

JO-ANN STORES, INC.
AUDIT COMMITTEE CHARTER

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Organization

There shall be a committee of the Board of Directors to be known as the Audit Committee. The Audit Committee shall be composed of at least three financially literate directors who are independent of the management of the Company and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member. At least one of the members shall be a financial expert, as defined by the Securities and Exchange Commission. The members of the Audit Committee shall meet the independence and experience requirements of the New York Stock Exchange and the Securities and Exchange Commission.

The members of the Audit Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. Audit Committee members may be replaced by the Board. No Audit Committee member shall serve on the audit committees of more than two other public companies, unless the Board determines that the service on multiple committees would not impair the member's ability to effectively serve on the Company's Audit Committee.

Purpose

The purpose of the Audit Committee is to assist the Board with oversight of (a) the integrity of the financial statements of the Company, (b) the qualifications and independence of the independent auditors, (c) the performance of the Company's internal audit function and independent auditors, and (d) the compliance by the Company with legal and regulatory requirements. The Audit Committee shall prepare the report required to be included in the Company's annual proxy statement.

Statement of Policy

The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the shareholders of Jo-Ann Stores, Inc. relating to the Company's accounting and reporting practices and the quality and integrity of the financial reports of the Company. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication between the directors, the independent auditors, the internal auditors, and the financial management of the Company. The independent auditors shall be ultimately responsible to the Audit Committee, who shall have final authority and responsibility to select, evaluate, and, where appropriate, replace the independent auditors.

Meetings

The Audit Committee shall meet at least four (4) times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet privately in executive session quarterly with management, the director of the internal auditing department, the independent auditors, and as a committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or its Chairperson should meet with the independent auditors and management quarterly to review the Company's financial statements and significant findings based upon the auditors' limited review procedures.

Responsibilities

The Audit Committee shall be directly responsible for the appointment, compensation, and oversight of the work of the independent auditors responsible for preparing and issuing the audit report and related work. In carrying

out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible in order to best react to changing conditions and to ensure to the directors that the accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. The Audit Committee may form and delegate authority to individual committee members, as deemed necessary or appropriate. The Audit Committee shall report regularly to the Board and shall annually review its own performance.

In carrying out these responsibilities, the Audit Committee will:

Documents/Reports Review

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. Prepare, if necessary, the Charter as required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement for approval by the Board of Directors.
2. Approve minutes of all meetings of the Audit Committee and discuss the matters discussed at each committee meeting with the Board of Directors.
3. Discuss with management the Company's quarterly 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.
4. Discuss the annual audited financial statements contained in the Company's annual report and unaudited financial statements contained in the Company's quarterly financial reports, including disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," with management and the independent auditors to determine that the independent auditors are satisfied with the quality of the accounting principles used and the disclosure and content of the financial statements to be presented to the public and filed with the Securities and Exchange Commission. Any changes in accounting principles or material estimates should be reviewed.
5. Discuss with the independent auditors, the Company's internal auditors, and management the adequacy and effectiveness of the accounting and financial controls of the Company and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions, or procedures that might be deemed illegal or otherwise improper. Further, the committee should periodically review company adherence to its written code of conduct.
6. 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 of critical accounting estimates, related party transactions and analyses of the effect of alternative assumptions, estimates, or methods used in accordance with accounting principles generally accepted in the United States ("GAAP") on the Company's financial statements.

Independent Auditors

1. Review and evaluate the independence of the independent auditors by obtaining a formal written statement detailing all relationships between the auditors and the Company, or any other relationships which might adversely affect the independence or objectivity of the auditors, and take appropriate action to satisfy itself of the independent auditors' independence.
2. Review, select and replace the independent auditors to audit the Company's financial statements. Pre-approve all audit services and permitted non-audit services, including fees and terms, to be performed by the independent auditors or, if responsibility for pre-approval has been delegated to less than the full Audit Committee, review pre-approved audit and permitted non-audit services. The Audit Committee can consult with management but shall not delegate these responsibilities.

3. Review with the independent auditor at least annually regarding (a) the auditor's internal quality-control procedures, (b) any material issues raised by the most recent quality-control 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditor and the Company. 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 Committee shall present its conclusions to the Board and, if so determined by the Audit Committee, recommend that the Board take additional action to satisfy itself of the qualifications, performance and independence of the auditor.
4. Meet with the independent auditors and financial management of the Company to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent auditors.
5. Ensure the independent auditors timely report to the Audit Committee (a) all critical accounting policies and practices to be used, (b) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and treatments preferred by the outside auditors, and (c) other written material communications between the outside auditors and management.
6. 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:
 - (a) 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.
 - (b) The management letter provided by the independent auditor and the Company's response to that letter.
 - (c) 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.

Financial Accounting

1. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if applicable, on the Company's financial statements.
2. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.

Process Improvement

1. Discuss with management the Company's major financial risk exposures and the steps that management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
2. Review annually the internal audit function of the Company, including the independence and authority of its reporting obligations, a summary of findings from completed internal audits, the proposed audit plans for the coming year, and the coordination of such plans with the independent auditors.
3. Review the appointment and replacement, as necessary, of the internal audit director.

4. Set policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account.
5. Establish procedures for the receipt of information regarding (a) improprieties by management or employees discovered by the independent auditors or internal auditors, (b) accounting, internal control, or auditing complaints received by the Company, and (c) notification received from any officer, employee, or outside counsel of fraud involving management, or another employee with a significant role in internal controls, and significant deficiencies regarding internal controls.

Ethical and Legal Compliance

1. Obtain reports from management and the Company's internal audit director that the Company is in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics. Review reports and disclosures of insider and related party transactions. 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.
2. Review annually the compliance by the Company with legal and regulatory requirements.
3. Discuss with the Company's in-house counsel or outside counsel those legal matters that may have a material impact on the financial statements or the Company's compliance policies.
4. Investigate any matter brought to its attention within the scope of its duties, with the power to retain its own accounting advisors, legal counsel or other assistance for this purpose, if, in its judgement, that is appropriate.
5. Review accounting and financial human resources and succession planning within the Company.
6. Ensure the rotation of the lead audit partner or person responsible for the audit.