

THE CATO CORPORATION

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

(AS AMENDED ON FEBRUARY 28, 2013)

I. PURPOSE

The purpose of the Compensation Committee (the "Committee") is to: (1) assist the Board of Directors (the "Board") of The Cato Corporation (the "Company") in discharging the Board's responsibilities related to compensation of the Company's directors and executive officers; (2) produce the committee report included in the Company's annual proxy statement (the "Proxy Statement") in accordance with applicable rules and regulations; (3) assist management with the preparation of the Compensation Discussion and Analysis (the "CD&A") and other compensation related disclosure in the Proxy Statement in accordance with applicable rules and regulations; and (4) assess the Company's overall compensation programs in terms of philosophy, goals, fairness and effectiveness, so that the compensation programs adequately reward its associates and, at the same time, are not excessive when compared to similar companies.

II. COMPOSITION

The Committee will be comprised of three or more directors appointed by the Board, each of whom will be "independent" within the meaning of the listing standards of the New York Stock Exchange ("NYSE") and rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), and such other criteria as the Board may establish. In addition, each member of the Committee will be a "Non-Employee Director" under Rule 16b-3 of the Securities Exchange Act of 1934 (the "Exchange Act") and an "outside director" for purposes of Section 162(m) of the U.S. Internal Revenue Code of 1986.

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

III. MEETINGS

The Committee will meet at least twice annually, or more frequently as circumstances dictate or as applicable NYSE or SEC rules or regulations may require and will keep minutes of its proceedings. The Committee may ask members of management or other persons to attend any meeting and provide information or advice as needed.

IV. DUTIES AND RESPONSIBILITIES

To fulfill its purpose and responsibilities, the Committee will:

Chief Executive Officer Compensation

- (1) Review and approve on an annual basis the Company's goals and objectives for compensation of the Chief Executive Officer ("CEO") and evaluate the CEO's performance in light of those goals and objectives at least annually. In determining the total compensation and each separate component (which may include base salary, bonus and incentive and equity compensation) to be paid to the CEO, the Committee will consider and evaluate competitive compensation practices at comparable companies, the Company's performance, competitive market position and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies, the CEO's performance in light of

corporate goals and objectives established for the position by the Committee, incentive and other awards given to the CEO in prior years and other criteria deemed relevant by the Committee.

- (2) Based on this evaluation, the Committee will determine (and report to the Board) the CEO's total compensation and each separate component thereof.

Other Executive Officer Compensation

- (3) Review and approve on an annual basis the evaluation process and compensation structure of the Company's other "executive officers", as such term is defined in the Exchange Act (the "Executive Officers"), and review the performance of other Executive Officers at least annually.
- (4) Meet with appropriate representatives of management to review (i) changes in other Executive Officers, (ii) compensation policies for other Executive Officers, (iii) compensation components for other Executive Officers, including base salary, long-term incentive compensation, qualified and non-qualified benefit plans, post-employment or severance payments, and perquisites and (iv) any other matters of concern to the Committee relating to overall compensation for such officers. Based on this evaluation, the Committee will determine (and report to the Board) the compensation, including salary, bonus, incentive and equity compensation for other Executive Officers.

Equity and Incentive Plans

- (5) Periodically review the Company's equity-based and other incentive plans, make revisions, and approve new plans, as the Committee deems appropriate, and report such revisions to the Board.
- (6) Exercising the full authority of the Board, administer the Company's equity-based and other incentive plans.

Other Responsibilities

- (7) Assist management with the preparation of the CD&A and other compensation-related disclosure in the Proxy Statement in accordance with applicable rules and regulations. In addition, the Committee will review and discuss the CD&A with management and, based on such review and discussions, recommend to the Board that the CD&A be included in the Proxy Statement.
- (8) Produce and approve on an annual basis a compensation committee report in accordance with applicable rules and regulations to include in the Proxy Statement.
- (9) Review with appropriate representatives of management: (a) changes of key associates; (b) policies on matters pertaining to compensation, including a review of the Company's compensation policies and practices for all associates as they relate to risk management practices and risk-taking initiatives; (c) special benefits and perquisites; and (d) any other matters of concern to the Committee relating to overall corporate compensation for the Company.
- (10) Plan for management succession by reviewing the development and progression of potential internal management candidates and develop contingency plans for the

departure, death or disability of key associates to facilitate interim transition and long-term leadership.

- (11) Develop and approve appropriate narrative language evaluating and defining the compensation of the CEO, in particular, and key associates, in general, for inclusion in the Proxy Statement.
- (12) In consultation with management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility and, as and when required, establishing performance goals and certifying that performance goals have been attained for purposes of Section 162 (m) of the Internal Revenue Code.
- (13) Make recommendations to the Board, with respect to any severance or similar termination payments proposed to be made to any current or former Executive Officer.
- (14) Perform any other duties delegated to the Committee by the Board related to the Company's compensation plans or programs.
- (15) Review director fees and other director compensation on a periodic basis and effect, or recommend to the Board, any changes that the Committee deems appropriate.
- (16) Review with management all fees paid to compensation consultants who recommend the amount or form of CEO, Executive Officers or director compensation.

V. PROCESSES

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

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

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

The Committee will also have the authority to engage compensation consultants, outside or special or independent counsel and other advisors as the Committee deems appropriate, and to set the terms (including fees and retention terms) of all such engagements. With respect to any compensation consultant used to assist the Committee in the evaluation of compensation to members of the Board, the CEO, or other Executive Officers of the Company, this authority will be vested solely in the Committee. The Company will provide appropriate funding, as determined by the Committee, for paying fees and other compensation to all outside advisors engaged by the Committee. Prior to engaging the outside advisor, the Committee, or its designee, will consider whether a conflict of interest exists, and if so, document how the conflict was or will be addressed. The Committee will also assess whether the outside advisor is independent under all applicable independence standards.