is applicable beginning in the fourth quarter of 2021. As of June 4, 2020, the Company had paid down \$7.0 million of its outstanding line of credit, reducing the outstanding borrowings to \$23.0 million.

At May 2, 2020 and February 1, 2020, the Company had no outstanding letters of credit relating to purchase commitments.

NOTE 5 – REPORTABLE SEGMENT INFORMATION:

The Company has determined that it has four operating segments, as defined under ASC 280-10, including Cato, It's Fashion, Versona and Credit. As outlined in ASC 280-10, the Company has two reportable segments: Retail and Credit. The Company has aggregated its three retail operating segments, including e-commerce, based on the aggregation criteria outlined in ASC 280-10, which states that two or more operating segments may be aggregated into a single reportable segment if aggregation is consistent with the objective and basic principles of ASC 280-10, which require the segments to have similar economic characteristics, products, production processes, clients and methods of distribution.

The Company's retail operating segments have similar economic characteristics and similar operating, financial and competitive risks. They are similar in nature of product, as they all offer women's apparel, shoes and accessories. Merchandise inventory for the Company's retail operating segments is sourced from the same countries and some of the same vendors, using similar production processes. Merchandise for the Company's operating segments is distributed to retail stores in a similar manner through the Company's single distribution center and is subsequently distributed to clients in a similar manner.

The Company operates its women's fashion specialty retail stores in 31 states as of May 2, 2020, principally in the southeastern United States. The Company offers its own credit card to its customers and all credit authorizations, payment processing and collection efforts are performed by a separate subsidiary of the Company.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 5 – REPORTABLE SEGMENT INFORMATION (CONTINUED):

The following schedule summarizes certain segment information (in thousands):

Three Months Ended May 2, 2020	Retail	Credit	Total
Revenues	\$99,890	\$842	\$100,732
Depreciation	4,006	-	4,006
Interest and other income	(1,851)	-	(1,851)
Income before taxes	(37,923)	392	(37,531)
Capital expenditures	5,311	-	5,311
Three Months Ended May 4, 2019	Retail	Credit	Total
Revenues	\$229,441	\$910	\$230,351
Depreciation	3,843	-	3,843
Interest and other income	(1,136)	-	(1,136)
Income before taxes	25,178	393	25,571
Capital expenditures	995	-	995
	Retail	Credit	Total
Total assets as of May 2, 2020	\$594,931	\$46,023	\$640,954
Total assets as of February 1, 2020	636,503	48,473	684,976

The Company evaluates segment performance based on income before taxes. The Company does not allocate certain corporate expenses or income taxes to the credit segment.

The following schedule summarizes the direct expenses of the credit segment which are reflected in Selling, general and administrative expenses (in thousands):

	Three Months Ended	
	May 2, 2020	May 4, 2019
Payroll	\$ 152	\$ 150
Postage	111	124
Other expenses	187	243
Total expenses	<u>\$ 450</u>	<u>\$ 517</u>

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

NOTE 6 – STOCK BASED COMPENSATION:

As of May 2, 2020, the Company had two long-term compensation plans pursuant to which stock-based compensation was outstanding or could be granted. The 2018 Incentive Compensation Plan and 2013 Incentive Compensation Plan are for the granting of various forms of equity-based awards, including restricted stock and stock options for grant, to officers, directors and key employees. Effective May 24, 2018, shares for grant were no longer available under the 2013 Incentive Compensation Plan.

The following table presents the number of options and shares of restricted stock initially authorized and available for grant under each of the plans as of May 2, 2020:

	2013 Plan	2018 Plan	Total
Options and/or restricted stock initially authorized	1,500,000	4,725,000	6,225,000
Options and/or restricted stock available for grant: May 2, 2020	-	3,885,313	3,885,313

In accordance with ASC 718, the fair value of current restricted stock awards is estimated on the date of grant based on the market price of the Company's stock and is amortized to compensation expense on a straight-line basis over the related vesting periods. As of May 2, 2020 and February 1, 2020, there was \$14,216,000 and \$11,900,000, respectively, of total unrecognized compensation expense related to nonvested restricted stock awards, which had a remaining weighted-average vesting period of 2.9 years and 2.2 years, respectively. The total compensation expense during the three months ended May 2, 2020 was \$606,000 compared to \$645,000 for the three months ended May 4, 2019. These expenses are classified as a component of Selling, general and administrative expenses in the Condensed Consolidated Statements of Income.

The following summary shows the changes in the shares of unvested restricted stock outstanding during the three months ended May 2, 2020:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards at February 1, 2020	942,562	\$ 19.55
Granted	330,695	11.11
Vested	(130,042)	34.03
Forfeited or expired	(23,341)	19.38
Restricted stock awards at May 2, 2020	1,119,874	\$ 15.38

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

The Company's Employee Stock Purchase Plan allows eligible full-time employees to purchase a limited number of shares of the Company's Class A Common Stock during each semi-annual offering period at a 15% discount through payroll deductions. During the three months ended May 2, 2020 and May 4, 2019, the Company sold 26,957 and 20,676 shares to employees at an average discount of \$1.64 and \$2.23 per share, respectively, under the Employee Stock Purchase Plan. The compensation expense recognized for the 15% discount given under the Employee Stock Purchase Plan was approximately \$44,000 and \$46,000 for the three months ended May 2, 2020 and May 4, 2019, respectively. These expenses are classified as a component of Selling, general and administrative expenses in the Condensed Consolidated Statements of Income.

NOTE 7 – FAIR VALUE MEASUREMENTS:

The following tables set forth information regarding the Company's financial assets and liabilities that are measured at fair value (in thousands) as of May 2, 2020 and February 1, 2020:

Description	May 2, 2020	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	\$ 26,161	\$ -	\$ 26,161	\$ -
Corporate Bonds	62,879	-	62,879	-
U.S. Treasury/Agencies Notes and Bonds	6,976	-	6,976	-
Cash Surrender Value of Life Insurance	9,749	-	-	9,749
Asset-backed Securities (ABS)	23,234	-	23,234	-
Corporate Equities	557	557	-	-
Certificates of Deposit	100	100	-	-
Total Assets	<u>\$ 129,656</u>	<u>\$ 657</u>	<u>\$ 119,250</u>	<u>\$ 9,749</u>
Liabilities:				
Deferred Compensation	(9,730)	-	-	(9,730)
Total Liabilities	<u>\$ (9,730)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,730)</u>

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

Description	February 1, 2020	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Assets:				
State/Municipal Bonds	\$ 36,014	\$ -	\$ 36,014	\$ -
Corporate Bonds	90,798	-	90,798	-
U.S. Treasury/Agencies Notes and Bonds	37,410	-	37,410	-
Cash Surrender Value of Life Insurance	10,517	-	-	10,517
Asset-backed Securities (ABS)	37,384	-	37,384	-
Corporate Equities	732	732	-	-
Certificates of Deposit	100	100	-	-
Total Assets	<u>\$ 212,955</u>	<u>\$ 832</u>	<u>\$ 201,606</u>	<u>\$ 10,517</u>
Liabilities:				
Deferred Compensation	(10,391)	-	-	(10,391)
Total Liabilities	<u>\$ (10,391)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,391)</u>

The Company's investment portfolio was primarily invested in corporate bonds and tax-exempt and taxable governmental debt securities held in managed accounts with underlying ratings of A or better at May 2, 2020 and February 1, 2020. The state, municipal and corporate bonds have contractual maturities which range from two days to seven years. The U.S. Treasury Notes and Certificates of Deposit have contractual maturities which range from one month to two years. These securities are classified as available-for-sale and are recorded as Short-term investments, Restricted cash, Restricted short-term investments and Other assets on the accompanying Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income. The asset-backed securities are bonds comprised of auto loans and bank credit cards that carry AAA ratings. The auto loan asset-backed securities are backed by static pools of auto loans that were originated and serviced by captive auto finance units, banks or finance companies. The bank credit card asset-backed securities are backed by revolving pools of credit card receivables generated by account holders of cards from American Express, Citibank, JPMorgan Chase, Capital One, and Discover.

Additionally, at May 2, 2020, the Company had \$0.6 million of corporate equities and deferred compensation plan assets of \$9.7 million. At February 1, 2020, the Company had \$0.7 million of corporate equities and deferred compensation plan assets of \$10.5 million. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets.

Level 1 category securities are measured at fair value using quoted active market prices. Level 2 investment securities include corporate and municipal bonds for which quoted prices may not be available on active exchanges for identical instruments. Their fair value is principally based on market values determined by management with assistance of a third-party pricing service. Since quoted prices in active markets for identical assets are not available, these prices are determined by the pricing service using observable market information such as quotes from less active markets and/or quoted prices of securities with similar characteristics, among other factors.

Deferred compensation plan assets consist of life insurance policies. These life insurance policies are valued based on the cash surrender value of the insurance contract, which is determined based on such factors as the fair value of the underlying assets and discounted cash flow and are therefore classified within Level 3 of the valuation hierarchy. The Level 3 liability associated with the life insurance policies represents a deferred

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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compensation obligation, the value of which is tracked via underlying insurance funds' net asset values, as recorded in Other noncurrent liabilities in the Condensed Consolidated Balance Sheet. These funds are designed to mirror mutual funds and money market funds that are observable and actively traded.

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FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

The following tables summarize the change in fair value of the Company's financial assets measured using Level 3 inputs as of May 2, 2020 and February 1, 2020 (dollars in thousands):

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3) Cash Surrender Value
Beginning Balance at February 1, 2020	\$ 10,517
Redemptions	-
Additions	-
Total gains or (losses)	
Included in interest and other income (or changes in net assets)	(768)
Included in other comprehensive income	-
Ending Balance at May 2, 2020	\$ 9,749

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3) Deferred Compensation
Beginning Balance at February 1, 2020	\$ (10,391)
Redemptions	-
Additions	(36)
Total (gains) or losses	
Included in interest and other income (or changes in net assets)	697
Included in other comprehensive income	-
Ending Balance at May 2, 2020	\$ (9,730)

	Fair Value Measurements Using Significant Unobservable Asset Inputs (Level 3) Cash Surrender Value
Beginning Balance at February 2, 2019	\$ 9,093
Redemptions	-
Additions	748
Total gains or (losses)	
Included in interest and other income (or changes in net assets)	676
Included in other comprehensive income	-
Ending Balance at February 1, 2020	\$ 10,517

	Fair Value Measurements Using Significant Unobservable Liability Inputs (Level 3) Deferred Compensation
Beginning Balance at February 2, 2019	\$ (8,908)
Redemptions	-

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Additions		(554)
Total (gains) or losses		(929)
Included in interest and other income (or changes in net assets)		-
Included in other comprehensive income		-
Ending Balance at February 1, 2020		<u>\$ (10,391)</u>

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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NOTE 8 – RECENT ACCOUNTING PRONOUNCEMENTS:

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. The new accounting rules reduce complexity by removing specific exceptions to general principles related to intraperiod tax allocations, ownership changes in foreign investments, and interim period income tax accounting for year-to-date losses that exceed anticipated losses. The new accounting rules also simplify accounting for franchise taxes that are partially based on income, transactions with a government that result in a step up in the tax basis of goodwill, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. The new accounting rules will be effective for the Company in the first quarter of 2021. The Company is currently in the process of evaluating the impact of adoption of the new accounting rules on the Company's financial position, results of operations, cash flows and disclosures.

