

**THE CATO CORPORATION
POLICY ON REPORTING AND INVESTIGATING ALLEGATIONS OF SUSPECTED
IMPROPER ACTIVITIES
(WHISTLEBLOWER POLICY)**

Introduction

The Company's internal controls, operating procedures and policies are intended to detect and to prevent or deter improper activities. Improper activities include any activity by an associate that is undertaken in the performance of the associate's official duties, whether or not that action is within the scope of his or her employment, and that (1) is in violation of any state or federal law or regulation, including, but not limited to, corruption, malfeasance, bribery, theft of property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of property, or willful omission to perform a duty, or (2) is economically wasteful, or involves gross misconduct, incompetence, or inefficiency.

Even the best systems of control cannot provide absolute safeguards against irregularities. Intentional and unintentional violations of laws, regulations, policies and procedures may occur and may constitute improper activities. This policy governs reporting and investigation of allegations of suspected improper activities.

Whistleblower

A person or entity making a disclosure is commonly referred to as a whistleblower. Whistleblowers may be associates, applicants for employment, vendors, contractors or the general public.

A whistleblower is a reporting party. A whistleblower is not an investigator or finder of fact. A whistleblower does not determine the appropriate corrective or remedial action that may be warranted.

The purpose of this policy is to establish procedures whereby a person may report improper activities particularly those related to accounting, internal controls, and auditing matters.

Improper Activities

Improper activities also include instances of corporate fraud, unethical business conduct, violations of federal or state laws, and practices or procedures related to accounting, internal accounting controls, or auditing matters. In addition, the Company's Code of Conduct and Ethics specifically prohibits unlawful activity of any kind. Particular areas of concern include:

- Equal employment opportunity
- Harassment
- Conflicts of interests
- Confidential or proprietary information
- Accounting controls and procedures
- Fraud
- Protection of shareholder interests
- Competition

Improper activities related to accounting controls and procedures may include:

- Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company,

-Fraud or deliberate error in the recording and maintaining of financial records of the Company,

-Deficiencies in or noncompliance with the Company's internal accounting controls,

-Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company, or

-Deviation from full and fair reporting of the Company's financial condition.

Any unlawful conduct or a violation of the Code of Business Conduct and Ethics should be reported in accordance with this policy.

No Retaliation

No Associate who in good faith reports an improper activity shall suffer harassment, retaliation or adverse employment consequences. An employee that retaliates against someone who has reported an improper activity in good faith is subject to discipline up to and including termination of employment.

Reporting Improper Activities

In most cases, a whistleblower who wants to report an improper activity should contact his or her supervisor. However, if you are not comfortable speaking with your supervisor or are not satisfied with your supervisor's response, you are encouraged to contact the Company's General Counsel or the Senior Vice President of Human Resources. Supervisors and managers are required to report suspected improper activities to the Company's General Counsel or Senior Vice President of Human Resources.

In the alternative, a whistleblower may anonymously report an improper activity by using the telephone number (704) 940-7800.

Investigation

All complaints will be reviewed by the General Counsel or the Senior Vice President of Human Resources. Complaints will be investigated. A report will be produced by the General Counsel describing the course of action that will be implemented, if action is required. If action is not required, a report will be produced by the General Counsel with the relevant information and reasons no action was required.

If the complaint involves a matter relating to accounting, internal accounting controls, or auditing matters, the General Counsel will report the matter to the Chairman of the Audit Committee and also advise the CEO and CFO. The Chairman of the Audit Committee and the CEO will determine what action, if any, should be taken. The General Counsel and Chairman of the Audit Committee will investigate the matter, if necessary, and file a report with the Audit Committee. The Audit Committee, at its discretion, may discuss the matter with the Board of Directors.

The General Counsel will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary thereof for the Board of Directors, and the Audit Committee, as appropriate. Copies of complaints and such log will be maintained in accordance with the Company's document retention policy.

