

CPI CORP.

AUDIT AND FINANCE COMMITTEE CHARTER

Purpose

The Audit and Finance Committee is appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, (4) the compliance by the Company with legal and regulatory requirements, (5) the Company's investment performance, policies and strategy, and (6) the Committee is also charged with overseeing the measurement and monitoring of employee satisfaction with 401(k) service providers and making recommendations to the Board regarding the sound management of the Company's financial resources.

The Audit and Finance Committee shall prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

Committee Membership

The Audit and Finance Committee shall consist of no fewer than three members, at least one of whom shall possess accounting or related financial management expertise and all of whom shall meet the independence and financial literacy requirements of the New York Stock Exchange.

The members of the Audit and Finance Committee shall be appointed by the Board on the recommendation of the Nominating and Governance Committee and shall serve until their successors are appointed. Audit and Finance Committee members may be replaced by the Board.

Committee Authority and Responsibilities

1. The Audit and Finance Committee shall have the sole authority and responsibility to appoint or replace the independent auditor, oversee the work of the independent auditor and shall approve all audit engagement fees and terms and all significant non-audit engagements with the independent auditor. The independent auditor shall report directly to the Audit and Finance Committee. The Audit and Finance Committee shall consult with management but shall not delegate these responsibilities.
2. The Audit and Finance Committee may form and delegate authority to subcommittees when appropriate.

3. The Audit and Finance Committee shall have the authority, to the extent it deems necessary or appropriate, to retain special legal, accounting or other consultants to advise the Committee. The Audit and Finance Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
4. The Audit and Finance Committee shall prepare an audit committee report, as required by the Securities and Exchange Commission, to be included in the Company's annual proxy statement.
5. The Audit and Finance and Investment Committee shall regularly review and recommend to the Board a dividend policy.
6. The Audit Finance and Investment Committee shall review and monitor compliance with financing plans and asset and liability management.
7. The Audit and Finance and Investment Committee shall review and evaluate investment policies and performance for the Company's pension and 401(k) plans, and corporate funds and make such recommendations as they deem necessary or appropriate to ensure sound management of the Company's assets and the Company's ability to meet employee plan obligations.
8. The Audit and Finance and Investment Committee shall discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
9. The Audit and Finance Committee shall meet with management, the internal auditors and the independent auditor in separate executive sessions at least quarterly.
10. The Audit and Finance Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.
11. The Audit and Finance Committee shall make regular reports to the Board.
12. The Audit and Finance Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

13. The Audit and Finance Committee shall annually review the Audit and Finance Committee's own performance.
14. In fulfilling its responsibilities with regard to financial and disclosure matters, the Audit and Finance Committee shall:
 - A. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and certifications of the Chief Executive Officer and the Chief Financial Officer and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K;
 - B. Review and discuss with management and the independent auditor the Company's quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements and the certifications of the Chief Executive Officer and the Chief Financial Officer;
 - C. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, the development, selection and disclosure or critical accounting estimates, and analyses of the effect of alternative assumptions, estimates or GAAP methods on the Company's financial statements;
 - D. Discuss with management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies;
 - E. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements;
 - F. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies;

- G. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. In particular, discuss:
 - i. The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management;
 - ii. The management letter provided by the independent auditor and the Company's response to that letter; and
 - iii. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management

- 15. In fulfilling its responsibilities with regard to the oversight of the Company's relationship with the independent auditor, the Audit and Finance Committee shall:
 - A. Review the experience and qualifications of the senior members of the independent auditor team;
 - B. Obtain and review a report from the independent auditor at least annually regarding (i) the auditor's internal quality-control procedures, (ii) any material issues raised by the most recent quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the independent auditor and the Company;
 - C. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of non-audit services is compatible with maintaining the auditor's independence, and taking into account the opinions of management and the internal auditor. The Audit and Finance Committee shall present its conclusions to the Board and, if so determined by the Audit and Finance Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor;
 - D. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the lead audit partner more often than once every five years or even the independent auditing firm itself on a regular basis;

- E. Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account;
 - F. Discuss with the independent auditor issues on which they consulted with the national office regarding accounting matters and matters of audit quality and consistency.
 - G. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.
16. In fulfilling its responsibilities with regard to oversight of the Company's internal audit function, the Audit and Finance Committee shall:
- A. Review the appointment and replacement of the senior internal auditing executive;
 - B. Review and approve the annual internal audit plan; and
 - C. Review the significant reports to management prepared by the internal auditing department and management's responses.
17. In fulfilling its compliance oversight responsibilities, the Audit and Finance Committee shall:
- A. Discuss with the independent auditor, the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit;
 - B. Obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated;
 - C. Obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics;
 - D. Review reports and disclosures of insider and affiliated party transactions;
 - E. Establish procedures for the receipt, retention and treatment of complaints regarding the Company's accounting, internal accounting controls or auditing matters and the confidential, anonymous

submission by employees of concerns regarding questionable accounting or auditing matters.

- F. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics;
 - G. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies; and
 - H. Discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- 18. The Audit and Finance Committee shall perform such other functions and duties as the Board may assign.
 - 19. The Company shall provide appropriate finding, as determined by the Committee, for the payment of services provided by any registered public accounting firm and any advisors retained by the Committee.

Limitation of Audit and Finance Committee's Role

While the Audit and Finance Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit and Finance Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.