NOTE 9 – INCOME TAXES:

The Company had an effective tax rate for the first quarter of 2020 of 24.3% (Benefit) compared to an effective tax rate of 16.9% (Expense) for the first quarter of 2019. The increase in the 2020 first quarter tax rate was primarily due to the federal net operating loss carryback provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), offset by valuation allowances against state income net operating losses, and an upward adjustment in the reserves for uncertain tax positions specific to state income taxes in the first quarter of 2020. The Company assessed the ability to realize these state net operating losses in light of the adverse impact on the Company's financial statements and operations due to COVID-19. Based on this assessment, the Company concluded that it is more likely than not that the Company will not be able to realize the state net operating losses and, accordingly, has recorded a valuation allowance for these items including the value of its state net operating loss deferred tax assets as of February 1, 2020.

The estimated annual effective tax rate for the current fiscal year is impacted by the ability to carryback federal net operating losses due to the CARES Act, partially offset by changes in management's judgement regarding the ability to realize deferred tax assets, primarily state income net operating losses generated in the current fiscal year. The Company has factored the realizability of these deferred tax assets generated as a result of projected current year losses into its estimated annual effective rate for the current year. To the extent that actual results and/or events differ from the predicted results, the Company may continue to see effects on the estimated annual effective tax rate.

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

The Company is, from time to time, involved in routine litigation incidental to the conduct of its business, including litigation regarding the merchandise that it sells, litigation regarding intellectual property, litigation instituted by persons injured upon premises under its control, litigation with respect to various employment matters, including alleged discrimination and wage and hour litigation, and litigation with present or former employees.

Although such litigation is routine and incidental to the conduct of the Company's business, as with any business of its size with a significant number of employees and significant merchandise sales, such litigation could result in large monetary awards. Based on information currently available, management does not believe that any reasonably possible losses arising from current pending litigation will have a material adverse effect on its condensed consolidated financial statements. However, given the inherent

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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uncertainties involved in such matters, an adverse outcome in one or more such matters could materially and adversely affect the Company's financial condition, results of operations and cash flows in any particular reporting period. The Company accrues for these matters when the liability is deemed probable and reasonably estimable.

NOTE 11 – REVENUE RECOGNITION:

The Company recognizes sales at the point of purchase when the customer takes possession of the merchandise and pays for the purchase, generally with cash or credit. Sales from purchases made with Cato credit, gift cards and layaway sales from stores are also recorded when the customer takes possession of the merchandise. E-commerce sales are recorded when the risk of loss is transferred to the customer. Gift cards are recorded as deferred revenue until they are redeemed or forfeited. Layaway sales are recorded as deferred revenue until the customer takes possession or forfeits the merchandise. Gift cards do not have expiration dates. A provision is made for estimated merchandise returns based on sales volumes and the Company's experience; actual returns have not varied materially from historical amounts. A provision is made for estimated write-offs associated with sales made with the Company's proprietary credit card. Amounts related to shipping and handling billed to customers in a sales transaction are classified as Other revenue and the costs related to shipping product to customers (billed and accrued) are classified as Cost of goods sold.

The Company offers its own proprietary credit card to customers. All credit activity is performed by the Company's wholly-owned subsidiaries. None of the credit card receivables are secured. The Company estimated uncollectible amounts of \$69,000 and \$,226,000 for the periods ended May 2, 2020 and May 4, 2019, respectively, on sales purchased by the Company's proprietary credit card of \$2.6 million and \$6.9 million for the periods ended May 2, 2020 and May 4, 2019, respectively.

The following table provides information about receivables and contract liabilities from contracts with customers (in thousands):

	Balance as of	
	May 2, 2020	February 1, 2020
Proprietary Credit Card Receivables, net	\$ 11,364	\$ 15,241
Gift Card Liability	\$ 6,864	\$ 7,658

NOTE 12 – LEASES:

The Company determines whether an arrangement is a lease at inception. The Company has operating leases for stores, offices and equipment. Its leases have remaining lease terms of one year to 10 years, some of which include options to extend the lease term for up to five years, and some of which include options to terminate the lease within one year. The Company considers these options in determining the lease term used to establish its right-of-use assets and lease liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Company's leases do not provide an implicit rate, it uses its estimated incremental borrowing rate based on the information available at commencement date of the lease in determining the present value of lease payments.

THE CATO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED MAY 2, 2020 AND MAY 4, 2019

The components of lease cost are shown below (in thousands):

	Three Months Ended	
	May 2, 2020	May 4, 2019
Operating lease cost (a)	\$ 16,993	\$ 9,732
Variable lease cost (b)	\$ 80	\$ 606
ASC 840 prepaid rent expense (c)	\$ -	\$ 5,975

(a) Includes right-of-use asset amortization of (\$1.7) million and (\$2.0) million for the three months ended May 2, 2020 and May 4, 2019, respectively.

(b) Primarily related to monthly percentage rent for stores not presented on the balance sheet.

(c) Related to ASC 840 rent expense due to prepaid rent on the balance sheet as of February 3, 2019.

Supplemental cash flow information and non-cash activity related to the Company's operating leases are as follows (in thousands):

Operating cash flow information:

	Three Months Ended	
	May 2, 2020	May 4, 2019
Cash paid for amounts included in the measurement of lease liabilities	\$ 15,499	\$ 10,091
Non-cash activity:		
Right-of-use assets obtained in exchange for lease obligations	\$ 28,197	\$ 282

Weighted-average remaining lease term and discount rate for the Company's operating leases are as follows:

	May 2, 2020	May 4, 2019
Weighted-average remaining lease term	3.2 years	3.2 years
Weighted-average discount rate	4.36%	4.65%

As of May 2, 2020, the maturities of lease liabilities by fiscal year for the Company's operating leases are as follows (in thousands):

Fiscal Year

2020 (a)	\$	49,740
2021		58,511
2022		42,379
2023		31,197
2024		20,376
Thereafter		48,246
Total lease payments		250,449
Less: Imputed interest		27,419
Present value of lease liabilities	\$	223,030

(a) Excluding the 3 months ended May 2, 2020.

THE CATO CORPORATION
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING INFORMATION:

The following information should be read along with the unaudited Condensed Consolidated Financial Statements, including the accompanying Notes appearing in this report. Any of the following are "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended: (1) statements in this Form 10-Q that reflect projections or expectations of our future financial or economic performance; (2) statements that are not historical information; (3) statements of our beliefs, intentions, plans and objectives for future operations, including those contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (4) statements relating to our operations or activities for our fiscal year ending January 30, 2021 ("fiscal 2020") and beyond, including, but not limited to, statements regarding expected amounts of capital expenditures and store openings, relocations, remodels and closures and statements regarding the potential impact of the COVID-19 pandemic and related responses and mitigation efforts on our business, results of operations and financial condition; and (5) statements relating to our future contingencies. When possible, we have attempted to identify forward-looking statements by using words such as "will," "expects," "anticipates," "approximates," "believes," "estimates," "hopes," "intends," "may," "plans," "could," "would," "should" and any variations or negative formations of such words and similar expressions. We can give no assurance that actual results or events will not differ materially from those expressed or implied in any such forward-looking statements. Forward-looking statements included in this report are based on information available to us as of the filing date of this report, but 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: any actual or perceived deterioration in the conditions that drive consumer confidence and spending, including, but not limited to, prevailing social, economic, political and public health conditions and uncertainties, levels of unemployment, fuel, energy and food costs, wage rates, tax rates, interest rates, home values, consumer net worth and the availability of credit; changes in laws or regulations affecting our business including tariffs; uncertainties regarding the impact of any governmental responses to the foregoing conditions; competitive factors and pricing pressures; our ability to predict and respond to rapidly changing fashion trends and consumer demands; our ability to successfully implement our new store development strategy to increase new store openings and our ability of any such new stores to grow and perform as expected; adverse weather, public health threats (including the COVID-19 pandemic) or similar conditions that may affect our sales or operations; inventory risks due to shifts in market demand, including the ability to liquidate excess inventory at anticipated margins; and other factors discussed under "Risk Factors" in Part I, Item 1A of our annual report on Form 10-K for the fiscal year ended February 1, 2020 ("fiscal 2019"), as amended or supplemented, and in other reports we file with or furnish to the Securities and Exchange Commission ("SEC") from time to time. We do not undertake, and expressly decline, any obligation to update any such forward-looking information contained in this report, whether as a result of new information, future events, or otherwise.

**THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)**

CRITICAL ACCOUNTING POLICIES:

The Company's accounting policies are more fully described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2020. As disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of the Company's financial statements include the allowance for doubtful accounts, inventory shrinkage, the calculation of potential asset impairment, workers' compensation, general and auto insurance liabilities, reserves relating to self-insured health insurance, and uncertain tax positions.

The Company's critical accounting policies and estimates are discussed with the Audit Committee.

THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

RESULTS OF OPERATIONS:

The following table sets forth, for the periods indicated, certain items in the Company's unaudited Condensed Consolidated Statements of Income as a percentage of total retail sales:

	Three Months Ended	
	May 2, 2020	May 4, 2019
Total retail sales	100.0 %	100.0 %
Other revenue	1.9	1.0
Total revenues	101.9	101.0
Cost of goods sold (exclusive of depreciation)	84.6	59.7
Selling, general and administrative (exclusive of depreciation)	53.1	28.9
Depreciation	4.1	1.7
Interest and other income	(1.9)	(0.5)
Income (loss) before income taxes	(38.0)	11.2
Net income (loss)	(28.8)	9.3

**THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)**

RESULTS OF OPERATIONS (CONTINUED):

COVID-19 Update

The spread of COVID-19 has resulted in state and local orders mandating store closures to mitigate the spread of the virus. Responses by customers, government and the private sector have and will likely continue to adversely impact our business operations for the remainder of 2020 and possibly beyond. The extent to which the COVID-19 pandemic ultimately impacts the Company's business, financial condition, results of operations, cash flows, and liquidity may differ from management's current estimates due to inherent uncertainties regarding the duration and further spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume.

Beginning March 19, 2020, the Company temporarily closed all Cato, Its Fashion, Its Fashion Metro and Versona stores. In addition, the Company suspended its quarterly dividend, significantly reduced capital expenditures and reduced its SG&A expense through the reduction of non-payroll expenses, as well as, furloughing associates and in certain instances eliminating positions primarily at the corporate office. Beginning on May 1, 2020, the Company began to re-open stores based on the pertinent state and local orders. There is significant uncertainty around the duration, breadth and severity of continued business disruptions related to COVID-19, as well as its impact on the U.S. economy, consumer willingness to visit malls and shopping centers, and associate staffing for our stores. At this time, it is uncertain as to the effect of national, state or local action or legislation that attempts to address the economic effects of COVID-19 on our customers, suppliers or the Company.

While the Company currently anticipates that our results for the remainder of 2020 will be adversely impacted, the extent to which COVID-19 impacts the Company's results will depend on future developments, which are highly uncertain, including new information that may emerge concerning the severity of COVID-19, potential economic impacts to customers and suppliers, and the actions taken to contain it or mitigate its impact.

