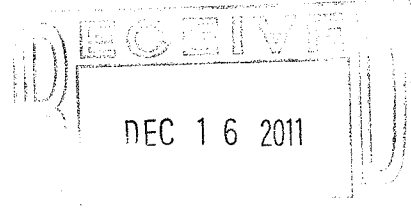




The CATO Corporation



December 12, 2011

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N. W.
Washington, D.C. 20006-2803

RE: Concept Release on Auditor Independence and Audit Firm Rotation

To Whom it May Concern:

The Cato Corporation welcomes the opportunity to comment on the Public Company Accounting Oversight Board's ("PCAOB") Release No. 2011-006.

Although we fully support the PCAOB's efforts to ensure auditor independence, objectivity and professional skepticism, we believe that mandatory audit firm rotation would not result in significant improvement in these areas while possibly reducing overall audit quality and would increase costs and divert management attention from matters that provide greater benefit to investors.

To be most effective, an audit firm must develop an extensive knowledge of a company's business operations, financial policies and procedures. This institutional knowledge is built and honed over a number of years and provides a foundation for the auditor to effectively evaluate risk and function with an appropriate level of professional skepticism. With mandatory firm rotation, this institutional knowledge would be lost with every rotation, creating risk and potentially reducing the quality of the audit as the new firm goes through a natural learning curve to build that institutional knowledge.

Also, audit firm rotation would increase costs for all publicly held companies and may outweigh any potential benefit. Substantial time, effort and money would be required to tender the audit, evaluate, select and transition a new audit firm by both management and the audit committee - resources that would be better utilized in the areas of corporate governance, internal control and risk management for the benefit of shareholders. We also believe that the alternative of mandatory retendering results in these same disadvantages.

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Current audit committee responsibilities, which include auditor oversight and monitoring whether auditors are independent, objective and exercising professional skepticism, provide an adequate framework to determine if and when a rotation of an audit firm is required. The audit committee is well positioned to make these judgements. It is aware of the needs of the company and works closely with the audit firm. An effective audit committee will dismiss an audit firm if it determines that the audit firm lacks these traits. Mandatory auditor rotation overrides the audit committee's knowledge, perspective and statutory responsibility. We do not believe that audit committees are failing to execute these responsibilities on a widespread basis, which would indicate no need for mandatory audit firm rotation.

In addition, mandatory audit firm rotation would limit the options available in choosing a replacement audit firm that best meets the need of the company. Audit firms have different skill sets and industry expertise, both of which contribute to audit quality and are important considerations in selecting an independent auditor. Mandatory firm rotation would automatically disqualify the current audit firm from the available candidates, thereby restricting the audit committee's ability to choose the firm it believes is best suited to serve its shareholders as independent auditor.

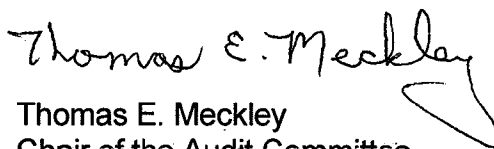
For the reasons above, we feel the current structure provides sufficient safeguards and procedures to allow the investing public to rely on public companies, audit committees and audit firms to produce cost-effective, high quality audits.

We appreciate the opportunity to comment on this proposal and thank the Board for its consideration of our comments.

Sincerely,



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



Thomas E. Meckley
Chair of the Audit Committee