JO-ANN STORES, INC.
BOARD OF DIRECTORS
CORPORATE GOVERNANCE GUIDELINES

1. Director Qualifications

The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole.

This assessment will include members' qualification as independent, as well as consideration of diversity, age, skills and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Corporate Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairperson of the Corporate Governance Committee and the Chairperson of the Board.

Directors are elected for one year terms, commencing upon election at an Annual Shareholders Meeting. The size of the Board currently is set at ten, although this may change as provided for in the Company's Regulations.

From time to time, an individual director's responsibilities may change significantly from the responsibilities such director had when he or she was elected to the Board (*e.g.*, retirement from or change in position). In such event, the director who experiences such a change shall tender his or her resignation to the Board. The Corporate Governance Committee shall review the appropriateness of the continued Board membership for the director under the circumstances and make a recommendation to the Board on continued membership. The Board shall respond to the tender within thirty (30) days of receipt.

No director may serve on more than three other public company boards, unless the Corporate Governance Committee determines otherwise. Directors should advise the Chairperson of the Board and the Chairperson of the Corporate Governance Committee in advance of accepting an invitation to serve on another public company board. No director may be nominated to a new term if he or she would be age 70 or older at the time of the election.

The Board does not believe it should establish term limits. While term limits could help insure that there are fresh ideas and viewpoints available to the Board, a disadvantage of term limits is the loss of directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and who thus increasingly contribute to the Board as a whole. As an alternative to term limits, the Corporate Governance Committee reviews each director's continuation on the Board in connection with the director nomination process. This also allows each director the opportunity periodically to confirm his or her desire to continue as a member of the Board.

2. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors should be entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and independent and internal auditors. The directors shall also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to be indemnified to the fullest extent permitted by law and the Company's charter, Regulations and any indemnification agreements and to exculpation as provided by state law and the Company's charter.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed, and meet as frequently as necessary, to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting.

The Board has no policy with respect to the separation of the offices of Chairperson and the Chief Executive Officer ("CEO"). The Board believes that the appropriate board leadership structure is dependent on the needs of the Company (which may change from time-to-time), the Company's overall corporate governance structure and the capabilities of the CEO. Our Corporate Governance Committee will review our board leadership structure on an annual basis, and in conjunction with each election of a new CEO, and make recommendations to the Board. Our Board will consider such recommendations and decide on the board leadership structure which it deems to be in the best interests of the Company..

The Chairperson will establish the agenda for each Board meeting. At the beginning of the year, the Chairperson will establish a schedule of agenda subjects to be discussed during the year (to the degree this can be foreseen). Each Board member is free to suggest items for inclusion on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session at every regularly scheduled Board meeting. The non-management independent directors will meet in executive session at least once per year. The non-management directors will have a designated lead director to preside at these meetings. The non-management directors of the Board will elect the lead director annually at the June Board Meeting upon recommendation of the Corporate Governance Committee. The name of the lead director will be disclosed in the proxy statement. The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that Board members would do this with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

3. Role of the Lead Director

The non-management directors annually select from amongst themselves a Lead Director, based upon a recommendation by the Corporate Governance Committee. The role of the Lead Director is to:

- Preside at all meetings of the Board at which the Chairman is not present, including all executive sessions of the non-management directors
- Serve as liaison between the Chairman and the non-management directors
- Provide the Chairman with feedback from Executive Sessions

- Approve agendas and schedules for Board meetings in consultation with the Chairman, to assure that agendas include all items of interest to the non-management directors and that there is sufficient time for discussion of all agenda items

- Determine the information to be sent to the Board, in consultation with the Chairman

- Participate, with the Chair of the Compensation Committee, in delivering performance evaluations to the Chairman

- Be available for consultation and direct communication upon request by a major shareholder

- Perform other responsibilities assigned by the Board

The Lead Director has the authority to call meetings of the non-management directors.

The designation of a lead director is not intended to inhibit communication among the directors or between any of them and the Chairman. Accordingly, other directors are encouraged to communicate freely among themselves and directly with the Chairman. Additionally, any director can ask for an item to be added to the agenda for any Board or Committee meeting.

4. Board Committees

The Board will have at all times an Audit Committee, a Compensation Committee and a Corporate Governance Committee. All of the members of these committees will be independent directors under the criteria established by the New York Stock Exchange. Committee members will be appointed by the Board upon recommendation of the Corporate Governance Committee with consideration of the desires of individual directors. The Board believes that consideration should be given to rotating committee members periodically but does not feel that rotation should be mandatory.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee’s charter. The Chairperson of each committee, in consultation with the appropriate members of the committee and management, will develop the committee’s agenda. At the beginning of the year each committee will establish a schedule of subjects for the agendas to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

5 Director Access to Management and Independent Advisors

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO, the General Counsel of the Company or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the CEO on any written communications between a director and an officer or employee of the Company.

Directors shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors, as necessary and appropriate.

The Board welcomes regular attendance at each Board meeting of senior officers of the Company. If the CEO wishes to have additional Company personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

6. Director Compensation

The form and amount of director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter, and the Compensation Committee will conduct an annual review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

7. Director Orientation and Continuing Education

All new directors must participate in the Company's Orientation Program, which should be conducted within two months of the appointment or election of the new director. This orientation will include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers and its internal and independent auditors. In addition, the Orientation Program will include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program. Each director also is expected to attend at least one director education course which has been accredited by RiskMetrics Group or a similar organization during each two year period.

8. CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual review of the CEO's performance, as set forth in its charter. The Board of Directors will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long-term and short-term.

The Corporate Governance Committee should make an annual report to the Board on succession planning. The entire Board will work with the Corporate Governance Committee to nominate and evaluate potential successors to the CEO. The CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. Annual Performance Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.