Comparison of First Quarter of 2020 with 2019

Total retail sales for the first quarter were \$98.8 million compared to last year's first quarter sales of \$228.1 million. Sales decreased primarily due to stores temporarily closed in 2020 due to COVID-19. The store closures resulted in a 56.0% decrease in same-store sales. Same store sales include stores that have been open more than 15 months. Stores that have been relocated or expanded are also included in the same store sales calculation after they have been open more than 15 months. The method of calculating same store sales varies across the retail industry. As a result, our same store sales calculation may not be comparable to similarly titled measures reported by other companies. E-commerce sales were less than 7.0% of sales for the first quarter of fiscal 2020 and are included in the same-store sales calculation. Total revenues, comprised of retail sales and other revenue (principally finance charges and late fees on customer accounts receivable, shipping charged to customers for e-commerce purchases and layaway fees), were \$100.7 million for the first quarter ended May 2, 2020, compared to \$230.4 million for the first quarter ended May 4, 2019. The Company operated 1,300 stores at May 2, 2020 compared to 1,302 stores at the end of last fiscal year's first quarter. For the first three months of fiscal 2020, the Company opened 24 stores and permanently closed five stores. The Company currently expects to open approximately 80 stores, relocate approximately two stores and close approximately 39 stores in fiscal 2020.

**THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)**

Credit revenue of \$0.8 million represented 0.8% of total revenues in the first quarter of fiscal 2020, compared to 2019 credit revenue of \$0.9 million or 0.4% of total revenues. Credit revenue is comprised of interest earned on the Company's private label credit card portfolio and related fee income. Credit revenue decreased slightly for the most recent comparable period due to lower finance charge income and lower late fee income from sales using the Company's proprietary credit card. Related expenses include principally payroll, postage and other administrative expenses, and totaled \$0.5 million in the first quarter of 2020, compared to last year's first quarter expenses of \$0.5 million.

Other revenue, a component of total revenues, was \$1.9 million for the first quarter of fiscal 2020, compared to \$2.3 million for the prior year's comparable first quarter. The decrease of \$0.4 million is primarily related to lower layaway fees in the quarter due to stores temporarily closed from COVID-19.

Cost of goods sold was \$83.6 million, or 84.6% of retail sales for the first quarter of fiscal 2020, compared to \$136.1 million, or 59.7% of retail sales in the first quarter of fiscal 2019. The overall increase in cost of goods sold as a percent of retail sales for first quarter of 2020 resulted primarily from deleveraging of occupancy, buying and distribution costs due to lower sales from temporary store closures and higher sales of goods marked down. Cost of goods sold includes merchandise costs (net of discounts and allowances), buying costs, distribution costs, occupancy costs, freight and inventory shrinkage. Net merchandise costs and in-bound freight are capitalized as inventory costs. Buying and distribution costs include payroll, payroll-related costs and operating expenses for the buying departments and distribution center. Occupancy costs include rent, real estate taxes, insurance, common area maintenance, utilities and maintenance for stores and distribution facilities. Total gross margin dollars (retail sales less cost of goods sold exclusive of depreciation) decreased by 83.5% to \$15.2 million for the first quarter of fiscal 2020 compared to \$92.0 million in the first quarter of fiscal 2019. Gross margin as presented may not be comparable to those of other entities.

Selling, general and administrative expenses ("SG&A") primarily include corporate and store payroll, related payroll taxes and benefits, insurance, supplies, advertising, bank and credit card processing fees. SG&A expenses decreased 20.4% to \$52.5 million, or 53.1% of retail sales for the first quarter of fiscal 2020, compared to \$66.0 million, or 28.9% of retail sales in the first quarter of fiscal 2019. SG&A as a percent of retail sales increased primarily due to the effects of deleveraging of costs due to temporary store closures and store impairment charges, partially offset by reduced incentive compensation.

Depreciation expense was \$4.0 million, or 4.1% of retail sales for the first quarter of fiscal 2020, compared to \$3.8 million, or 1.7% of retail sales for the first quarter of fiscal 2019.

Interest and other income was \$1.9 million, or 1.9% of retail sales for the first quarter of fiscal 2020, compared to \$1.1 million, or 0.5% of retail sales for the first quarter of fiscal 2019. The increase is primarily attributable to gains from the sale of investments.

Income tax benefit was \$9.1 million or 9.2% of retail sales for the first quarter of fiscal 2020, compared to income tax expense of \$4.3 million, or 1.9% of retail sales for the first quarter of fiscal 2019. The 2020 quarter decrease in income tax expense resulted from a higher effective tax rate on a pre-tax loss. The effective income tax rate for the first quarter of fiscal 2020 was 24.3% compared to 16.9% for the first quarter of 2019. The increase in the 2020 first quarter tax rate was primarily due to the federal net operating loss carryback provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), offset by valuation allowances against state income net operating losses, and an upward adjustment in the reserves for uncertain tax positions specific to state income taxes in the first quarter of 2020. The

**THE CATO CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS (CONTINUED)**

Company assessed the ability to realize these state net operating losses in light of the adverse impact on the Company's financial statements and operations due to COVID-19. Based on this assessment, the Company concluded that it is more likely than not that the Company will not be able to realize the state net operating losses and, accordingly, has recorded a valuation allowance for these items including the value of its state net operating loss deferred tax assets as of February 1, 2020.

The estimated annual effective tax rate for the current fiscal year is impacted by the ability to carryback federal net operating losses due to the CARES Act, partially offset by changes in management's judgement regarding the ability to realize deferred tax assets, primarily state income net operating losses generated in the current fiscal year. The Company has factored the realizability of these deferred tax assets generated as a result of projected current year losses into its estimated annual effective rate for the current year. To the extent that actual results and/or events differ from the predicted results, the Company may continue to see effects on the estimated annual effective tax rate.

LIQUIDITY, CAPITAL RESOURCES AND MARKET RISK:

Cash used by operating activities during the first three months of fiscal 2020 was \$71.3 million as compared to \$14.7 million provided in the first three months of fiscal 2019. The Company maintains a \$35.0 million unsecured revolving credit facility for short-term financing of seasonal cash needs. There were \$30.0 million in outstanding borrowings on this facility at May 2, 2020 and no outstanding borrowings at February 1, 2020.

The Company believes that its cash, cash equivalents and short-term investments, together with cash flows from operations and borrowings available under its revolving credit agreement, will be adequate to fund the Company's regular operating requirements and expected capital expenditures for fiscal 2020 and the next 12 months.

Cash used by operating activities for the first three months of fiscal 2020 was primarily attributable to net losses adjusted for depreciation and changes in working capital. The decrease in cash provided of \$86.0 million for the first three months of fiscal 2020 as compared to the first three months of fiscal 2019 was primarily due to a net loss versus net income, an increase in inventory, a decrease in accounts payable and accrued liabilities, partially offset by store impairment charges.

At May 2, 2020, the Company had working capital of \$126.6 million compared to \$163.5 million at February 1, 2020. This decrease is primarily attributable to lower short-term investments, partially offset by higher inventory amounts.

At May 2, 2020 and February 1, 2020, the Company had an unsecured revolving credit agreement, which provides for borrowings of up to \$35.0 million less the balance of letters of credit discussed below. The credit agreement contains various financial covenants and limitations, including the maintenance of specific financial ratios with which the Company was in compliance as of May 2, 2020. There were \$30.0 million in outstanding borrowings under the credit facility as of May 2, 2020 and no outstanding borrowings at February 1, 2020. As of May 2, 2020, the \$30.0 million of outstanding borrowings is recorded in Accounts payable in the Condensed Consolidated Balance Sheets.

On June 2, 2020, the Company signed an amendment extending the revolving credit agreement through May 2023. This new amendment, among other items, temporarily lowers the liquidity amount the Company is required to maintain. In addition, a fixed charge ratio covenant is applicable beginning in the fourth quarter

**THE CATO CORPORATION
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of 2021. As of June 4, 2020, the company had paid down \$7.0 million of its outstanding line of credit, reducing the outstanding borrowings to \$23.0 million.

At May 2, 2020 and February 1, 2020, the Company had no outstanding letters of credit relating to purchase commitments.

Expenditures for property and equipment totaled \$5.3 million in the first three months of fiscal 2020, compared to \$1.0 million in last year's first three months. The expenditures for the first three months of 2020 were primarily for investments in new stores. For the full fiscal 2020 year, the Company expects to invest approximately \$13 million for capital expenditures.

Net cash provided by investing activities totaled \$76.9 million in the first three months of fiscal 2020 compared to \$7.9 million in the comparable period of fiscal 2019, primarily due to an increase in the sale of short-term investments, partially offset by short-term investments purchased and capital expenditures.

Net cash provided by financing activities totaled \$12.4 million in the first three months of fiscal 2020 compared to \$10.7 million used in the comparable period of fiscal 2019, primarily due to proceeds from the line of credit partially offset by an increase in share repurchases and payments on the line of credit.

As of May 2, 2020, the Company had 728,466 shares remaining in open authorizations under its share repurchase program.

The Company does not use derivative financial instruments.

The Company's investment portfolio was primarily invested in corporate bonds and tax-exempt and taxable governmental debt securities held in managed accounts with underlying ratings of A or better at May 2, 2020 and February 1, 2020. The state, municipal and corporate bonds have contractual maturities which range from two days to seven years. The U.S. Treasury Notes and Certificates of Deposit have contractual maturities which range from one month to two years. These securities are classified as available-for-sale and are recorded as Short-term investments, Restricted cash, Restricted short-term investments and Other assets on the accompanying Condensed Consolidated Balance Sheets. These assets are carried at fair value with unrealized gains and losses reported net of taxes in Accumulated other comprehensive income. The asset-backed securities are bonds comprised of auto loans and bank credit cards that carry AAA ratings. The auto loan asset-backed securities are backed by static pools of auto loans that were originated and serviced by captive auto finance units, banks or finance companies. The bank credit card asset-backed securities are backed by revolving pools of credit card receivables generated by account holders of cards from American Express, Citibank, JPMorgan Chase, Capital One, and Discover.

Additionally, at May 2, 2020, the Company had \$0.6 million of corporate equities and deferred compensation plan assets of \$9.7 million. At February 1, 2020, the Company had \$0.7 million of corporate equities and deferred compensation plan assets of \$10.5 million. All of these assets are recorded within Other assets in the Condensed Consolidated Balance Sheets. See Note 7, Fair Value Measurements.

RECENT ACCOUNTING PRONOUNCEMENTS:

See Note 8, Recent Accounting Pronouncements.

THE CATO CORPORATION
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:

The Company is subject to market rate risk from exposure to changes in interest rates based on its financing, investing and cash management activities, but the Company does not believe such exposure is material.

ITEM 4. CONTROLS AND PROCEDURES:

We carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, of the effectiveness of our disclosure controls and procedures as of May 2, 2020. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that, as of May 2, 2020, our disclosure controls and procedures, as defined in Rule 13a-15(e), under the Securities Exchange Act of 1934 (the "Exchange Act"), were effective to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING:

No change in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) has occurred during the Company's fiscal quarter ended May 2, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

THE CATO CORPORATION

ITEM 1. LEGAL PROCEEDINGS

Not Applicable

ITEM 1A. RISK FACTORS

In addition to the other information in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for our fiscal year ended February 1, 2020. These risks could materially affect our business, financial condition or future results; however, they are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition or results of operations.

The Company has updated the following risk factor related to COVID-19:

The outbreak of COVID-19 has and will adversely affect our business, financial condition and results of operations.

The recent outbreak of COVID-19 has adversely impacted the Company’s business, financial condition and operating results in the first quarter of fiscal 2020, and we expect that it will continue to do so throughout the remainder of fiscal 2020 and possibly beyond. Adverse financial impacts associated with the outbreak include, but are not limited to, (i) lower net sales in markets affected by the actual or potential outbreak, whether due to state and local orders to close stores, reductions in store traffic and customer demand, labor shortages, or all, (ii) lower net sales caused by the delay of inventory production and fulfillment, (iii) and incremental costs associated with efforts to mitigate the effects of the outbreak, including increased freight and logistics costs and other expenses.

The spread of COVID-19 has caused state and local governments to issue orders mandating store closures. In addition public health officials have issued precautions to mitigate the spread of the virus, especially when congregating in heavily populated areas, such as malls and shopping centers. We temporarily closed all Cato, Its Fashion, Its Fashion Metro and Versona stores March 19, 2020. Beginning on May 1, 2020, we began to re-open stores based on the pertinent state and local orders. There is significant uncertainty around the breadth and severity of business disruptions related to COVID-19, as well as its impact on the global and U.S. economy, consumer willingness to visit malls and shopping centers, and appropriate associate staffing levels for our stores as they re-open. The extent to which COVID-19 will continue to adversely impact our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and the actions taken to contain it or treat its impact. We are also unable to predict the outcome or effect of national, state or local action or legislation that attempts to address the economic effects of COVID-19 on our customers, suppliers or the Company.

Future outbreaks of disease or similar public health threats, or the fear of such an occurrence, may also have a material adverse effect on the Company’s business, financial condition and operating results.

PART II OTHER INFORMATION**THE CATO CORPORATION****ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The following table summarizes the Company's purchases of its common stock for the three months ended May 2, 2020:

ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share (1)</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that may Yet be Purchased Under The Plans or Programs (2)</u>
February 2020	289,015	\$ 16.46	289,015	
March 2020	311,315	13.18	311,315	
April 2020	17,726	11.11	17,726	
Total	618,056	\$ 14.65	618,056	728,466

(1) Prices include trading costs.

(2) As of February 1, 2020, the Company's share repurchase program had 1,346,522 shares remaining in open authorizations. During the first quarter ended May 2, 2020, the Company repurchased and retired 618,056 shares under this program for approximately \$9,056,612 or an average market price of \$14.65 per share. As of May 2, 2020, the Company had 728,466 shares remaining in open authorizations. There is no specified expiration date for the Company's repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable

PART II OTHER INFORMATION**THE CATO CORPORATION****ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS

Exhibit No.	Item
3.1*	Registrant's Amended and Restated Certificate of Incorporation.
3.2*	Registrant's Amended and Restated By-Laws.
10.11*	Ninth Amendment dated June 2, 2020, of Credit Agreement, dated as of August 22, 2003, among the Registrant, the guarantors party thereto, the banks party thereto and Branch Banking and Trust Company, as Agent.
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1*	Section 1350 Certification of Principal Executive Officer.
32.2*	Section 1350 Certification of Principal Financial Officer.
101.1*	The following materials from Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended May 2, 2020, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Income and Comprehensive Income for the Three Months ended May 2, 2020 and May 4, 2019; (ii) Condensed Consolidated Balance Sheets at May 2, 2020 and February 1, 2020; (iii) Condensed Consolidated Statements of Cash Flows for the Three Months Ended May 2, 2020 and May 4, 2019; (iv) Condensed Consolidated Statements of Stockholders' Equity for the Three Months Ended May 2, 2020 and May 4, 2019; and (v) Notes to Condensed Consolidated Financial Statements.
104.1	Cover Page Interactive Data File (Formatted in Inline XBRL and contained in the Interactive Data submitted as Exhibit 101.1*)

* Submitted electronically herewith.

PART II OTHER INFORMATION

THE CATO CORPORATION

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

June 4, 2020

Date

/s/ John P. D. Cato

John P. D. Cato
Chairman, President and
Chief Executive Officer

June 4, 2020

Date

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

THE CATO CORPORATION

The Cato Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is "The Cato Corporation" and the name under which the Corporation was originally incorporated is "Cato Stores, Inc." The date of filing its original Certificate of Incorporation with the Secretary of State was March 28, 1946.

2. The text of the Amended and Restated Certificate of Incorporation as amended or supplemented heretofore is further amended and restated hereby to read as herein set forth in full:

FIRST. The name of the Corporation is

THE CATO CORPORATION

SECOND. Its registered office in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle. The name and address of its resident agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19801.

THIRD. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. (A) The total number of shares of all classes of capital stock which the Corporation shall have the authority to issue is 65,100,000, consisting of:

- (1) 50,000,000 shares of Class A Common Stock having a par value of \$.03 1/3 per share,
- (2) 15,000,000 shares of Class B Common Stock having a par value of \$.03 1/3 per share, and
- (3) 100,000 shares of Preferred Stock having a par value of \$100.00 per share.

(B) Except to the extent otherwise provided below, the holders of Class A Common Stock and the Class B Common Stock shall have the same powers, designations, preferences and participation rights and privileges. The holders of Class A Common Stock and Class B Common Stock shall have the following specific powers, designations, preferences, and relative participating rights and privileges:

- (1) Each holder of Class A Common Stock shall be entitled to one (1) vote per share of Class A Common Stock standing in his name on the transfer books of the Corporation, and each holder of Class B Common Stock shall be entitled to ten (10) votes per share of Class B Common Stock standing in his name on the transfer books of the Corporation, with respect to each matter to be voted upon.

(2) The holders of Class A Common Stock and Class B Common Stock shall have the right to vote, but not as separate classes except to the extent required by law or as otherwise provided in subsection (A)(3)(3) below, upon all matters submitted to the stockholders of the Corporation.

(3) In addition to any other vote required by law, the Corporation may not alter or change, by rights, preferences, privileges, restrictions, dividend rights, voting power or other powers given to the holders of Class A Common Stock and Class B Common stock pursuant to this Article Fourth other than by the affirmative vote of not less than sixty-six and two thirds ($66 \frac{2}{3}$) percent of all the votes entitled to be voted by the holders of each class of stock to be adversely affected thereby voting as a separate class, except that the Corporation may increase the total number of authorized shares of Class A Common Stock or Class B Common Stock that may be issued by the corporation by the affirmative vote of a majority of all the votes entitled to be voted by the holders of Class A Common Stock and Class B Common Stock voting together, without regard to class.

(4) Subject to the rights of any holders of Preferred Stock, holders of Class A Common Stock and Class B Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor; provided, however, that:

(a) No cash dividend may be declared and paid on the Class B Common Stock unless a dividend of an equal or greater amount of cash per share has been declared and paid on the Class A Common Stock.

(b) In the event of any dividend or other distribution payable in stock of the Corporation, other than Preferred Stock, including a distribution pursuant to any stock split or division, which occurs after the initial issuance of Class B Common Stock by the Corporation, only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock, and the Corporation's Board of Directors, in its discretion, shall determine whether to distribute shares of Class A or Class B Common Stock, in an amount per share equal to the amount per share distributed with respect to the Class A Common Stock, with respect to Class B Common Stock.

(c) In the case of any combination, reclassification or recapitalization of the Class A Common Stock, the shares of Class B Common stock shall also be combined, reclassified or recapitalized so that the number of shares of Class B Common stock outstanding immediately following such combination reclassification or recapitalization shall bear the same relationship to the number of shares of Class B Common Stock outstanding immediately prior to such combination, reclassification or recapitalization as the number of shares of Class A Common Stock outstanding immediately following such combination, reclassification or recapitalization bears to the number of shares of Class A Common Stock outstanding immediately prior to such combination, reclassification or recapitalization.

(d) Shares of Class B Common stock outstanding at any time shall not be reverse split or combined, whether by reclassification, recapitalization or otherwise, so as to decrease the number of shares thereof issued and outstanding unless at the same time the shares of Class A Common Stock are reverse split or combined so that the number of shares of Class A Common Stock outstanding immediately following such reclassification or recapitalization shall bear the same relationship to the number of shares of Class A Common Stock outstanding immediately prior to such reclassification or recapitalization as the number of shares of Class B Common Stock outstanding immediately following such reclassification or recapitalization bears to the number of shares of Class B Common Stock outstanding immediately prior to such reclassification or recapitalization.

(5) Any outstanding shares of Class B Common Stock shall be convertible on or after July 1, 1988 into fully paid and nonassessable shares of Class A Common Stock at the option of the holders thereof on a one share for one share basis. In order for a stockholder to effect any such conversion; such stockholder must furnish the Corporation with a written notice of the request for conversion, which notice shall be addressed to the principal office of the Corporation or to the Corporation's designation transfer agent, shall state the number of shares of Class B Common Stock to be converted into shares of Class A Common Stock, shall state the name of the person(s) in whose name(s) the shares of Class A Common Stock are to be registered and shall be accompanied by a certificate or certificates representing such shares, properly endorsed and ready for transfer. A conversion shall be deemed to be made (and the holder of such shares shall be deemed to be the holder of record of an equal number of shares of Class A Common Stock) on the close of business of the date when the Corporation or transfer agent has received the prescribed written notice and required certificate or certificates, properly endorsed and ready for transfer. The Corporation hereby reserves and shall at all times reserve and keep available out of its authorized and unissued shares of Class A Common Stock, for the purposes of effecting conversion such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of Class B Common Stock.

(6) In the event of a liquidation or dissolution of the Corporation, or a winding up of its affairs, whether voluntary or involuntary, or a merger or consolidation of the Corporation, after payment or provision for payment of the debts or liabilities of the Corporation and the amounts to which holders of the Preferred Stock shall be entitled, holders of Class A Common Stock shall be entitled to receive out of the net assets of the Corporation, the amount of \$1.00 per share, prior to any distribution to be made with respect to Class B Common Stock. After such payment or provision for such payment to the holders of Class A Common Stock, the holders of Class A Common stock and the holders of Class B Common Stock shall be entitled to share ratably (i.e., an equal amount of assets for each share of either Class A Common Stock or Class B Common Stock) in the remaining assets of the Corporation.

(C) (1) No person holding shares of Class B Common Stock of record (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, as Class B Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a

Permitted Transferee (as hereinafter defined). Shares of Class B Common Stock transferred to any party other than a Permitted Transferee (as hereinafter defined) shall be converted into shares of Class A Common Stock as provided by subsection (4) of this Section (C). A "Permitted Transferee" shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Common Stock:

- (a) In the Case of a Class B Holder who is a natural person;
 - (i) Any lineal descendant of such Class B Holder (the Class B Holder and such lineal descendants herein collectively referred to as "Class B Holder's Family Members");
 - (ii) The trustee of a trust (including a voting trust) principally for the benefit of such Class B Holder and/or one or more of his or her Permitted Transferees described in each subclause of this clause (a) other than this subclause (ii), provided that such trust may also grant a general or special power of appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or of the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members;
 - (iii) A corporation if all of the outstanding capital stock of such corporation which is entitled to vote for the election of directors is owned by, or a partnership if all of the partners are, and all of the beneficial interests in the partnership are owned by, the Class B Holder or his or her permitted Transferees determined under this clause (a), provided that if by reason of any change in the ownership of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Common Stock then held by such corporation or partnership shall, upon the election of the Corporation given by written notice to such corporation or partnership, without further act be converted into a like number of shares of Class A Common Stock effective upon the date of the giving of such notice, and stock certificates formerly representing such shares of Class B Common stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock; and
 - (iv) The estate of such Class B Holder.
- (b) In the case of a Class B Holder holding shares of Class B Common Stock as trustee pursuant to a trust (other than a trust described in clause (c) below), Permitted Transferee means (i) any person transferring Class B Common Stock to such trust and (ii) any Permitted Transferee of any such transferor determined pursuant to clause (a) above.
- (c) In the case of a Class B Holder holding the shares of Class B Common Stock in question as trustee pursuant to a trust which was irrevocable on the record date for determining the persons to whom the

Class B Common Stock is first issued by the Corporation, Permitted Transferee means (i) any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise and (ii) any Permitted Transferee of any such person determined pursuant to clause (a) above.

(d) In the case of a Class B Holder which is a partnership or corporation acquiring record and beneficial ownership of the shares of Class B Common Stock in question upon its initial issuance by the Corporation, Permitted Transferee mean (i) any partner of such partnership, or stockholder of such corporation, as of the date of the initial issuance of the shares of Class B Common Stock, and (ii) any Permitted Transferee of any such person, partner, or stockholder referred to in subclause (i) of this clause (d).

(e) In the case of a Class B Holder which is a corporation or partnership (other than a corporation or partnership described in clause (d) above) holding record and beneficial ownership of the shares of Class B Common Stock in question, Permitted Transferee means (i) any person transferring such shares of Class B Common Stock to such corporation or partnership and (ii) any Permitted Transferee of any such transferor determined under clause (a) above.

(f) In the case of a Class B Holder which is the estate of a deceased Class B Holder, or which is the estate of a bankrupt or insolvent Class B Holder, which holds record and beneficial ownership of the shares of Class B Common Stock in question, Permitted Transferee means a permitted Transferee of such deceased, bankrupt or insolvent Class B Holder as determined pursuant to clause (a), (b), (c), (d) or (e) above, as the case may be.

(g) Any employee benefit plan for the benefit of the employees of the Corporation (a "Plan").

(h) In the case of a Class B Holder which is a Plan, Permitted Transferee includes any beneficiary of such plan to whom shares of stock of the Corporation may be distributed, but only as such shares are distributable.

(2) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledge pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledge, provided that such shares shall not be transferred to or registered in the name of the pledge and shall remain subject to the provisions of this Section (C). In the event of foreclosure or other similar action by the pledge, such pledged shares of Class B Common stock may only be transferred to a Permitted Transferee of the pledge or converted into shares of Common Stock, as the pledge may elect.

(3) For purposes of this Section (C):

(a) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(b) Each joint owner of shares of Class B Common Stock shall be considered a “Class B Holder” of such shares.

(c) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(d) Unless otherwise specified, the term “person” means both natural persons and legal entities.

(e) Without derogating from the election conferred upon the Corporation pursuant to subclause (iii) of clause (a) above, each reference to a corporation shall include any successor corporation resulting from merger or consolidation and each reference to a partnership shall include any successor partnership resulting from the death or withdrawal of a partner.

(4) Any transfer of shares of Class B Common Stock not permitted hereunder shall result in the conversion of the transferee’s shares of Class B Common Stock into shares of Class A Common Stock, effective as of the date on which certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation’s books require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

(5) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in “street” or “nominee” name. For this purpose, a “beneficial owner” of any shares of Class B Common Stock shall mean a person who, or an entity which possesses the power, either singly or jointly, to direct the voting or disposition of such shares. The Corporation shall note on the certificates for shares of Class B Common Stock that there are restrictions on the transfer and registration of transfer imposed by Article Fourth, Section C hereof.

(D) The Board of Directors is expressly authorized, subject to the limitations prescribed by law, to provide for the issuance of the Preferred Stock in series, and to fix by resolution or resolutions providing for the issue of any series the number of shares included in such series and the designations, relative powers, preferences and rights, and the qualifications, limitations or restrictions thereof.

FIFTH. No holder of shares of the capital stock of any class of the Corporation shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the Corporation, whether now or hereafter authorized, or to any bonds, debentures or other securities convertible into stock of any class, and all such additional shares of stock, bonds, debentures or other securities convertible into stock may be issued and disposed of by the Board of Directors to such person or persons and on such terms and for such consideration (so far as may be permitted by law) as the Board of Directors, in its absolute discretion, may deem advisable.

SIXTH. The Corporation is to have perpetual existence.

SEVENTH. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

EIGHTH. Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them, and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this Corporation, as the case may be, and also on this Corporation.

NINTH. Meetings of stockholders may be held outside of the State of Delaware, if the By-Laws so provide. The books of the Corporation may be kept (subject to any provision contained in the Delaware General Corporation Law) outside of the State of Delaware at such place or places as may be from time to time designated by the Board of Directors or in the By-Laws of the Corporation.

TENTH. The provisions of this Amended and Restated Certificate of Incorporation shall not be modified, revised, altered or amended, repealed or rescinded in whole or in part, without the affirmative vote of sixty-six and two-thirds (66 2/3) percent of the votes to which the holders of the outstanding stock are entitled.

ELEVENTH. (A) A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the Corporation's stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of this Section (A) by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

(B) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter an

“indemnitee”), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith, and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee’s heirs, executors and administrators; provided, however, that, except as provided in Section (C) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Section (B) shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an “advancement of expenses”); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section (B) or otherwise (hereinafter an “undertaking”).

(C) If a claim under Section (B) of this Article is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met such applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified or to such advancement of expenses under this Article or otherwise shall be on the Corporation.

(D) The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Amended and Restated Certificate of Incorporation, any By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

(E) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(F) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses, to any agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors, officers and employees of the Corporation.

TWELFTH. (A) The Board of Directors shall consist of not less than five (5) nor more than fifteen (15) members and shall be divided into three classes as nearly equal in number as possible. Each director shall be elected for a term of three years. At each annual meeting of the stockholders, the successors of the directors of the class whose terms expire in that year shall be elected to hold office for a term of three years, so that the term of office of one class of directors shall expire in each year.

(B) Vacancies and newly created directorships on the Board of Directors may be filled by a vote of a majority of the directors then in office, although less than a quorum. Directors so elected shall hold office until the next election of the class for which such directors shall have been chosen and until their successors shall have been elected and qualified.

THIRTEENTH. The Board of Directors is expressly empowered to adopt, amend or repeal the By-Laws of the Corporation. The stockholders shall also have the power to adopt, amend or repeal the By-Laws of the Corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Amended and Restated Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

3. The aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 242 and 245 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, The Cato Corporation has caused the Amended and Restated Certificate of Incorporation to be executed by John R. Howe, its Executive Vice President and Chief Financial Officer, this 21st day of May, 2020.

THE CATO CORPORATION

By:

John R. Howe
Executive Vice President and
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**STATE OF DELAWARE
AMENDED AND RESTATED BY-LAWS
OF
THE CATO CORPORATION**

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ARTICLE IX

AMENDMENTS

**ARTICLE I
OFFICES**

Section 1. Registered Office. The registered office in Delaware shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

**ARTICLE II
MEETINGS OF STOCKHOLDERS**

Section 1. Location. Meetings of stockholders for any purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meeting. The annual meeting of stockholders shall be held on such day in each year not earlier than March 10 nor later than June 15 and at such hour as shall be fixed by the board of directors. At such annual meeting the stockholders shall elect by plurality vote the successors of the class of directors whose term expires at such meeting for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, and shall transact such other business as may have been properly brought before the meeting in accordance with Section 4 of this Article II.

Section 3. Stockholder Nominations. Only persons who are nominated in accordance with the procedures set forth in this Section 3 shall be eligible for election as directors. Nominations of persons for election to the board of directors of the corporation may be made at a meeting of stockholders by or at the direction of the board of directors or by any stockholder of the corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section 3. Such nominations, other than those made by or at the direction of the board of directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, ninety days prior to the anniversary date of the immediately preceding annual meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the tenth day following the date on which notice of such meeting is first given to stockholders. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the corporation which are beneficially owned by such person and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the stockholder giving the notice, (i) the name and address, as they appear on the corporation's books, of such stockholder and (ii) the class and number of shares of the corporation which are beneficially owned by such stockholder. At the

request of the board of directors, any person nominated by the board of directors for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this Section 3. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the by-laws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

Section 4. Notice and Business to Be Conducted. Written notice of the annual meeting shall be given to each stockholder entitled to vote thereat at least 10 but not more than 60 days before the date of the meeting.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not later than ninety days prior to the anniversary date of the immediately preceding annual meeting. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business. Notwithstanding anything in the by-laws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this Section. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 5. Stock Ledger. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every election of directors, a complete list of the stockholders entitled to vote at said election, arranged in alphabetical order, showing the address of and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, during ordinary business hours, for a period of at least ten days prior to the election, either at a place within the city, town or village where the election is to be held and which place shall be specified in the notice of the meeting, or, if not specified, at the place where said meeting is to be held, and at the election during the whole time thereof, and subject to the inspection of any stockholder who may be present.

Section 6. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the President and shall be called by the President or Secretary at the request in writing

of a majority of the board of directors, or at the request in writing of stockholders owning shares of the corporation's capital stock entitled to a majority of the total number of votes entitled to be cast by the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 7. Notice of Special Meeting. Written notice of a special meeting of stockholders, stating the time, place and purpose thereof, shall be given in accordance with Section 222 of the General Corporation Law of the State of Delaware to each stockholder entitled to vote thereat, at least ten days before the date fixed for the meeting.

Section 8. Business at Special Meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 9. Quorum. The holders of a majority of the total voting power of the capital stock of the corporation issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 10. Vote. When a quorum is present at any meeting, the vote of a majority of the votes to which the holders of the stock having voting power, present in person or by proxy, are entitled shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 11. Proxies. Each stockholder shall at every meeting of the stockholders be entitled in person or by proxy to the number of votes provided for in the corporation's certificate of incorporation (or in a resolution of the board of directors fixing the powers, designations, preferences and relative, participating, optional or other special rights of a particular series of stock within any class thereof) for each share of the corporation's capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period and, except where the transfer books of the corporation have been closed or a date has been fixed as a record date for determination of its stockholders entitled to vote, no share of stock shall be voted at any election for directors which has been transferred on the books of the corporation within twenty days next preceding such election of directors. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the corporation. Voting at meetings of stockholders need not be by written ballot and need not be conducted by inspectors unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting shall so determine.

Section 12. Action Without Meeting. Whenever the vote of stockholders at a meeting thereof is required or permitted to be taken in connection with any corporate action by any provisions of the statutes or of the certificate of incorporation, the meeting and vote of stockholders may be dispensed with if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III DIRECTORS

Section 1. Number. The number of directors which shall constitute the whole board shall be fixed from time to time by resolution of the board of directors and shall not be less than 5 nor more than 15. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum. Any directors elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the directorship was created or the vacancy occurred and until his successor is duly elected and shall qualify, unless sooner displaced. The Chairman of the Board, at his discretion, may place a newly elected director, or a director filling a vacancy, into class other than the class of directors in which the directorship was created or the vacancy occurred.

Section 3. Powers. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. Chairman of the Board. There shall be a Chairman and a Vice Chairman of the Board of Directors elected by the directors from their number at the board's first meeting after the annual meeting of stockholders. The Chairman shall preside at all meetings of the board of directors and perform such other duties as may be directed by the board. He shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the board shall assign. In the absence of the Chairman, the Vice Chairman of the Board shall preside at a meeting of the board of directors.

Section 5. Location. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 6. Regular Meetings. There shall be regular meetings of the board, which may be held on such dates and without notice or upon such notice as the board may from time to time determine. Regular meetings shall be held at the principal office of the corporation within the State of North Carolina or at such other places either within or without the State of North Carolina and at such specific time as may be fixed by the board from time to time. There shall

also be a regular meeting of the board, which may be held without notice or upon such notice as the board may from time to time determine, after the annual meeting of the stockholders.

Section 7. Special Meetings. Special meetings of the board may be called by the Chairman of the Board or the President on at least 24 hours' notice to each director, either personally, by telephone, by mail or by electronic transmission; special meetings shall be called by the Chairman of the Board, the President or Secretary in like manner and on like notice on the written request of at least four directors.

Section 8. Quorum. At all meetings of the board, a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or these by-laws. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Action Without Meeting. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the board or of such committee as the case may be, and such written consent is filed with the minutes of proceeding of the board or committee.

Section 10. Meeting Communications. Members of the board of directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in the meeting pursuant to this Section 10 of Article III shall constitute presence in person at the meeting.

Section 11. Committees. The board, by resolution, may designate from among its members one or more committees, each consisting of one or more directors. Each such committee shall have all the authority of the board to the extent provided in such resolution, except as limited by law. No such committee shall exercise its authority in a manner inconsistent with any action, direction, or instruction of the board.

The board may appoint a chairman of any committee who shall preside at meetings of the respective committees. The board may fill any vacancy in any committee and may designate one or more directors as alternate members of such committee, who may replace any absent member or members at any meeting of such committee. Each such committee shall serve at the pleasure of the board.

All acts done and powers conferred by a committee pursuant to the foregoing authorization shall be deemed to be and may be certified as being done or conferred under authority of the board.

A record of the proceedings of each committee shall be kept and submitted at the next regular meeting of the board.

At least one-third but not less than two of the members of any committee having more than two members shall constitute a quorum for the transaction of business by such committee and the vote of a majority of the members present at the time of the vote, if a quorum is present at such time, shall be the act of the committee. If a committee shall have only two members, a quorum shall not be present for the transaction of business unless both members are present at the time of the vote.

If a committee or the board shall establish regular meetings of any committee, such meetings may be held without notice or upon such notice as the committee may from time to time determine. Notice of the time and place of special meetings of any committee shall be given to each member of the committee in the same manner as in the case of special meetings of the board. Notice of a meeting need not be given to any member of a committee who signs a waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him. Except as otherwise provided in these by-laws, each committee shall adopt its own rules of procedure.

Section 12. Compensation. Directors who are also full-time employees of the corporation shall not receive any compensation for their services as directors but they may be reimbursed for reasonable expenses of attendance. All other directors may receive either an annual fee or a fee for each meeting attended, or both, and expenses of attendance, if any, at each regular or special meeting of the board of directors; provided, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed such compensation for attending committee meetings, as may be determined by resolution of the board of directors.

ARTICLE IV NOTICES

Section 1. Writing. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice to directors may also be given by telegram.

Section 2. Waiver. Whenever any notice is required to be given under provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V OFFICERS

Section 1. Officers. The officers of the corporation shall consist of such officers as the board of directors may from time to time elect, including without limitations, a Chairman of the Board, a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, a Chief Merchandising Officer, a Chief Marketing Officer, a Vice Chairman of the Board, a President, a Secretary, a Treasurer, and such one or more Executive Vice Presidents, Senior Vice Presidents and Vice Presidents with such Vice Presidential designations, if any, as the Board may determine, and such Assistant Vice Presidents, Assistant Secretaries, and Assistant Treasurers as the board of directors may elect. Any two (2) or more of such offices may be held

by the same person, except the offices of President and Secretary or President and Assistant Secretary.

Subject to the authority of the board of directors, the Chief Executive Officer is hereby vested with the authority to appoint such other officers and agents and assign such duties as the Chief Executive Officer may deem appropriate from time to time and it is further understood that all such officers and agents serve at discretion of the Chief Executive Officer, and it is understood that the Chief Executive Officer will keep the Board informed of any such appointments and changes at regular board meetings.

Section 2. Election. The board of directors at its first meeting after each annual meeting of stockholders shall choose a President from among the directors, and shall choose a Secretary and a Treasurer, and may choose one or more Vice-Presidents, none of whom need be a member of the board.

Section 3. Other Officers. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. Salaries. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. Term. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time, with or without cause, by the affirmative vote of a majority of the board of directors. Any officer may resign at any time by giving written notice thereof to the President or to the board, or by retiring or by leaving the employ of the corporation (without being employed by a subsidiary or affiliate) and any such action shall take effect as a resignation without necessity of further action. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

Section 6. President. Unless otherwise determined by the board of directors, the President shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect. In the absence of the Chairman and the Vice Chairman of the Board, the President shall preside at all meetings of the stockholders and directors. The President shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. The President shall have such other powers as the board of directors may from time to time prescribe.

Section 7. Vice Presidents. The Vice President, or if there shall be more than one, the Vice Presidents, in the order determined by the board of directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 8. Secretary. The Secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. The Secretary shall have charge of the record of stockholders required by law, which may be kept by any transfer agent or agents under his direction. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or President, under whose supervision the Secretary shall be. The Secretary shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of an Assistant Secretary.

Section 9. Assistant Secretaries. The Assistant Secretary, or if there shall be more than one, the Assistant Secretaries in the order determined by the board of directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 10. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. The Treasurer shall perform such other duties and have such other powers as the board of directors may from time to time prescribe. The Treasurer shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the President and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all transactions as Treasurer and of the financial condition of the corporation.

Section 11. Assistant Treasurers. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the board of directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 12. Controller. The Controller shall, unless otherwise designated by the board of directors, be the chief accounting officer of the corporation and shall have control of all its books of account. The Controller shall see that correct and complete books and records of account are kept as required by law, showing fully, in such form as Controller shall prescribe, all transactions of the corporation, and the Controller shall require, keep and preserve all vouchers relating thereto for such period as may be necessary. The Controller shall render periodically such financial statements and such other reports relating to the corporation's business as may be required by the President or the board. The Controller shall generally perform all duties pertaining to the office of controller of a corporation.

**ARTICLE VI
SHARES OF STOCK**

Section 1. Certificates. Shares of stock in the corporation may be certificated or uncertificated, as provided under the General Corporation Law of the State of Delaware. Each holder of stock in the corporation, upon written request to the transfer agent or the corporation, shall be entitled to have a certificate, signed by, or in the name of the corporation by, the President or a Vice President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock, or more than one series of any class, the designations, preference and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarization on the face or the back of the certificate which the corporation shall issue to represent such class or series of stock, or, if uncertificated, in the notice required to be sent to the registered owner thereof in accordance with Delaware law; provided, however, that except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or the back of the certificate which the corporation shall issue to represent such class or series of stock, or, in the case of uncertificated stock, in the notice required to be sent to the registered owner thereof, a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the designations, preferences and relative, participating, option or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Facsimile Signatures. Where a certificate is signed (1) by a transfer agent or an assistant transfer agent or (2) by a transfer clerk acting on behalf of the corporation and a registrar, the signature of any such President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary may be facsimile. In case any officer or officers who have signed or whose facsimile signature or signatures have been used on any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation.

Section 3. Lost Certificate. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of the fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

Section 4. Transfers of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon a transfer of uncertificated shares of stock, the record of such person's stock shall be cancelled and shares shall be transferred to the person entitled thereto upon the issuance of a certificate or an electronic transfer of such shares. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

Section 5. Closing of Transfer Books. The board of directors may close the stock transfer books of the corporation for a period not exceeding sixty (60) days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect or for a period of not exceeding sixty (60) days in connection with obtaining the consent of stockholders for any purpose. In lieu of closing the stock transfer books as aforesaid, the board of directors may fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, or to give such consent, as the case may be notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

Section 6. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII RIGHT OF FIRST REFUSAL ON ESOP STOCK

All shares of stock of the corporation distributed by The Cato Corporation Employee Stock Ownership Trust (the "Trust") shall be subject to a right of first refusal as follows:

Prior to any transfer of any such shares to a prospective third party transferee by the holder of the shares, those shares must first be offered for sale by written offer made concurrently to the Trust and to the corporation upon the same terms and at the same price as offered by or to the prospective third party transferee. Any such offer to the Trust and the corporation shall disclose the name of the prospective third party transferee and the price and terms offered by or to the transferee. The corporation shall have the first right to purchase all or

part of the shares; to the extent the corporation shall not accept the offer to sell, the Trust may purchase all or part of the remaining shares. An acceptance by the corporation or the Trust of any such offer must be made in writing within 60 days following receipt of the offer by the corporation.

If the offer is not accepted by the corporation, the Trust, or both, then the proposed transfer may be completed within 6 months following receipt of the offer by the corporation, but only to the same prospective third party transferee and only upon the same terms and at the same price as originally offered to or by that prospective third party transferee. If the transfer is not completed within 6 months as described, the holder of the shares must comply once again with the procedures described in this Article VII before making any transfer of the shares.

The right provided in this Article VII shall apply to all shares distributed by the Trust, whether such shares are held by a participant in the Employee Stock Ownership Plan, his beneficiary or other person to whom such shares may have been distributed by the Trustee (or by any transferee or successor transferee of any of the foregoing unless the Trust and the corporation had failed to exercise any earlier right of first refusal with respect to such shares and such shares had been transferred to the prospective transferee in accordance with this Article VII). Unless the corporation shall waive its rights hereunder, a suitable legend regarding this right of first refusal shall be printed on each share certificate subject to such right, and the board of directors of the corporation may provide from time to time for such reasonable rules designed to facilitate the administration of such right as it shall deem appropriate.

The corporation and the Trust may in any instance waive the right of refusal granted to the corporation or the Trust by this Article VII. Any such waiver shall be made by a resolution of the board of directors directing that the legend referred to above shall not be included on any share certificates to be distributed by the Trust, and any such shares to which such direction applies shall thereafter be free forever of the first right of refusal contained in this Article VII.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Reserves. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. Annual Statement. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, full and clear statement of the business and condition of the corporation.

Section 4. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 5. Fiscal Year. The fiscal year of the corporation shall end on the last Saturday closest to the last day in January of each year.

Section 6. Seal. The corporate seal of the corporation shall consist of two concentric circles between which is the name of the corporation and in the center of which is inscribed SEAL. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE IX AMENDMENTS

Section 1. Amendments. Subject to the provisions of the certificate of incorporation of the corporation, the board of directors may adopt, amend or repeal the by-laws. The stockholders shall also have the power to adopt, amend or repeal the by-laws; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the certificate of incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

**PRINCIPAL EXECUTIVE OFFICER CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John P. D. Cato, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 4, 2020

/s/ John P. D. Cato

John P. D. Cato
Chairman, President and
Chief Executive Officer

**PRINCIPAL FINANCIAL OFFICER CERTIFICATION PURSUANT TO
SECURITIES EXCHANGE ACT OF 1934 RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John R. Howe, certify that:

1. I have reviewed this report on Form 10-Q of The Cato Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 4, 2020

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

CERTIFICATION OF PERIODIC REPORT

I, John P. D. Cato, Chairman, President and Chief Executive Officer of The Cato Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended May 2, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 4, 2020

/s/ John P. D. Cato

John P. D. Cato
Chairman, President and
Chief Executive Officer

CERTIFICATION OF PERIODIC REPORT

I, John R. Howe, Executive Vice President, Chief Financial Officer of The Cato Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that on the date of this Certification:

1. the Form 10-Q of the Company for the quarter ended May 2, 2020 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 4, 2020

/s/ John R. Howe

John R. Howe
Executive Vice President
Chief Financial Officer

NINTH AMENDMENT TO CREDIT AGREEMENT

THIS NINTH AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 29th day of May, 2020 (the "Ninth Amendment Effective Date"), by and among THE CATO CORPORATION, a Delaware corporation (the "Borrower"), CATOWEST, LLC, a Nevada limited liability company, CATO SOUTHWEST, INC., a Delaware corporation, CATOSOUTH, LLC, a North Carolina limited liability company, CHW, LLC, a Delaware limited liability company, CaDeL, LLC, a Delaware limited liability company, CATO OF TEXAS, L.P., a Texas limited partnership, catocorp.com, LLC, a Delaware limited liability company, and CATO WO LLC, a Delaware limited liability company (each of the foregoing, other than the Borrower, a "Guarantor" and, collectively, the "Guarantors"), and TRUIST BANK (formerly known as Branch Banking and Trust Company), as Agent, Issuing Bank and a Bank (the "Agent").

R E C I T A L S:

The Borrower, the Guarantors, the Agent and the Banks entered into a certain Credit Agreement dated as of August 22, 2003, as amended by (i) the First Amendment to Credit Agreement dated August 22, 2005, (ii) the Second Amendment to Credit Agreement dated October 29, 2007, (iii) the Waiver Agreement dated July 30, 2008, (iv) the Third Amendment to Credit Agreement dated October 31, 2010, (v) the Fourth Amendment to Credit Agreement dated March 12, 2013, (vi) the Fifth Amendment to Credit Agreement dated May 1, 2015, (vii) the Sixth Amendment to Credit Agreement dated May 1, 2017, (viii) the Seventh Amendment to Credit Agreement dated July 28, 2017, (ix) the waiver and amendment letter dated March 27, 2019, and (x) the Eighth Amendment to Credit Agreement dated May 24, 2019 (as so amended, modified or supplemented, the "Credit Agreement"). Capitalized terms used in this Amendment which are not otherwise defined in this Amendment shall have the respective meanings assigned to them in the Credit Agreement.

The Borrower and the Guarantors have requested that the Agent and the Banks modify certain provisions of the Credit Agreement as more fully set forth herein. The Agent and the Banks have agreed to so modify the Credit Agreement, all upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the Recitals and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Guarantors, the Agent and the Banks, intending to be legally bound hereby, agree as follows:

SECTION 1. Recitals; Definitions.

- (a) The Recitals are incorporated herein by reference and shall be deemed to be a part of this Amendment.

(b) As used in this Amendment, the following capitalized terms shall have the meanings set forth below:

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Operating Documents” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the bylaws, operating agreement, partnership agreement, limited partnership agreement, shareholder agreement or other applicable documents relating to the operation, governance or management of such entity.

“Organizational Documents” means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership or other legally authorized incorporated or unincorporated entity, the articles of incorporation, certificate of incorporation, articles of organization, certificate of limited partnership or other applicable organizational or charter documents relating to the creation of such entity.

SECTION 2. Amendments to Credit Agreement.

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in appropriate alphabetical order:

“Benchmark Replacement” means the sum of: (a) the alternate benchmark rate (which may include Term SOFR) that has been selected by the Agent giving due consideration to (i) any selection or recommendation of a replacement rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a rate of interest as a replacement to the London Interbank Offered Rate for U.S. dollar- denominated syndicated or bilateral credit facilities and (b) the Benchmark Replacement Adjustment; provided that, if the Benchmark Replacement as so determined would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the London Interbank Offered Rate with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by the Agent giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the London Interbank Offered Rate with the applicable Unadjusted Benchmark

Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the London Interbank Offered Rate with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest and other administrative matters) that the Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Agent in a manner substantially consistent with market practice (or, if the Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Agent determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Agent decides is reasonably necessary in connection with the administration of this Agreement).

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to the London Interbank Offered Rate: (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the London Interbank Offered Rate permanently or indefinitely ceases to provide the London Interbank Offered Rate; or (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the London Interbank Offered Rate: (1) a public statement or publication of information by or on behalf of the administrator of the London Interbank Offered Rate announcing that such administrator has ceased or will cease to provide the London Interbank Offered Rate, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the London Interbank Offered Rate; (2) a public statement or publication of information by the regulatory supervisor for the administrator of the London Interbank Offered Rate, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for the London Interbank Offered Rate, a resolution authority with jurisdiction over the administrator for the London Interbank Offered Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the London Interbank Offered Rate, which states that the administrator of the London Interbank Offered Rate has ceased or will cease to

provide the London Interbank Offered Rate permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the London Interbank Offered Rate; or
(3) a public statement or publication of information by the regulatory supervisor for the administrator of the London Interbank Offered Rate announcing that the London Interbank Offered Rate is no longer representative.

“Benchmark Transition Start Date” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication) and (b) in the case of an Early Opt-in Election, the date specified by the Agent by notice to the Borrower.

“Benchmark Unavailability Period” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the London Interbank Offered Rate and solely to the extent that the London Interbank Offered Rate has not been replaced with a Benchmark Replacement, the period (x) beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the London Interbank Offered Rate for all purposes hereunder in accordance with Section 2.06(i) and (y) ending at the time that a Benchmark Replacement has replaced the London Interbank Offered Rate for all purposes hereunder pursuant to Section 2.06(i).

“Early Opt-in Election” means the occurrence of (1) a determination by the Agent that at least five currently outstanding U.S. dollar-denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) as a benchmark interest rate, in lieu of the London Interbank Offered Rate, a new benchmark interest rate to replace the London Interbank Offered Rate, and (2) the election by the Agent to declare that an Early Opt-in Election has occurred and the provision by the Agent of written notice of such election to the Borrower.

“Federal Reserve Bank of New York’s Website” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“Liquid Assets” has the meaning set forth in Section 5.05.

“London Interbank Offered Rate” has the meaning set forth in Section 2.06(c).

“Ninth Amendment Effective Date” means May 29, 2020.

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“SOFR” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“Term SOFR” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“Waiver Period” means the period commencing on the Ninth Amendment Effective Date and continuing through the earlier to occur of (a) the last day of the third Fiscal Quarter of Fiscal Year 2021 and (b) the date on which the Borrower elects to terminate the Waiver Period by providing written notice thereof to the Agent, along with such evidence as the Agent may reasonably request to demonstrate the Borrower’s compliance with the covenants set forth in Sections 5.03 and 5.05 as of the last day of the most recently ended Fiscal Quarter.

(b) Section 1.01 of the Credit Agreement is hereby amended by amending and restating the definition of “Adjusted Cash Flow” in its entirety to read as follows:

“Adjusted Cash Flow” means, for a specified period, the sum of (a) the net income of the Borrower and its Subsidiaries on a consolidated basis for such period, before deduction of income taxes, depreciation expense, interest expense (including, without limitation, interest expense attributable to Capital Leases) and amortization of intangible assets (it being understood that, for purposes hereof, amortization shall exclude the amortization of any right-of-use assets), plus (b) non-cash impairment charges related to one-time or non-recurring expenses at Borrower’s stores not to exceed \$13,600,000.00, in the aggregate, for any four quarter period, all as determined in accordance with GAAP.

(c) Article I of the Credit Agreement is hereby amended by inserting a new Section 1.06 at the end thereof to read in its entirety as follows:

SECTION 1.06. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any

comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its equity interests at such time.

(d) Section 2.06 of the Credit Agreement is hereby amended as follows:

(i) The last sentence of the third paragraph of Section 2.06(c) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

Notwithstanding the foregoing, (i) from the Ninth Amendment Effective Date until the earliest to occur of (A) the termination of the Waiver Period, (B) the Borrower's maintaining, possessing, owning and having access to unencumbered (for the avoidance of doubt, without considering the aggregate unsecured indebtedness under this Agreement as an encumbrance) Liquid Assets of not less than \$100,000,000 as of the last day of six consecutive Fiscal Months following the Ninth Amendment Effective Date, and (C) the occurrence of a Benchmark Transition Event or an Early Opt-In Election, if the London Interbank Offered Rate as provided above would be less than 0.50%, the London Interbank Offered Rate shall be deemed to be 0.50%; and (ii) at any other time, if the London Interbank Offered Rate determined as provided above would be less than zero, the London Interbank Offered Rate shall be deemed to be zero.

(ii) A new clause (i) is hereby inserted at the end of Section 2.06 to read in its entirety as follows:

(i) (A) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, the Agent may amend this Agreement to replace the London Interbank Offered Rate with a Benchmark Replacement. Any such amendment will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Agent has provided such proposed amendment to the Borrower without any further action or consent of the Borrower. No replacement of the London Interbank Offered Rate with a Benchmark Replacement pursuant to this Section 2.06(i) will occur prior to the applicable Benchmark Transition Start Date.

(B) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of the Borrower.

(C) Notices; Standards for Decisions and Determinations. The Agent will promptly notify the Borrower of (1) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (2) the implementation of any Benchmark Replacement, (3) the effectiveness of any Benchmark Replacement Conforming Changes and (4) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Agent pursuant to this Section 2.06(i), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in the Agent's sole discretion and without consent from the Borrower, except, in each case, as expressly required pursuant to this Section 2.06(i).

(D) Benchmark Unavailability Period. Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Loan to be made during such Benchmark Unavailability Period.

(e) Section 2.17 of the Credit Agreement is hereby amended by inserting a new clause

(f) at the end thereof to read in its entirety as follows:

(f) Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall not be permitted to request any Commitment Increase during the Waiver Period.

(f) Section 5.03 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.03. Fixed Charge Coverage Ratio. Commencing as of the earlier to occur of (a) the last day of the Fiscal Quarter during which the Waiver Period has been terminated by the Borrower and (b) the last day of the fourth Fiscal Quarter of Fiscal Year 2021, and in each case continuing on the last day of each Fiscal Quarter ending thereafter, the Fixed Charge Coverage Ratio shall not be less than 1.5 to 1.0.

(g) Section 5.04(a) of the Credit Agreement is hereby amended by inserting a new proviso at the end thereof, to read in its entirety as follows:

; provided that, notwithstanding the foregoing, the aggregate Costs of Acquisition incurred by the Loan Parties and all Subsidiaries of the Loan Parties during the Waiver Period shall not exceed \$5,000,000 in the aggregate.

(h) The first paragraph of Section 5.05 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.05. Liquidity. The Borrower shall at all times (to be measured as of (x) the date of any Revolving Credit Advance, (y) during the Waiver Period, the last day of each Fiscal Month, and (z) following the end of the Waiver Period, the last day of each Fiscal Quarter) maintain, possess, own and have access to unencumbered (for the avoidance of doubt, without considering the aggregate unsecured indebtedness under this Agreement as an encumbrance) Liquid Assets, as reflected on the Borrower's balance sheet, of not less than (1) for the period commencing on May 2, 2020 and continuing through October 31, 2020, \$65,000,000; (2) for the period commencing on November 1, 2020 and continuing through May 1, 2021, \$85,000,000; and (3) thereafter, \$100,000,000. As used herein, "Liquid Assets" shall be defined as Cash and short term investments which meet all of the following requirements: (1) such assets must be owned by and in the name of the Borrower free and clear of any restriction, limitation, earmark, encumbrance, assignment, hypothecation, pledge, lien, security interest or other third-party interest, and (2) such assets shall be readily available to the Borrower and shall not be subject to any restriction, agreement, governmental requirement, or other restriction which would prevent the immediate free use of such assets by the Borrower.

(i) The first paragraph of Section 5.06 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

SECTION 5.06. Restrictions on Dividends, Share Repurchases, etc. No Loan Party nor any Subsidiary of a Loan Party shall (a) declare or pay any dividends (other than dividends payable solely in its own Capital Stock) upon any of its Capital Stock (other than dividends paid to a Loan Party) unless, at such time, (1) no Default or Event of Default shall exist or would exist immediately after the payment of such dividend and (2) during the Waiver Period, the Borrower shall maintain, possess, own and have access to unencumbered Liquid Assets of not less than \$100,000,000, both immediately prior, and after giving pro forma effect, to the payment of such dividend.

(j) Section 5.09(v) of the Credit Agreement (excluding, for the avoidance of doubt, the proviso immediately following such clause) is hereby amended and restated in its entirety to read as follows:

(v) loans or advances not otherwise permitted under this Section 5.09, which when aggregated with the total Investments made under Section 5.10(v) do not exceed an aggregate outstanding amount equal to (A) to the extent made during the Waiver Period, \$5,000,000; or (B) at any time during the term of this Agreement, \$10,000,000;

(k) Section 5.10(v) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

(v) Investments not otherwise permitted under this Section 5.10, which when aggregated with the aggregate outstanding loans and advances made under Section 5.09(v) do not exceed an aggregate outstanding amount equal to (A) to the extent made during the Waiver Period, \$5,000,000; or (B) at any time during the term of this Agreement, \$10,000,000.

(l) Section 5.27 of the Credit Agreement is hereby amended by inserting a new sentence at the end thereof to read in its entirety as follows:

Notwithstanding the foregoing, during the Waiver Period, the aggregate amount of Debt incurred pursuant to Sections 5.27(h) and (i) shall not exceed \$2,000,000.

(m) Article V of the Credit Agreement is hereby amended by inserting a new Section 5.32 at the end thereof to read in its entirety as follows:

SECTION 5.23. Capital Expenditures. During the Waiver Period, Capital Expenditures will not at any time exceed an aggregate amount of \$20,000,000 measured on a trailing twelve-month basis; provided that after giving effect to the incurrence of any Capital Expenditures permitted by this Section, no Default shall have occurred and be continuing.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Amendment and the obligations of the Agent and the Banks hereunder are subject to the following conditions:

(a) receipt by the Agent from each of the parties hereto of a duly executed counterpart of this Amendment signed by such party;

(b) receipt by the Agent of the following, all in form and substance satisfactory to the Agent:

(i) a closing certificate, substantially in the form of Exhibit G to the Credit Agreement, appropriately modified to refer to this Amendment, signed by a principal officer of each Loan Party;

(ii) an opinion, substantially in the form of Exhibit C to the Credit Agreement, appropriately modified to refer to this Amendment, signed by the General Counsel of the Borrower; and

(iii) a certificate of each Loan Party, signed by the Secretary, an Assistant Secretary, a member, manager, partner, trustee or other authorized representative of the respective Loan Party, certifying as to the names, true

signatures and incumbency of the officer or officers of the respective Loan Party authorized to execute and deliver the Loan Documents, and certified copies of the following items: (A) the Loan Party's Organizational Documents; (B) the Loan Party's Operating Documents; (C) if applicable, a certificate of the Secretary of State of such Loan Party's State of organization as to the good standing or existence of such Loan Party; and (D) the organizational action, if any, taken by the board of directors of the Loan Party or the members, managers, trustees, partners or other applicable Persons authorizing the Loan Party's execution, delivery and performance of this Amendment, and any other documents which the Agent or any Bank may reasonably request relating to the existence of each Loan Party, the authority for and the validity of this Amendment.

(c) receipt by the Agent of all other documents that the Agent may reasonably request, respecting this Amendment and the transactions contemplated hereunder;

(d) the fact that after giving effect to this Amendment, the representations and warranties of the Loan Parties contained in Section 5 of this Amendment shall be true on and as of the date hereof; and

(e) the Borrower shall have paid to the Agent all fees and expenses (including, without limitation, an amendment fee payable to the Agent in the amount of \$17,500.00, and reasonable attorneys' fees, not to exceed \$7,500 for this Amendment, and expenses to the extent invoiced and presented to the Borrower as of the date hereof) payable to the Agent arising from or relating to the negotiation, preparation, execution, delivery performance or administration of this Amendment or which are otherwise required to be paid by the Borrower on or before the date hereof.

SECTION 4. Limited Waiver; No Other Amendment.

(a) For the avoidance of doubt, the Banks party hereto, constituting the Required Banks, hereby waive any Default or Event of Default that may have occurred under Section 5.03 of the Agreement for the Fiscal Quarter ended May 2, 2020, prior to giving effect to this Amendment. Such waiver shall not constitute (i) any future consent to or waiver of, or affect or diminish in any way, any of the Required Banks' rights under the Credit Agreement; (ii) any amendment, modification or alteration of the Credit Agreement, except as otherwise provided herein; or (iii) any custom or course of dealing, or a waiver of the Required Banks' rights to withhold their consent for any similar request in the future

(b) Except for the amendments expressly set forth herein, the text of the Credit Agreement shall remain unchanged and in full force and effect. On and after the Ninth Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. This Amendment is not intended to effect, nor shall it be construed as, a novation. The Credit Agreement and this Amendment shall be construed together as a single agreement. Nothing herein contained shall waive, annul, vary or affect any provision, condition, covenant

agreement contained in the Credit Agreement, except as herein amended, nor affect nor impair any rights, powers or remedies under the Credit Agreement as hereby amended. The Agent and Banks do hereby reserve all of their respective rights and remedies against all parties who may be or may hereafter become secondarily liable for the repayment of the Notes. The Loan Parties promise and agree to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement, as heretofore and hereby amended and the other Loan Documents, the Credit Agreement, as amended, and the other Loan Documents being hereby ratified and affirmed (including the obligations of the Guarantors with respect to the Guaranteed Obligations). The Loan Parties hereby expressly agree that the Credit Agreement, as amended hereby, and the other Loan Documents are in full force and effect.

SECTION 5. Representations and Warranties. The Borrower and each Guarantor hereby represent and warrant to the Agent and Banks as follows:

(a) After giving effect to this Amendment, no Default has occurred and is continuing on the date hereof.

(b) Each Loan Party has the power and authority to enter into this Amendment and to do all acts and things as are required or contemplated hereunder to be done, observed and performed by it.

(c) This Amendment has been duly authorized, validly executed and delivered by one or more authorized officers of each Loan Party and this Amendment, and the Credit Agreement as amended hereby, constitute the legal, valid and binding obligations of the Loan Parties enforceable against them in accordance with its terms, provided that such enforceability is subject to general principles of equity.

(d) The execution and delivery of this Amendment and the performance hereunder, and under the Credit Agreement as amended hereby, by the Loan Parties do not and will not, as a condition to such execution, delivery and performance, require the consent or approval of any Governmental Authority having jurisdiction over any Loan Party, nor be in contravention of or in conflict with the Operating Documents or Organizational Documents of any Loan Party, or the provision of any statute, or any judgment, order or indenture, instrument, agreement or undertaking, to which any Loan Party is party or by which the assets or properties of any Loan Party are or may become bound.

SECTION 6. Counterparts. This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement.

SECTION 7. Governing Law. This Amendment shall be construed in accordance with and governed by the laws of the State of North Carolina without regard to conflict of laws principles.

SECTION 8. Consent by Guarantors. Each Guarantor consents to the foregoing amendments. Each Guarantor promises and agrees to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement as hereby amended, said Credit Agreement, as hereby amended, being hereby ratified and affirmed.

SECTION 9. Further Assurances. Each Loan Party agrees to promptly take such action, upon the request of the Agent or any Bank, as is necessary to carry out the intent of this Amendment.

SECTION 10. Loan Document. This Amendment is a Loan Document and is subject to all provisions of the Credit Agreement applicable to Loan Documents, all of which are incorporated in this Amendment by reference the same as if set forth in this Amendment verbatim.

SECTION 11. Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12. Entire Agreement. This Amendment contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein. This Amendment supersedes all prior drafts and communications with respect hereto.

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IN WITNESS WHEREOF, the parties hereto have executed and delivered, or have caused their respective duly authorized officers or representatives to execute and deliver, this Amendment as of the day and year first above written.

THE CATO CORPORATION (SEAL)

By: _____(SEAL)

Name: John R. Howe

Title: Executive Vice President and Chief Financial Officer

CaDel, LLC (SEAL)

By: CHW, LLC, as Member

By: _____(SEAL)

Name: John R. Howe Title: President

CHW, LLC (SEAL)

By: _____(SEAL)

Name: John R. Howe Title: President

CATO OF TEXAS LP (SEAL)

By: Cato Southwest, Inc., as General Partner

By: _____(SEAL)

Name: John R. Howe Title: President

CATO SOUTHWEST, INC. (SEAL)

By: _____(SEAL)

Name: John R. Howe Title: President

CATOWEST, LLC (SEAL)

By: _____(SEAL)
Name: John R. Howe Title: President

CATOSOUTH LLC (SEAL)

By: The Cato Corporation, as Member

By: _____(SEAL)
Name: John R. Howe
Title: Executive Vice President and Chief Financial Officer

catocorp.com, LLC (SEAL)

By: _____(SEAL)
Name: John R. Howe Title: President

CATO WO LLC (SEAL)

By: _____(SEAL)
Name: John R. Howe
Title: Executive Vice President and Chief Financial Officer

TRUIST BANK (formerly known as Branch Banking and Trust Company),
as Agent, Issuing Bank and a Bank

By: _____ (SEAL)
Name: Title: