BON TON STORES INC

FORM 10-K
(Annual Report)

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Address	2801 E MARKET ST
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Industry	Retail (Department & Discount)
Sector	Services
Fiscal Year	01/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended	Commission File Number
February 3, 2001	0-19517

THE BON-TON STORES, INC.
2801 EAST MARKET STREET
YORK, PENNSYLVANIA, 17402
(717) 757-7660

INCORPORATED IN PENNSYLVANIA IRS NO. 23-2835229

Securities registered pursuant to Section 12(b) of the Act:	None
Securities registered pursuant to Section 12(g) of the Act:	Common Stock, $.01 par value

The Registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and has been subject to such filing requirements for the past 90 days.

Disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is contained in Registrant's proxy statement incorporated by reference in Part III of this Form 10-K.

As of April 5, 2001, the aggregate market value of the voting stock held by non-affiliates of the Registrant was approximately $20,545,154, based upon the closing price of $2.53 per share on April 5, 2001.*

As of April 5, 2001, there were 12,218,804 shares of Common Stock, $.01 par value, and 2,989,853 shares of Class A Common Stock, $.01 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part II - Portions of our 2000 Annual Report to security holders ("Annual Report").

Part III - Portions of the Proxy Statement for the 2001 Annual Meeting of

Shareholders ("Proxy Statement").

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* Calculated by excluding all shares that may be deemed to be beneficially owned by executive officers and directors of the Registrant, without conceding that all such persons are "affiliates" of the Registrant for purposes of the federal securities laws.

References to a year in this Form 10-K refer to The Bon-Ton's fiscal year, which is the 52 or 53 week period ending on the Saturday nearer January 31 of the following calendar year (e.g. a reference to 2000 is a reference to the fiscal year ended February 3, 2001.)

PART I

ITEM 1. BUSINESS

GENERAL

The Bon-Ton Stores, Inc., together with its subsidiaries, is the successor to S. Grumbacher & Son, a family business founded in 1898, and operates quality fashion department stores offering moderate and better apparel, home furnishings, cosmetics, accessories and shoes. In many of its markets, The Bon-Ton is the primary destination for branded fashion merchandise such as Calvin Klein, Liz Claiborne, Nautica, Ralph Lauren and Tommy Hilfiger. We presently operate 73 stores in secondary markets - 36 stores in Pennsylvania, 26 in New York, three stores in each of New Jersey and Maryland and one store in each of Connecticut, New Hampshire, Massachusetts, Vermont and West Virginia. Our strategy focuses on being the premier fashion apparel retailer in markets that demand, but often have limited access to, better branded merchandise.

The Bon-Ton's executive offices are located at 2801 East Market Street, York, Pennsylvania.

MERCHANDISING

The Bon-Ton stores offer moderate and better fashion apparel, home furnishings, cosmetics, accessories, shoes and other items. Sales of apparel constituted 62% of sales in 2000. The following chart illustrates sales by product category for 2000, 1999 and 1998.

MERCHANDISE CATEGORY	2000	1999	1998
Women's clothing	27.6%	27.2%	27.7%
Men's clothing	18.0	18.0	18.7
Home	13.5	13.6	12.9
Cosmetics	10.9	10.5	9.9
Accessories	7.9	7.8	7.5
Children's clothing	6.9	7.1	7.2
Shoes	5.3	5.8	5.6
Intimate apparel	5.2	5.2	5.1
Junior's clothing	4.7	4.8	5.4
Total	100.0%	100.0%	100.0%

We carry a number of highly recognized brand names, including Calvin Klein, Cole Haan, Estee Lauder, Jones New York, Kenneth Cole, Liz Claiborne, Nautica, Nine West, Ralph Lauren and Tommy Hilfiger, and within these brands choose collections which balance fashion, price and selection.

We depend on our relationships with our key vendors and our ability to purchase branded merchandise from them at competitive prices. If we lose the support of these vendors, it could have a material adverse effect on The Bon-Ton.

Complementing branded merchandise, our private brand merchandise provides fashion at competitive pricing under names such as Andrea Viccaro, Jenny Buchanan, Stuart Hughes and Zigg's. We view this private brand merchandise as a strategic addition to our strong array of highly recognized, quality national brands and as an opportunity to increase brand exclusiveness, customer loyalty and competitive differentiation. Private brand merchandise represented approximately 13% of 2000 total sales.

Our business, like that of most retailers, is subject to seasonal fluctuations, with the major portion of sales and income realized during the latter half of each year, which includes the back-to-school and holiday seasons.

MARKETING

We attract customers by offering services such as free gift wrap and special order capability. In addition, through our "Certified Value" program, we maintain everyday value prices on staple items such as turtlenecks, T-shirts, shorts and denim within major product groups.

Our advertising and promotional programs are conducted through newspaper advertisements, direct mail and, to a lesser extent, local television and radio. We maintain an in-house advertising group that produces substantially all our print advertising.

The effectiveness of our direct mail efforts has been greatly enhanced through database management systems. By accurately identifying the predictors of response to direct mail pieces, we have the ability to rank, score and select customers with event-specific information.

MANAGEMENT INFORMATION AND CONTROL SYSTEM

We are in the process of enhancing our management information and control system in order to expedite the flow of merchandise through the distribution centers. We believe this will provide improved productivity, lower labor costs and better in-stock availability.

We also continue to modernize our in-store systems. A new Point-of-Sale System will be piloted in 2001 followed by a rollout, including an updated gift registry system, to all stores. This technology upgrade will simplify associate training, improve inventory management and enhance our customers' shopping experience.

CUSTOMER CREDIT

Our customers may pay for their purchases with The Bon-Ton proprietary credit card, Visa, Mastercard, cash or check.

The Bon-Ton credit card holders generally constitute our most loyal and active customers; during 2000, the average dollar amount for proprietary credit card purchases substantially exceeded the average dollar amount for cash purchases. We believe our credit card is a particularly productive tool for customer segmentation and target marketing.

The following table summarizes the percentage of total sales generated by payment type:

TYPE OF PAYMENT	2000	1999	1998
Bon-Ton credit card	48%	47%	48%
Visa, Mastercard, American Express*	26	25	23
Cash or check	26	28	29
Total	100%	100%	100%

* The Company ceased accepting American Express during 1998.

During 2000, we issued 276,000 Bon-Ton credit cards for newly opened accounts.

Sales on The Bon-Ton's proprietary credit card represent a significant portion of our business. Deterioration in the quality of these accounts receivable because customers fail to pay on time or at all, or any adverse changes in laws regulating the granting or servicing of credit, could have a material adverse effect on our business and financial condition.

COMPETITION

We face competition for customers from traditional department stores such as those operated by J.C. Penney Company, Inc., Federated Department Stores Inc., The May Department Stores Company, Kohl's Corporation and Sears, Roebuck and Co., from regional department stores such as Boscov's Department Store, Inc., and from specialty stores and catalogue and internet retailers. In a number of our markets, we compete with national department store chains which are better established, and in other markets we face potential competition from national chains that have not yet entered such markets. In all markets, we generally compete for customers with department stores offering moderately priced goods. Many of our competitors have substantially greater financial and other resources than The Bon-Ton, and some of our competitors have greater leverage with vendors, which may allow such competitors to obtain merchandise more easily or on better terms. In several of our markets, we compete with department stores which have a larger store or a better location in the market.

We believe we compare favorably with our competitors with respect to quality, depth and breadth of merchandise, prices for comparable quality merchandise, customer service and store environment. We also believe our knowledge of secondary markets, developed over many years of operation, gives us a competitive advantage as we focus on secondary markets as our primary area of operation.

ASSOCIATES

As of February 3, 2001, we had approximately 3,700 full-time and 5,300 part-time associates. We also employ additional part-time associates during peak periods. None of our associates are represented by a labor union. We believe that our relationship with our associates is good.

EXECUTIVE OFFICERS

The Executive Officers of the Company are:

NAME	AGE	POSITION
Tim Grumbacher	61	Chairman of the Board and Chief Executive Officer
Michael L. Gleim	58	Vice Chairman and Chief Operating Officer and Director
Frank Tworecke	54	Vice Chairman and Chief Merchandising Officer and Director
James H. Baireuther	54	Executive Vice President and Chief Financial Officer
Lynn C. Derry	45	Senior Vice President - General Merchandise Manager
H. Stephen Evans	51	Senior Vice President - Real Estate, Legal and Governmental Affairs
John S. Farrell	55	Senior Vice President - Stores
Robert A. Geisenberger	40	Senior Vice President - General Merchandise Manager
William T. Harmon	46	Senior Vice President - Sales Promotion and Marketing
Gary Kellman	58	Senior Vice President - General Merchandise Manager
Patrick J. McIntyre	56	Senior Vice President - Chief Information Officer
Jeffrey D. Moore	34	Senior Vice President - General Merchandise Manager
Ryan J. Sattler	56	Senior Vice President - Human Resources and Operations
Stephanie Stough	49	Senior Vice President - Merchandise Planning and Control

Mr. Tworecke joined the Company in November 1999 as Vice Chairman and Chief Merchandising Officer and a Director. From January 1996 until November 1999, he was President and Chief Operating Officer of Jos. A. Bank Clothiers, and from August 1994 to December 1995, he was President of Merry- Go-Round Enterprises, Inc.

Mr. Baireuther was elected Senior Vice President and Chief Financial Officer in June 1996 and appointed Executive Vice President and Chief Financial Officer in January 2000. From September 1994 until June 1996, he was Senior Vice President - Chief Financial Officer at DAC Vision, a manufacturer and distributor of optical supplies. From 1989 to 1994, he was Executive Vice President - Chief Financial Officer for Eye Care Centers of America, a retail optical superstore chain and wholly-owned subsidiary of Sears. From 1969 to 1989, Mr. Baireuther held a variety of positions with Sears, Roebuck and Co. including Director of Mergers and Acquisitions, Manager of Corporate Financial Analysis and Controller.

Ms. Derry was appointed Senior Vice President - General Merchandise Manager in February 2001. For more than five years prior to that time, Ms. Derry was a Divisional Merchandise Manager for The Bon-Ton.

Mr. Farrell was appointed Senior Vice President in June 2000. For more than five years prior to that time, Mr. Farrell was Vice President - Stores for The Bon-Ton.

Mr. Geisenberger was appointed Senior Vice President - General Merchandise Manager in July 2000. For more than five years prior to that time, Mr. Geisenberger was a Divisional Merchandise Manager for The Bon-Ton.

Mr. Harmon joined the Company as Senior Vice President - Sales Promotion, Marketing and Strategic Planning in June 1997. From 1989 to 1997, Mr. Harmon was with The May Company, serving as Senior Vice President - Merchandise Planning of Foley's from November 1994 to June 1997, Vice President - Merchandise Planning of Foley's from December 1992 to October 1994, and Vice President - Assistant to the President of Filene's from June 1989 to December 1992. Prior to that, he was employed by McKinsey & Company for seven years.

Mr. Kellman became Senior Vice President - General Merchandise Manager in August 1999. From November 1996 to April 1999, he was Executive Vice President of Today's Man, Inc., and from March 1989 to June 1996 he was Senior Vice President - Merchandising at Lord & Taylor.

Mr. McIntyre joined The Bon-Ton as Senior Vice President - Chief Information Officer in June 1997. From 1988 to June 1997, Mr. McIntyre was Senior Vice President - Chief Information Officer for the Cato Corporation, a women's specialty retailer. Prior to that, he held similar positions with the Higbee Company and Burdine's Department Store.

Mr. Moore was appointed Senior Vice President - General Merchandise Manager in February 2001. He joined the Company as Vice President - Divisional Merchandise Manager in July 1998. From July 1990 to 1998, Mr. Moore was with Lord & Taylor, most recently as the divisional merchandise manager for men's clothing and furnishings.

Messrs. Grumbacher, Gleim, Evans, Sattler and Ms. Stough have been executive officers of The Bon-Ton for more than five years.

CAUTIONARY STATEMENTS RELATING TO FORWARD-LOOKING INFORMATION

The Company and its representatives may, from time to time, make written or verbal forward-looking statements. Those statements relate to developments, results, conditions or other events the Company expects or anticipates will occur in the future. Without limiting the foregoing, those statements may relate to future revenues, earnings, store openings, market conditions and the competitive environment. Forward-looking statements are based on management's then-current views and assumptions and, as a result, are subject to risks and uncertainties that could cause actual results to differ materially from those projected.

All forward-looking statements are qualified by the following which contain several of the important factors that could cause actual results to differ materially from those predicted by the forward-looking statements:

Competitive, Sales, and Gross Margin Pressures

Our retail business is highly competitive. We compete for customers, employees, locations, products, services and other important items necessary for the successful operation of our businesses with local, regional and national retailers. Those competitors, some of which have greater financial and other resources than those of the Company, include department stores, specialty apparel stores, outlet stores, discount stores, general and mass merchandisers, mail-order and electronic commerce retailers, and other forms of retail commerce. Changes in the pricing and other practices of those competitors may affect our expected results by decreasing our sales or gross margin percentage.

Customer Trends

It is difficult to predict what merchandise consumers will want. A substantial part of our business is dependent on our ability to make the correct trend decisions for a wide variety of goods and services. Failure to accurately predict constantly changing consumer tastes, preferences, spending patterns and other lifestyle decisions could adversely affect short-term results and long-term relationships with our customers.

Credit Operations

Sales of merchandise and services are facilitated by the Company's credit card operations. These credit card operations also generate additional revenue from fees related to extending credit. Our ability to extend credit to our customers depends on many factors including compliance with federal and state laws which may change from time to time. In addition, changes in credit card use, payment patterns and default rates may result from a variety of economic, legal, social and other factors that we cannot control or predict with certainty. Changes that adversely affect our ability to extend credit and collect payments could negatively affect our results and financial condition.

General Economic Conditions

General economic factors that are beyond our control influence the Company's forecasts and directly affect performance. These factors include interest rates, recession, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude. Increases in interest rates may increase our financing costs.

Product Sourcing

The products we sell are sourced from a wide variety of domestic and international vendors. Our ability to find qualified vendors and access products in a timely and efficient manner is a significant challenge which is typically even more difficult with respect to goods sourced outside of the United States. Trade restrictions, tariffs, currency exchange rates, transport capacity and costs, and other factors significant to this trade are beyond our control and could affect our business.

Advertising and Marketing Programs

The Company spends extensively on advertising and marketing. Our business depends on high customer traffic in our stores and effective marketing. If our advertising and marketing efforts are not effective, this could negatively affect our results.

Inventory Control

The Company's merchants focus on inventory levels and balance these levels with plans and trends. Excess inventories could result in significant markdowns, which could adversely affect our results.

Cost Containment

The Company's performance depends on appropriate management of its expense structure, including its selling, general and administrative costs. The Company is continuously focused on reducing expenses as a percent of sales. The Company's failure to meet its expense budget or to appropriately reduce expenses during a weak sales season could adversely affect our results.

Other Factors

Other factors that could cause actual results to differ materially from those predicted include: weather, changes in the availability or cost of capital, the availability of suitable new store locations on acceptable terms, shifts in the seasonality of shopping patterns, work interruptions, the effect of excess retail capacity in our markets, material acquisitions or dispositions, or adverse results in material litigation.

The foregoing list of important factors is not exclusive, and the Company does not undertake to revise any forward-looking statement to reflect events or circumstances that occur after the date the statement is made.

ITEM 2. PROPERTIES.

Our stores, which all operate under "The Bon-Ton" name, vary in size from approximately 33,000 to 160,000 square feet.

The following table sets forth the number of stores at the beginning and end of each of the last five years:

Fiscal Year	2000	1999	1998	1997	1996
Number of stores:					
Beginning of year	72	65	64	64	68
Additions	1	7	2	0	1
Closings	0	0	(1)	0	(5)
End of year	73	72	65	64	64

We plan to maintain our growth by expanding and upgrading existing stores and by opening new stores. In addition, we will consider acquisitions of department store companies or their real estate assets if and when such opportunities arise. Our market positioning strategy has been to locate new stores or acquire existing companies or their stores in secondary markets generally within or contiguous to existing areas of operations.

In November 2000, we opened stores in Newburgh, New York (61,800 square feet) and in Scranton, Pennsylvania (102,500 square feet). The Scranton store replaced a smaller store (57,600 square feet) in that market. We also expanded our store in Frederick, Maryland by 19,800 square feet.

The following table provides certain information regarding our store properties:

MARKET	LOCATION	APPROXIMATE SQUARE FOOTAGE	YEAR OPENED OR ACQUIRED
PENNSYLVANIA			
Allentown	South Mall	101,800	1994
Bethlehem	Westgate Mall	102,000	1994
Bloomsburg	Columbia Mall	46,100	1988
Butler	Clearview Mall	100,800	1982
Carlisle	Carlisle Plaza Mall	59,900	1977
Chambersburg	Chambersburg Mall	55,600	1985
Doylestown	Doylestown Shopping Center	55,500	1994
Easton	Palmer Park Mall	115,100	1994
Greensburg	Westmoreland Mall	100,000	1987
Hanover	North Hanover Mall	67,600	1971

MARKET	LOCATION	APPROXIMATE SQUARE FOOTAGE	YEAR OPENED OR ACQUIRED
Harrisburg	Capital City Commons	141,200	1987
	Colonial Park Shopping Center	136,500	1987
Indiana	Indiana Mall	60,400	1979
Johnstown	The Galleria	80,900	1992
Lancaster	Park City Center	144,800	1992
Lebanon	Lebanon Plaza Mall	53,700	1994
Lewistown	Central Business District	46,700	1972
Oil City	Cranberry Mall	45,200	1982
Pottstown	Coventry Mall	88,300	1999
Pottsville	Schuylkill Mall	61,100	1987
Quakertown	Richland Mall	88,100	1994
Reading	Berkshire Mall	159,400	1987
Scranton	The Mall at Steamtown	102,500	2000
State College	Nittany Mall	70,200	1994
Stroudsburg	Stroud Mall	87,000	1994
Sunbury	Susquehanna Valley Mall	90,000	1978
Trexlertown	Trexler Mall	54,000	1994
Uniontown	Uniontown Mall	71,000	1976
Warren	Warren Mall	50,000	1980
Washington	Crown Washington Center	78,100	1987
Williamsport	Lycoming Mall	60,900	1986
Wilkes-Barre	Midway Shopping Center	66,000	1987
	Wyoming Valley Mall	159,500	1987
York	York Galleria	132,000	1989
	Queensgate Shopping Center	85,100	1962
	West Manchester Mall	80,200	1981
NEW YORK			
Binghamton	Oakdale Mall	80,000	1981
Buffalo	Northtown Plaza	100,800	1994
	Walden Galleria	150,000	1994
	Eastern Hills Mall	151,200	1994
	McKinley Mall	97,200	1994
	Sheridan/Delaware Plaza	124,100	1994
	Southgate Plaza	100,500	1994
Elmira	Arnot Mall	74,800	1995
Glens Falls	Aviation Mall	80,300	1999
Ithaca	Pyramid Mall	52,400	1991
Jamestown	Chautauqua Mall	59,900	1998
Lockport	Lockport Mall	82,000	1994
Massena	St. Lawrence Centre	51,000	1994
Newburgh	Newburgh Mall	61,800	2000
Niagara Falls	Summit Park Mall	88,100	1994
Olean	Olean Mall	73,000	1994
Rochester	Greece Ridge Center	144,600	1996
	The Marketplace Mall	100,000	1995
	Irondequoit Mall	102,600	1995
	Eastview Mall	120,600	1995
Saratoga Springs	Wilton Mall	71,700	1993
Syracuse	Carousel Center	80,000	1994
	Camillus Mall	64,700	1994
	Great Northern Mall	98,400	1994
	Shoppingtown Mall	70,100	1994
Watertown	Salmon Run Mall	50,200	1992

MARKET	LOCATION	APPROXIMATE SQUARE FOOTAGE	YEAR OPENED OR ACQUIRED
MARYLAND			
Cumberland	Country Club Mall	60,900	1981
Frederick	Frederick Towne Mall	97,700	1972
Hagerstown	Valley Mall	126,000	1974
NEW JERSEY			
Brick	Brick Plaza	53,500	1999
Phillipsburg	Phillipsburg Mall	65,000	1994
Red Bank	Central Business District	33,300	1999
WEST VIRGINIA			
Martinsburg	Martinsburg Mall	65,800	1994
CONNECTICUT			
Hamden	Hamden Mart	58,900	1999
MASSACHUSETTS			
Westfield	Westfield Shops	50,600	1998
NEW HAMPSHIRE			
Concord	Steeplegate Mall	87,700	1999
VERMONT			
S. Burlington	University Mall	60,000	1999

We lease 65 of our stores and own eight stores, two of which are subject to ground leases. We lease a total of 178,600 square feet for our executive and administrative offices in York, Pennsylvania, lease our 143,700 square foot distribution center in York, Pennsylvania, and lease our 326,000 square foot distribution center in Allentown, Pennsylvania.

ITEM 3. LEGAL PROCEEDINGS.

We are a party to legal proceedings and claims which arise during the ordinary course of business. We do not expect the ultimate outcome of all such litigation and claims to have a material adverse effect on our financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS

The Common Stock is traded on the Nasdaq Stock Market (symbol: BONT). There is no established public trading market for the Class A Common Stock. The Class A Common Stock is convertible on a share for share basis into Common Stock. The following table sets forth the high and low sales price of the Common Stock as furnished by Nasdaq:

	2000		1999	
	High	Low	High	Low
1st Quarter	$4.000	$2.281	$8.125	$4.500
2nd Quarter	2.875	1.750	6.719	5.438
3rd Quarter	2.438	1.688	5.688	3.625
4th Quarter	3.500	1.688	6.375	3.438

On April 5, 2001, there were approximately 332 shareholders of record of Common Stock and five shareholders of record of Class A Common Stock.

We have not paid cash dividends since our initial public offering in September 1991 and do not anticipate paying any cash dividends in the foreseeable future. The Company intends to retain its earnings, if any, for the operation and expansion of the business. The payment and rate of future dividends, if any, are subject to the discretion of the Board of Directors and will depend upon earnings, financial condition, capital requirements, contractual restrictions under current indebtedness and other factors. Our revolving credit agreement contains restrictions on our ability to pay dividends and make other distributions.

ITEM 6. SELECTED FINANCIAL DATA.

Item 6 is hereby incorporated by reference to the material under "Selected
Consolidated Financial and Operating Data" on page 22 of our Annual Report, attached hereto as Exhibit 13.1.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Item 7 is hereby incorporated by reference to the material under
"Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 23 through 27 of our Annual Report, attached hereto as Exhibit 13.2.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Item 7A is hereby incorporated by reference to the material under
"Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 23 through 27 of our Annual Report, attached hereto as Exhibit 13.2.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Item 8 is hereby incorporated by reference to the Report of Independent
Public Accountants, Consolidated Financial Statements and Notes thereto on pages 28 through 45 of our Annual Report, attached hereto as Exhibit 13.3.

ITEM 9. CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding executive officers is included in Part I under the heading Executive Officers. The remainder of the information called for by this Item will be contained in our Proxy Statement and is hereby incorporated by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this Item will be contained in our Proxy Statement and is hereby incorporated by reference thereto (other than the information called for by Items 402(k) and (l) of Regulation S-K, which is not incorporated herein by reference).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information called for by this Item will be contained in our Proxy Statement and is hereby incorporated by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information called for by this Item will be contained in our Proxy Statement and is hereby incorporated by reference thereto.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements -- See Item 8 above.

2. Consolidated Financial Statement Schedules -- See the Index to Consolidated Financial Statement Schedules on page F-1.

3. The Securities and Exchange Commission allows us to "incorporate by reference" information into this Form 10-K, which means we can disclose important information by referring to another document filed with the Commission. The following are exhibits to this Form 10-K and, if incorporated by reference, we have indicated the document previously filed with the Commission in which the exhibit was included.

	EXHIBIT NO.	DESCRIPTION	DOCUMENT IF INCORPORATED BY REFERENCE
	3.1	Articles of Incorporation	Exhibit 3.1 to the Report on Form 8-B, File No. 0-19517 ("Form 8-B")
	3.2	Bylaws	Exhibit 3.2 to Form 8-B
	10.1	Shareholder's Agreement by and among the Company and the shareholders named therein	Exhibit 10.3 to Amendment No. 2 to the Registration Statement on Form S-1, File No. 33-42142 ("1991 Form S-1")
*	10.2 (a)	Employment Agreement with Heywood Wilansky	Exhibit 99 to the Report on Form 8-K dated March 26, 1998
*	(b)	The Bon-Ton Stores, Inc. Supplemental Executive Retirement Plan for Heywood Wilansky	Exhibit 10.2(b) to the Registration Statement on Form S-1, File No. 333-48811 ("1998 Form S-1")
*	(c)	The Bon-Ton Stores, Inc. Five Year Cash Bonus Plan for Heywood Wilansky	Exhibit 10.2(c) to 1998 Form S-1
*	(d)	The Bon-Ton Stores, Inc. Performance Based Stock Incentive Plan for Heywood Wilansky	Exhibit 4 to the Registration Statement on Form S-8, File No. 333-58591
*	(e)	First Amendment to Employment Agreement with Heywood Wilansky	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended April 29, 2000 ("4/29/00 10-Q")
*	(f)	2000 Performance-Based Compensation Plan for Heywood Wilansky	Exhibit 10.2 to the 4/29/00 10-Q

*	(g)	Separation Agreement and General Release between The Bon-Ton Stores, Inc. and Heywood Wilansky.	Exhibit 10.3 to the Quarterly Report on Form 10-Q for the quarter ended July 29, 2000 ("7/29/00 10-Q")
*	10.3 (a)	Employment Agreement with Michael L. Gleim	Exhibit 10.4 to Form 8-B
*	(b)	First Amendment to Employment Agreement with Michael L. Gleim	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended October 31, 1998
*	(c)	Second Amendment to Employment Agreement with Michael L. Gleim	Exhibit 10.3(c) to the Annual Report on Form 10-K for the fiscal year ended January 29, 2000 ("1999 Form 10-K")
*	10.4	Employment Agreement with Frank Tworecke	Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended October 30, 1999
*	10.5	Form of severance agreement with certain executive officers	Exhibit 10.14 to Form 8-B
*	10.6	Supplemental Retirement Plan for James H. Baireuther	Exhibit 10.6 to the 1999 Form 10-K
*	10.7 (a)	Amended and Restated 1991 Stock Option and Restricted Stock Plan	Exhibit 4.1 to the Registration Statement on Form S-8, File No. 333-36633
*	(b)	Phantom Equity Replacement Stock Option Plan	Exhibit 10.18 to 1991 Form S-1
	10.8	Purchase Agreement among the Company, M. Thomas Grumbacher and MBM Land Associates Limited Partnership, for the land underlying each of the York Galleria store and the York distribution center	
	10.9 (a)	Sublease of Oil City, Pennsylvania store between the Company and M. Thomas Grumbacher	Exhibit 10.16 to 1991 Form S-1
	(b)	First Amendment to Oil City, Pennsylvania sublease	Exhibit 10.22 to Amendment No. 1 to 1991 Form S-1
	(c)	Corporate Guarantee with respect to Oil City, Pennsylvania lease	Exhibit 10.26 to Amendment No. 1 to 1991 Form S-1
*	10.10	The Company's Profit Sharing/Retirement Savings Plan, amended and restated as of July 1, 1994	Exhibit 10.24 to the Annual Report on Form 10-K for the fiscal year ended January 28, 1995
	10.11 (a)	Amended and Restated Receivables Purchase Agreement dated as of January 12, 1995 among The Bon-Ton Receivables Corp., The Bon-Ton Receivables Partnership, L.P., Falcon Asset Securitization Corporation, The First National Bank of Chicago, and the other financial institutions party thereto	Exhibit 10.16(a) to Amendment No. 2 to 1998 Form S-1

	(b)	Amendment dated as of June 30, 1995 to Amended and Restated Receivables Purchase Agreement	Exhibit 10.16(b) to Amendment No. 1 to 1998 Form S-1
	(c)	Amendment dated as of October 29, 1999 to Amended and Restated Receivables Purchase Agreement	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended October 30, 1999
*	10.12	Management Incentive Plan and Addendum to Management Incentive Plan	Exhibit 10.13 to the Annual Report on Form 10-K for the fiscal year ended February 1, 1997 ("1996 Form 10-K")
*	10.13	The Bon-Ton Stores, Inc. Long-Term Incentive Plan For Principals	Exhibit 10.14 to 1996 Form 10-K
*	10.14	The Bon-Ton Stores, Inc. 2000 Stock Incentive Plan	Exhibit 10.2 to the 7/29/00 10-Q
	10.15 (a)	Credit Agreement dated as of April 15, 1997 among the Company, Adam, Meldrum & Anderson Co., Inc., and The Bon-Ton Stores of Lancaster, Inc., the Other Credit Parties Signatory thereto, the Lenders Signatory thereto from time to time, the First National Bank of Boston and General Electric Capital Corporation	Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarter ended May 3, 1997
	(b)	First Amendment to Credit Agreement	Exhibit 10.3(b) to 1998 Form S-1
	(c)	Second Amendment to Credit Agreement	Exhibit 10.3(c) to 1998 Form S-1
	(d)	Third Amendment to Credit Agreement	Exhibit 10.3(d) to 1998 Form S-1
	(e)	Fourth Amendment to Credit Agreement	Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended October 31, 1998
	(f)	Fifth Amendment to Credit Agreement	Exhibit 10.14(f) to the Annual Report on Form 10-K for the fiscal year ended January 30, 1999
	(g)	Sixth Amendment to Credit Agreement	Exhibit 10.5(g) to the 1999 Form 10-K
	(h)	Seventh Amendment to Credit Agreement	Exhibit 10.1 to the 7/29/00 10-Q
13.1		Page 22 of the Annual Report.	
13.2		Pages 23 through 27 of the Annual Report.	
13.3		Pages 28 through 45 of the Annual Report.	
21.		Subsidiaries of The Bon-Ton.	
23.		Consent of Arthur Andersen LLP.	

(b) Reports on Form 8-K filed during the fourth quarter.

None

* Constitutes a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned.

THE BON-TON STORES, INC.

Dated:	*April 16, 2001*	*By:*	*/s/ Tim Grumbacher*
			Tim Grumbacher *Chairman of the Board* *Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Tim Grumbacher Tim Grumbacher	Chairman of the Board and Chief Executive Officer	April 16, 2001
/s/ Samuel J. Gerson Samuel J. Gerson	Director	April 16, 2001
/s/ Michael L. Gleim Michael L. Gleim	Vice Chairman, Chief Operating Officer and Director	April 16, 2001
/s/ Lawrence J. Ring Lawrence J. Ring	Director	April 16, 2001
/s/ Robert C. Siegel Robert C. Siegel	Director	April 16, 2001
/s/ Leon D. Starr Leon D. Starr	Director	April 16, 2001
/s/ Frank Tworecke Frank Tworecke	Vice Chairman, Chief Merchandising Officer and Director	April 16, 2001
/s/ Leon F. Winbigler Leon F. Winbigler	Director	April 16, 2001
/s/ Thomas W. Wolf Thomas W. Wolf	Director	April 16, 2001
/s/ James H. Baireuther James H. Baireuther	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	April 16, 2001

INDEX TO CONSOLIDATED FINANCIAL STATEMENT SCHEDULE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To The Bon-Ton Stores, Inc.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of The Bon-Ton Stores, Inc. included in this annual report on form 10-K and have issued our report thereon dated March 7, 2001. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the accompanying index is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Philadelphia, PA
March 7, 2000

SCHEDULE II: VALUATION AND QUALIFYING ACCOUNTS

THE BON-TON STORES, INC. AND SUBSIDIARIES

COLUMN A	COLUMN B	COLUMN C	COLUMN D	COLUMN E	COLUMN F
CLASSIFICATION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS & EXPENSES	OTHER INCREASE	DEDUCTIONS	BALANCE AT END OF PERIOD
Year ended January 30, 1999:					
Allowance for doubtful accounts.................	$1,977,000	$ 8,851,000 (1)	$ --	$(7,136,000)(2)	$3,692,000
Reserve for store closing..	$5,471,000	$ --	$ --	$(2,663,000)(3)	$2,808,000
Year ended January 29, 2000:					
Allowance for doubtful accounts.................	$3,692,000	$ 7,038,000 (1)	$ --	$(7,563,000)(2)	$3,167,000
Reserve for store closing..	$2,808,000	$(2,492,000)(4)	$ --	$ (86,000)(3)	$ 230,000
Year ended February 3, 2001:					
Allowance for doubtful accounts.................	$3,167,000	$ 7,197,000 (1)	$ --	$(6,919,000)(2)	$3,445,000
Reserve for store closing..	$ 230,000	$ --	$ --	$ (140,000)(3)	$ 90,000

NOTES:

(1) Provision for loss on credit sales.
(2) Uncollectible accounts, written off, net of recoveries.
(3) Store closing expenses, net of monies received from asset liquidation.
(4) Restructuring income, relating to the lease termination as discussed in Note 16 of the financial statements.

EXHIBIT INDEX

Exhibit	Description
10.8	Purchase Agreement among the Company, M. Thomas Grumbacher and MBM Land Associates Limited Partnership.
13.1	Page 22 of the Company's Annual Report.
13.2	Pages 23 through 27 of the Company's Annual Report.
13.3	Pages 28 through 45 of the Company's Annual Report.
21.	Subsidiaries of the Registrant
23.	Consent of Arthur Andersen LLP

EXHIBIT 10.8

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement"), made as of this 26th day of December, 2000, between M. THOMAS GRUMBACHER ("Grumbacher"), with an address at 2801 E. Market Street, York, Pennsylvania 17402, and MBM LAND ASSOCIATES LIMITED PARTNERSHIP ("MBM"), a Pennsylvania limited partnership, with an address at c/o Wolf, Block, Schorr & Solis-Cohen, 1650 Arch Street, Philadelphia, Pennsylvania 19103 (Grumbacher and MBM being jointly referred to herein as "Seller") and THE BON-TON DEPARTMENT STORES, INC., a Pennsylvania corporation ("Buyer"), with an address at 2801 E. Market Street, York, Pennsylvania 17402.

BACKGROUND

A. The York Galleria Premises

1. MBM owns the parcel of land more particularly described in Exhibit A hereto, together with all easements, rights and privileges appurtenant thereto (the "York Galleria Premises").

2. The York Galleria Premises are subject to the terms and conditions of that certain Operating Agreement dated October 19, 1989, as amended, presently among MBM, Buyer and York Galleria Limited Partnership (the "Operating Agreement").

3. MBM, as landlord, and Buyer, as tenant, are parties to that certain Agreement of Lease dated October 19, 1989, as amended, with respect to the York Galleria Premises (the "York Galleria Premises Lease").

B. The York Distribution Center Premises

1. MBM owns the parcel of land more particularly described in Exhibit B hereto, together with all easements, rights and privileges appurtenant thereto ("Lot 1").

2. MBM, as landlord, and Buyer, as tenant, are parties to that certain Agreement of Lease dated March 9, 1989, as amended, with respect to Lot

1 (the "Lot 1 Lease").

3. Grumbacher owns the parcel of land more particularly described in Exhibit C hereto, together with all easements, rights and privileges appurtenant thereto ("Lot 2").

4. Grumbacher, as landlord, and Buyer, as tenant, are parties to that certain lease dated July 1, 1987, as amended, with respect to Lot 2 (the "Lot 2 Lease").

5. MBM owns a 5.54% interest in, and Grumbacher owns the remaining 94.46% interest in, the parcel of land more particularly described in Exhibit D hereto, together with all easements, rights and privileges appurtenant thereto ("Lot 3").

6. MBM and Grumbacher, as landlord, and Buyer, as tenant, are parties to that certain lease dated January 1, 1991, as amended, with respect to Lot 3 (the "Lot 3 Lease").

7. Lot 1, Lot 2 and Lot 3 are sometimes hereinafter referred to, in the aggregate, as the "York Distribution Center Premises".

C. Improvements. Seller acknowledges that all improvements upon the Property (as hereinafter defined) are owned by Buyer.

D. Sale of Property. Seller is prepared to sell, transfer and convey the York Galleria Premises and the York Distribution Center Premises to Buyer, and Buyer is prepared to purchase and accept the same from Seller, all for the purchase price and on the other terms and conditions hereinafter set forth.

TERMS AND CONDITIONS

In consideration of the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree:

1. Sale and Purchase. Seller hereby agrees to sell, transfer and convey each of the York Galleria Premises and the York Distribution Center Premises (together, referred to as the "Property") to Buyer, and Buyer hereby agrees to purchase and accept the Property from Seller, in each case for the Purchase Price and on and subject to the other terms and conditions set forth in this Agreement.

2. Purchase Price. The aggregate purchase price for the Property (the "Purchase Price") shall be Two Million Five Hundred Thousand Dollars ($2,500,000.00), which, subject to the terms and conditions hereinafter set forth, shall be paid to Seller by Buyer at Closing by wire transfer of immediately available federal funds, in all cases payable to or transferred to the order or account of Seller or such other person as Seller may designate in writing. The Purchase Price is allocated as follows:

York Galleria Premises	$ 572,504.83
Lot 1	$ 342,957.73
Lot 2	$ 748,453.82
Lot 3	$ 836,083.61
	$ 2,500,000

3. Representations and Warranties of Seller. Grumbacher and/or MBM represent and warrant to Buyer as follows:

3.1 Authority. MBM has taken all partnership action necessary to approve and effect the transactions contemplated hereby and authorize execution of this Agreement by the individual who is executing it; and no consents of any third party to such partnership actions are required. MBM is a duly formed and validly existing limited partnership of the State of Pennsylvania, in good standing.

3.2 No Rights in Others. Seller has not granted any tenancy or other interest or right of occupancy in or with respect to all or any portion of the Property, except as provided in this Agreement.

3.3 Contracts. There are no construction, management, leasing, service, equipment, supply, maintenance or concession agreements (oral or written, formal or informal) entered by Seller with respect to or affecting all or any portion of the Property.

3.4 Litigation. To the actual current knowledge of Seller, and except as may be known by Buyer, there is no action, suit or proceeding pending against or affecting all or any portion of the Property or relating to or arising out of the ownership of all or any portion of the Property, or this Agreement or the transactions contemplated hereby, in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality, whether or not covered by insurance, including but not limited to proceedings for or involving condemnation, eminent domain, alleged building code or zoning violations, personal injuries or property damage. There is no insolvency or bankruptcy proceeding pending or, to the knowledge of Seller, contemplated involving Seller as debtor.

3.5 "FIRPTA". Seller is not a "foreign person" as defined in
Section 1445(f)(3) of the Internal Revenue Code.

4. Representations and Warranties of Buyer. Buyer represents and warrants to Seller as follows:

4.1 Authority. Buyer has taken all corporate and other action necessary to approve and effect the transactions contemplated hereby and authorize execution of this Agreement by the individuals who are executing it. Buyer is a duly formed and validly existing corporation of the State of Pennsylvania, in good standing.

4.2 Brokers. Buyer has dealt with no real estate broker in connection with the sale and purchase transactions reflected in this Agreement.

5. Conditions Precedent to Buyer's Obligations. All of Buyer's obligations hereunder (including, without limitation, its obligation to purchase and accept the Property from Seller) are expressly conditioned on the satisfaction at or before the time of Closing hereunder or at or before such earlier time as may be expressly stated below, of each of the following

conditions (any one or more of which may be waived in writing in whole or in part by Buyer, at Buyer's option);

5.1 Accuracy of Representations. All of the covenants, representations and warranties of Seller contained in this Agreement shall have been true and correct when made, and shall be true and correct on the date of Closing with the same effect as if made on and as of such date.

5.2 Performance. Seller shall have performed, observed and complied with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of Closing hereunder.

5.3 Documents and Deliveries. All instruments and documents required on Seller's part to be delivered pursuant to the provisions of this Agreement, all as set forth in Section 8.2 hereof, shall be delivered to Buyer and shall be in form and substance consistent with the requirements herein and otherwise reasonably satisfactory to Buyer and Seller and their respective counsel.

5.4 Title. Title to the Property shall be good and marketable and insurable as such by any reputable title insurance company (the "Title Insurer"), including, to the extent applicable, insurance of easements appurtenant, and, with respect to Lot 1, Lot 2 and Lot 3, as single contiguous parcels, at standard basic rates for ordinary risks, free and clear of all mortgages, liens, claims, judgments, encumbrances, ground rents, leases, tenancies, rights of occupancy, licenses, security interests, covenants, conditions, restrictions, rights of way, easements, encroachments and any other matters affecting title, except only the items set forth on Exhibit "E" attached hereto (the "Permitted Exceptions"). Buyer shall pay all costs and premiums to purchase any title insurance policy and all endorsements.

6. Conditions Precedent to Seller's Obligations. All of Seller's obligations hereunder (including, without limitation, its obligation to sell and convey the Property to Buyer) are expressly conditioned on the satisfaction at or before the time of Closing hereunder or at or before such earlier time expressly stated below, of each of the following conditions (any one or more of which may be waived in writing in whole or in part by Seller, at Seller's option):

6.1 Accuracy of Representations. All of the representations and warranties of Buyer contained in this Agreement shall have been true and correct when made, and shall be true and correct on the date of Closing with the same effect as if made on and as of such date.

6.2 Performance. Buyer shall have performed, observed and complied with all covenants, agreements and conditions required by this Agreement to be performed, observed and complied with on its part prior to or as of Closing hereunder.

6.3 Documents and Deliveries. All instruments and documents required on Buyer's part to be delivered pursuant to this Agreement, all as set forth in Section 8.3 hereof, shall be delivered to Seller and shall be in form and substance consistent with the requirements herein and otherwise reasonably satisfactory to Seller and Buyer and their respective counsel.

7. Failure of Conditions. In the event Seller shall not be able to convey title to the Property on the date of Closing in accordance with the provisions of this Agreement or if all of the conditions precedent set forth in Section 5 hereof have not been satisfied in full at or prior to Closing, then Buyer shall have the option, as Buyer's sole and exclusive rights and remedies, exercisable by written notice to Seller at or prior to the Closing, of (1) accepting at Closing such title as Seller is able to convey and/or waiving any unsatisfied condition precedent, with no deduction from or adjustment of the Purchase Price except for adjustment equal to the amount of any monetary lien or monetary judgment of a fixed and liquidated amount together with interest thereon, (provided that Buyer satisfies such lien or judgment) if any, or (2) declining to proceed to Closing; and in the latter event all obligations, liabilities and rights of the parties under this Agreement shall terminate.

8. Closing; Deliveries.

8.1 The Closing under this Agreement (the "Closing") with respect to the York Gallery Premises and Lot 1 and Lot 2 shall be held at 10:00 a.m. on December 27, 2000 at the offices of Reed Smith LLP, 375 Park Avenue, New York, New York 10152, unless another time, date or place is agreed to in writing by both Seller and Buyer. Closing under this Agreement with respect to Lot 3 shall be held at 10:00 a.m. on January 5, 2001 at the offices of Buyer, 2801 East Market Street, York, Pennsylvania, unless another time, date or place is agreed to in writing by both Seller and Buyer.

8.2 At Closing, Grumbacher and/or MBM shall deliver to Buyer the following (all in form and substance reasonably satisfactory to Buyer and Seller and Buyer's and Seller's counsel):

8.2.1 A special warranty deed, duly executed and acknowledged by MBM and/or Grumbacher, and in proper form for recording, conveying fee simple title to Buyer, as hereinafter noted:

Parcel	Grantor
York Galleria Premises	MBM
Lot 1	MBM
Lot 2	Grumbacher
Lot 3	MBM and Grumbacher

8.2.2 Such customary Seller affidavits as the Title Insurer shall reasonably require in order to issue, without extra charge, policies of title insurance.

8.2.3 The Foreign Investors Real Property Tax Act Certification and Affidavit in the form attached hereto as Exhibit F.

8.2.4 All other instruments and documents elsewhere specified in this Agreement.

8.3 At Closing, Buyer shall deliver to Seller the following (all in form and substance reasonably satisfactory to Buyer and Seller and Buyer's and Seller's counsel):

8.3.1 A wire transfer in the amount and manner required under Section 2 hereof.

8.3.2 Any other instruments and documents elsewhere specified in this Agreement.

9. Liabilities; Lease Terminations.

9.1 Liabilities and obligations of the Property accruing after the date of Closing and not arising by the action or inaction of Seller or due to the inaccuracy of Seller's warranties and representations made in this Agreement shall be the responsibility of Buyer or the Property, as the case may be.

9.2 Effective upon Closing, the term of each of The York Galleria Premises Lease, the Lot 1 Lease, the Lot 2 Lease and the Lot 3 Lease shall end with the same full force and effect as if the date of Closing were set forth therein as the last day of the term thereof, and there shall be a pro-ration of all rentals paid thereunder to the effect that rentals shall be due from Buyer for the period ending on the day preceding the Closing Date. Any rentals paid by Buyer applicable to a period subsequent to the day preceding the Closing Date shall be refunded to Buyer and any such refund may be deducted by Buyer from the Purchase Price.

10. Expenses. Each party will pay all its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation, (i) all costs and expenses stated herein to be borne by a party, and (ii) all of their respective accounting, legal and appraisal fees. Buyer, in addition to its other expenses, shall pay for (a) all recording charges incident to the recording of the deeds for the Property, and
(b) all title insurance premiums. All realty transfer taxes, if any, shall be paid one-half by Buyer and one-half by Seller.

11. Tender. Formal tender of an executed deed and purchase money is hereby waived; but nothing herein shall be deemed a waiver of the obligation of Seller to execute, acknowledge and deliver the deeds or other instruments referred to in Section 8 or the concurrent obligation of Buyer to pay the Purchase Price at Closing as provided in Section 2.

12. Notices. All notices and other communications hereunder shall be in writing (whether or not a writing is expressly required hereby), and shall be deemed to have been given (i) if hand delivered or sent by an express mail service or by courier, then if and when delivered

to and received by the respective parties at the below addressees (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby), or (ii) if mailed, then on the next business day following the date on which such communication is deposited in the United States mails, by first class certified mail, return receipt requested, postage prepaid, and addressed to the respective parties at the below addresses (or at such other address as a party may hereafter designate for itself by notice to the other party as required hereby):

If to Grumbacher:

M. Thomas Grumbacher

c/o Wolf Block Schorr & Solis-Cohen 1650 Arch Street
Philadelphia, PA 19103 Attention: Henry F. Miller, Esq.

If to MBM:

MBM Land Associates Limited Partnership c/o Wolf Block Schorr & Solis-Cohen 1650 Arch Street
Philadelphia, PA 19103 Attention: Henry F. Miller, Esq.

If to Buyer:

The Bon-Ton Department Stores, Inc.

2801 E. Market Street
P. O. Box 2821
York, PA 17405
Attention: Senior Vice President Real Estate, Legal and Governmental Affairs

13. Miscellaneous.

13.1 Governing Law; Parties in Interest. This Agreement shall be governed by the law of the Commonwealth of Pennsylvania, and shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, assigns and personal representatives.

13.2 Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act or event from which the designated period of time begins to run will not be included. The last day of the period so computed will be included, unless it is a Saturday, Sunday or legal holiday in Pennsylvania, in which event the period runs until the end of the next day which is not a Saturday, Sunday or such legal holiday.

13.3 Time of the Essence. All times, wherever specified herein, for the performance by Seller or Buyer of their respective obligations hereunder, are of the essence of this Agreement.

13.4 Headings. The headings preceding the text of the paragraphs and subparagraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

13.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13.6 Exhibits. All Exhibits which are referred to herein and which are attached hereto are expressly made and constitute a part of this Agreement.

13.7 Entire Agreement; Amendments. This Agreement and the Exhibits hereto set forth all of the promises, covenants, agreements, conditions and undertaking between the parties hereto with respect to the subject matter hereof, and supersede all prior and contemporaneous agreements and understandings, inducements or conditions, express or implied, oral or written, except as contained herein. This Agreement may not be changed orally but only by an agreement in writing, duly executed by or on behalf of the party or parties against whom enforcement of any waiver, change, modification, consent or discharge is sought. The parties hereto shall not record this Agreement.

13.8 As is. The Property is being purchased by Buyer in its "as is" and "where is" condition and Buyer has not relied upon any agreement, understanding, representation or warranty with respect to the Property by or on behalf of Seller, and Seller has not made any agreement, representation or warranty with respect to the Property except as expressly set forth in this Agreement.

13.9 Survival. The representations and warranties of Seller and Buyer set forth in this Agreement shall survive closing only for a period of one-year; and thereafter, only to the extent that written notice of a breach thereof shall have been given by one party to the other. Except as set forth in the preceding sentence, the covenants, agreements, and obligations of the parties set forth in this Agreement shall not survive Closing.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

/s/ M. Thomas Grumbacher
M. Thomas Grumbacher

MBM Land Associates Limited Partnership

By: TG/MBM Land Corp.,
Its general partner

By: /s/ M. Thomas Grumbacher
M. Thomas Grumbacher, President

THE BON-TON DEPARTMENT STORES, INC.

By: /s/ H. Stephen Evans
H. Stephen Evans, Senior Vice President

Exhibit 13.1

Selected Consolidated Financial and Operating Data

(In thousands except share, per share and store data)

Fiscal Year Ended	2000 Feb. 3, 2001	%	1999 Jan. 29, 2000	%	1998 Jan. 30, 1999	%	1997 Jan. 31, 1998	%
STATEMENT OF OPERATIONS DATA:		%		%		%		%
Net sales(1)	$ 749,816	100.0	$ 710,963	100.0	$ 674,871	100.0	$ 656,399	100.0
Other income, net	2,715	0.4	2,651	0.4	2,350	0.3	2,349	0.4
Gross profit	275,790	36.8	261,367	36.8	248,141	36.8	242,553	37.0
Selling, general and administrative expenses	231,859	30.9	224,150	31.5	209,407	31.0	202,850	30.9
Depreciation and amortization	17,085	2.3	14,846	2.1	13,281	2.0	12,882	2.0
Unusual expense (income)(2)	6,485	0.9	2,683	0.4	--	--	--	--
Restructuring income(3)	--	--	(2,492)	(0.4)	--	--	--	--
Income from operations	23,076	3.1	24,831	3.5	27,803	4.1	29,170	4.4
Interest expense, net	10,906	1.5	8,552	1.2	9,396	1.4	13,202	2.0
Income before taxes	12,170	1.6	16,279	2.3	18,407	2.7	15,968	2.4
Income tax provision	4,622	0.6	6,186	0.9	7,196	1.1	6,270	1.0
Income before extraordinary item	7,548	1.0	10,093	1.4	11,211	1.7	9,698	1.5
Extraordinary item, net of tax(4)	--	--	(378)	(0.1)	--	--	(446)	(0.1)
Net income	$ 7,548	1.0	$ 9,715	1.4	$ 11,211	1.7	$ 9,252	1.4
PER SHARE AMOUNTS								
BASIC:								
Net income before extraordinary item	$ 0.50		$ 0.68		$ 0.81		$ 0.87	
Effect of extraordinary item	--		(0.02)		--		(0.04)	
Net income	$ 0.50		$ 0.66		$ 0.81		$ 0.83	
Basic shares outstanding	14,953,000		14,750,000		13,866,000		11,122,000	
DILUTED:								
Net income before extraordinary item	$ 0.50		$ 0.68		$ 0.81		$ 0.85	
Effect of extraordinary item	--		(0.02)		--		(0.04)	
Net income	$ 0.50		$ 0.66		$ 0.81		$ 0.81	
Diluted shares outstanding	14,953,000		14,753,000		13,917,000		11,377,000	
BALANCE SHEET DATA (AT END OF PERIOD):								
Working capital	$ 142,311		$ 141,788		$ 128,977		$ 123,078	
Total assets	405,038		417,492		378,119		352,686	
Long-term debt, including capital leases	98,758		107,678		76,255		123,384	
Shareholders' equity	198,862		190,691		180,211		124,394	
SELECTED OPERATING DATA:								
Total sales growth(5)	5.5%		5.3%		2.8%		4.8%	
Comparable stores growth(5)(6)(7)	0.7%		0.0%		1.4%		6.5%	
Comparable stores data(6)(7):								
Sales per selling square foot	$ 143		$ 141		$ 143		$ 143	
Selling square footage	4,792,000		4,705,000		4,620,000		4,511,000	
Capital expenditures	$ 29,577		$ 46,451		$ 19,418		$ 10,978	
Number of stores:								
Beginning of year	72		65		64		64	
Additions	1		7		2		--	
Closings	--		--		(1)		--	
End of year	73		72		65		64	

Fiscal Year Ended	1996 Feb. 1, 1997	%
STATEMENT OF OPERATIONS DATA:		%
Net sales(1)	$ 626,482	100.0
Other income, net	2,430	0.4
Gross profit	230,919	36.9
Selling, general and administrative expenses	197,315	31.5
Depreciation and amortization	12,758	2.1
Unusual expense (income)(2)	(3,171)	(0.5)
Restructuring income(3)	--	--
Income from operations	26,447	4.2
Interest expense, net	14,687	2.3
Income before taxes	11,760	1.9
Income tax provision	4,949	0.8
Income before extraordinary item	6,811	1.1
Extraordinary item, net of tax(4)	--	--
Net income	$ 6,811	1.1
PER SHARE AMOUNTS		
BASIC:		
Net income before extraordinary item	$ 0.62	
Effect of extraordinary item	--	
Net income	$ 0.62	
Basic shares outstanding	11,064,000	

DILUTED:	
Net income before extraordinary item	$ 0.61
Effect of extraordinary item	--
Net income	$ 0.61
Diluted shares outstanding	11,106,000

BALANCE SHEET DATA (AT END OF PERIOD):	
Working capital	$ 102,853
Total assets	341,252
Long-term debt, including capital leases	128,098
Shareholders' equity	111,485

SELECTED OPERATING DATA:	
Total sales growth(5)	4.1%
Comparable stores growth(5)(6)(7)	4.2%
Comparable stores data(6)(7):	
Sales per selling square foot	$ 138
Selling square footage	4,153,000
Capital expenditures	$ 9,730
Number of stores:	
Beginning of year	68
Additions	1
Closings	(5)
End of year	64

(1) Fiscal 2000 reflects the 53 weeks ended February 3, 2001.
(2) Reflects the expense recognized for workforce reductions, the early retirement of Heywood Wilansky and the realignment and the elimination of certain senior management positions in fiscal 2000 and the asset write-down and the gain recognized on the pension termination in fiscal years 1999 and 1996, respectively.
(3) Income recognized in fiscal 1999 as a result of a lease termination for a closed store.
(4) Expense resulting from the early extinguishment of the Company's revolving credit facility in fiscal 1999 and term loan and revolving credit facility in fiscal 1997.
(5) Fiscal 1996 sales compared to the 52 weeks ended January 27, 1996.
(6) Fiscal year 2000 reflects the 52 weeks ended January 27, 2001.
(7) Comparable stores data (sales and selling square footage) reflects stores open for the entire current year and prior fiscal year.

Management's Discussion and Analysis

of Financial Condition and Results of Operations

2000 Operations Overview

SALES PERFORMANCE

In fiscal 2000, The Bon-Ton Stores, Inc. (the "Company") achieved a 5.5% increase in sales compared to fiscal 1999. The sales growth primarily reflects the timing impact of new stores opened during fiscal 1999 and 2000 and an additional week of sales in fiscal 2000 compared to a fifty-two week period in fiscal 1999. Comparable store sales for the fifty-two week period ended January 27, 2001 increased 0.7% over fiscal 1999. Sales productivity in the New York market improved in fiscal 2000 at a rate greater than the Company average, reflecting the initiatives implemented in fiscal 1999 and 2000. Although productivity improved in fiscal 2000, not all stores performed at or above the Company average. The Company will continue to monitor the performance of its stores and initiate operational improvements as necessary.

NON-COMPARABLE ITEMS REVIEW

Net income in fiscal 2000 totaled $7.5 million, or $0.50 per share on a diluted basis, a decrease of $2.2 million from $9.7 million, or $0.66 per share on a diluted basis, in fiscal 1999. The results for fiscal 2000 and 1999 were impacted by several non-comparable items. The primary non-comparable items impacting net income for fiscal 2000 and 1999 are set forth in the following table:

	Fiscal 2000		Fiscal 1999	
(In thousands except per share data)	After-tax Net Income	Diluted Earnings Per Share	After-tax Net Income	Diluted Earnings Per Share
Net income excluding non-comparable items	$12,337	$0.83	$12,583	$0.85
CEO retirement & headcount reduction	(4,021)		--	
Pre-opening expenses	(768)		(2,372)	
Asset write-down charge	--		(1,663)	
Restructuring income	--		1,545	
Extraordinary loss on debt	--		(378)	
Net income as reported	$ 7,548	$0.50	$9,715	$0.66

The Company recognized charges in the second quarter of 2000 related to the costs associated with the Company's workforce reduction. During the same period, the Company announced the early retirement of Heywood Wilansky as President and Chief Executive Officer and the realignment and elimination of certain senior management positions (see Note 14).

During fiscal 2000, one new store was opened and one store relocated, compared to fiscal 1999 when seven new stores were opened. Accordingly, pre-opening expenses were much lower in the current year.

The Company recorded a charge in the fourth quarter of 1999 to write down the value of assets associated with a cooperative buying group from which the Company purchased inventory. The cooperative buying group ceased its operations during fiscal 2000 (see Note 14).

In fiscal 1999, the Company negotiated the termination of a lease for a closed store located in Johnstown, Pennsylvania. The Company closed the store in 1995, but was obligated under the terms of its lease through fiscal 2005. The termination of this lease resulted in the Company reversing the remaining restructuring reserve established in fiscal 1995 and reporting restructuring income in fiscal 1999 (see Note 16).

The Company renegotiated the term of its revolving credit agreement in fiscal 1999. The agreement was amended to extend the term to April 15, 2004 and provides a more favorable interest rate pricing structure, with substantially all other terms and conditions remaining unchanged. This transaction created a one-time extraordinary charge in fiscal 1999.

Results of Operations

The following table summarizes the changes in selected operating indicators of the Company, illustrating the relationship of various income and expense items to net sales for each fiscal year presented:

	Percent of Net Sales		
	Fiscal Year		
	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Other income, net	0.4	0.4	0.3
	100.4	100.4	100.3
Costs and expenses:			
Costs of merchandise sold	63.2	63.2	63.2
Selling, general and administrative	30.9	31.5	31.0
Depreciation and amortization	2.3	2.1	2.0
Unusual expense	0.9	0.4	--
Restructuring income	--	(0.4)	--
Income from operations	3.1	3.5	4.1
Interest expense, net	1.5	1.2	1.4
Income before income taxes	1.6	2.3	2.7
Income tax provision	0.6	0.9	1.1
Income before extraordinary item	1.0	1.4	1.7
Extraordinary loss, net of tax	--	0.1	--
Net income	1.0%	1.4%	1.7%

Fiscal 2000 Compared to Fiscal 1999

NET SALES: Net sales were $749.8 million for the fifty-three weeks ended February 3, 2001, an increase of $38.9 million, or 5.5%, over the fifty-two week period ended January 29, 2000. The increase was primarily attributable to the one store opened in fiscal 2000 and seven stores opened for a portion of fiscal 1999 and an additional week of sales in fiscal 2000. Comparable store sales for the fifty-two week period ended January 27, 2001 increased 0.7% over the fifty-two week period in fiscal 1999. Solid sales performances were achieved in coats, ladies sportswear complex, cosmetics, accessories, shoes, home and intimate.

OTHER INCOME, NET: Net other income, which is comprised mainly of income from leased departments, remained constant at 0.4% of net sales for fiscal 2000 and fiscal 1999.

COSTS AND EXPENSES: Gross margin dollars for fiscal 2000 increased $14.4 million, or 5.5% over fiscal 1999 as a result of the sales volume increase. Gross profit as a percentage of net sales was 36.8% in fiscal 2000 and fiscal 1999.

Selling, general and administrative expenses for fiscal 2000 were $231.9 million, or 30.9% of net sales, compared to $224.2 million, or 31.5% of net sales, in the prior year. The increase in dollars in fiscal 2000 is primarily attributable to the cost of operating eight new stores, including additional payroll costs; rent expense; utilities; advertising and insurance costs. The rate decrease in fiscal 2000 was primarily attributable to increased sales volume and cost reductions in the second half of the year from changes implemented in the second quarter of fiscal 2000 (see Note 14).

Depreciation and amortization increased to 2.3% of net sales in fiscal 2000 from 2.1% in fiscal 1999 as a result of capital expenditures in the amount of $29.6 million and $46.5 million in fiscal 2000 and 1999, respectively.

Unusual expense in fiscal 2000 of $6.5 million, or 0.9% of net sales, was incurred relating to the early retirement of Mr. Heywood Wilansky as President and Chief Executive Officer, the realignment and elimination of certain senior management positions and a workforce reduction (see Note 14).

INCOME FROM OPERATIONS: Income from operations in fiscal 2000 amounted to $23.1 million, or 3.1% of net sales, compared to $24.8 million, or 3.5% of net sales, in fiscal 1999.

INTEREST EXPENSE, NET: Net interest expense in fiscal 2000 increased $2.4 million to $10.9 million, or 1.5% of net sales, from $8.6 million, or 1.2% of net sales, in the prior fiscal year. The increase in interest expense was primarily attributable to an increase in average borrowing levels and an increase in rates.

EXTRAORDINARY ITEM: The Company recorded an expense of $378,000, net of tax, related to the early extinguishment of the Company's revolving credit facility in fiscal 1999.

NET INCOME: Net income in fiscal 2000 amounted to $7.5 million, or 1.0% of net sales, compared to $9.7 million, or 1.4% of net sales, in fiscal 1999.

The effective tax rate remained constant at 38.0% in fiscal 2000 and fiscal 1999.

FISCAL 1999 COMPARED TO FISCAL 1998

NET SALES: Net sales were $711.0 million for the fifty-two weeks ended January 29, 2000, an increase of $36.1 million, or 5.3%, over the fifty-two week period ended January 30, 1999. The increase was attributable to the seven new stores opened in fiscal 1999 and two stores opened in fiscal 1998. Comparable store sales for the same period remained even with last year. Solid sales performances were achieved in home, cosmetics, shoes and accessories.

OTHER INCOME, NET: Net other income, which is comprised mainly of income from leased departments, increased to 0.4% of net sales for fiscal 1999 compared to 0.3% in fiscal 1998, as a result of the addition of certain leased departments in four of the Company's new stores.

COSTS AND EXPENSES: Gross margin dollars for fiscal 1999 increased $13.2 million, or 5.3%, over fiscal 1998 as a result of the sales volume increase. Gross profit as a percentage of net sales was 36.8% in fiscal 1999 and fiscal 1998.

Selling, general and administrative expenses for fiscal 1999 were $224.2 million, or 31.5% of net sales, compared to $209.4 million, or 31.0% of net sales, in the prior year. The percentage increase in fiscal 1999 was primarily attributable to $3.8 million in expenses associated with the opening of seven new stores in fiscal 1999 versus $1.3 million for two stores in fiscal 1998, increased advertising costs and the gain recognized in fiscal 1998 on the sale of the Downtown Lancaster property (see Note 5). The increase was partially offset by an improvement in the credit operations and increased sales volume in fiscal 1999.

Depreciation and amortization increased to 2.1% of net sales in fiscal 1999 from 2.0% in fiscal 1998 as a result of $46.5 million of capital expenditures in fiscal 1999.

Unusual expense in fiscal 1999 of $2.7 million, or 0.4% of net sales, was incurred as a result of the write-down of certain assets related to a cooperative buying group in which the Company had an investment (see Note 14).

Restructuring income of $2.5 million, or 0.4% of net sales, was recognized as a result of the Company reaching an agreement in the fourth quarter of fiscal 1999 on the termination of a lease relating to a property in Johnstown, Pennsylvania. The Company established an accrual in fiscal 1995 relating to the costs associated with maintaining this property as part of its restructuring (see Note 16). The termination of this lease concludes the Company's actions under the 1995 restructuring plan.

INCOME FROM OPERATIONS: Income from operations in fiscal 1999 amounted to $24.8 million, or 3.5% of net sales, compared to $27.8 million, or 4.1% of net sales, in fiscal 1998.

INTEREST EXPENSE, NET: Net interest expense in fiscal 1999 decreased $0.8 million to $8.6 million, or 1.2% of net sales, from $9.4 million, or 1.4% of net sales, in the prior fiscal year. The decrease in interest expense was primarily attributable to lower borrowing rates under the amended credit facility, partially offset by increased average borrowing levels.

EXTRAORDINARY ITEM: The Company recorded an expense of $378,000, net of tax, related to the early extinguishment of the Company's revolving credit facility in fiscal 1999 (see Note 2).

NET INCOME: Net income in fiscal 1999 amounted to $9.7 million, or 1.4% of net sales, compared to $11.2 million, or 1.7% of net sales, in fiscal 1998.

The decrease in the effective tax rate to 38.0% in fiscal 1999 from 39.1% in fiscal 1998 primarily reflects closure of the Internal Revenue Service audit in fiscal 1998, partially offset by an increase in the effective state tax rate due to the Company's entry into three states during fiscal 1999.

FUTURE ACCOUNTING CHANGES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities" ("SFAS No. 133"). This statement requires every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires changes in the derivative's fair value be recognized currently in earnings unless specific hedge criteria are met. SFAS No. 133 also requires the Company to formally document, designate and assess the effectiveness of transactions that receive hedge accounting. By requiring greater use of fair value accounting, SFAS No. 133 has the potential to increase the volatility of earnings and other comprehensive income. The Company adopted SFAS No. 133 in fiscal 2001 and its effect was not material to the operating results of the Company as primarily cash flow hedges are utilized by the Company and their change is reported through comprehensive income.

In September 2000, the FASB issued Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140"). The guidance in SFAS No. 140 supersedes SFAS No. 125. Under SFAS No. 125, the Company's securitization transactions are accounted for as sales of receivables. SFAS No. 140 requires additional disclosures relating to securitized financial assets, retained interests in securitized financial assets and collateral for fiscal years ending after December 15, 2000. These disclosures are included in Note 4. In addition, SFAS No. 140 establishes new requirements for an entity to be a qualified special purpose entity and modifies under what conditions a transferor has retained effective control over transferred assets. The updated rules to determine the accounting for transfers of financial assets are effective for transfers occurring after March 31, 2001. Early adoption of the new rules is not permitted. We anticipate the adoption of the accounting provisions of SFAS No. 140 will not have a material impact on the operating results of the Company.

MARKET RISK AND FINANCIAL INSTRUMENTS

The Company is exposed to market risk associated with changes in interest rates. To provide some protection against potential rate increases associated with its variable rate facilities, the Company has entered into various derivative financial transactions in the form of interest rate swaps. The interest rate swaps are used to hedge underlying variable rate facilities. The swaps are qualifying hedges and the interest rate differential is reflected as an adjustment to interest expense over the life of the swaps. The Company currently holds "variable to fixed" rate swaps with a notional amount of $80.0 million with several different financial institutions for various terms. The notional amount does not represent amounts exchanged by the parties, but it is used as the basis to calculate the amounts due and to be received under the rate swaps. The Company believes the derivative financial instruments entered into provide protection from volatile upward swings in the interest rates associated with the Company's variable rate facilities. During fiscal 2000, the Company did not enter into or hold derivative financial instruments for trading purposes.

The following tabular disclosure provides information about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in interest rates, including debt obligations and interest rate swaps. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates as of February 3, 2001. For interest rate swaps, the table presents notional amounts and weighted average pay and receive interest rates by expected maturity date.

	Expected Maturity Date							
(Dollars in thousands)	2001	2002	2003	2004	2005	Thereafter	Total	Fair Value
Liabilities:								
Long-term debt								
Fixed rate debt	$ 584	$ 646	$ 715	$ 792	$ 876	$17,826	$21,439	$23,638
Average fixed rate	9.62%	9.62%	9.62%	9.62%	9.62%	9.36%	9.40%	
Variable rate debt	--	--	--	$72,450	--	$ 4,500	$76,950	$75,309
Average variable rate	--	--	--	7.82%	--	4.40%	7.61%	
Interest Rate Derivatives:								
Interest rate swaps								
Variable to fixed	--	--	$50,000	$30,000	--	--	$80,000	$ (682)
Average pay rate	--	--	5.81%	5.58%	--	--	5.72%	
Average receive rate	--	--	6.54%	6.47%	--	--	6.51%	

SEASONALITY AND INFLATION

The Company's business, like that of most retailers, is subject to seasonal fluctuations, with the major portion of sales and income realized during the last half of each fiscal year, which includes the back-to-school and holiday seasons. See Note 11 of Notes to Consolidated Financial Statements for the Company's quarterly results for fiscal 2000 and 1999. Selling, general and administrative expenses are typically higher as a percentage of net sales during the first half of each fiscal year.

Because of the seasonality of the Company's business, results for any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year. In addition, quarterly results of operations depend upon the timing and amount of revenues and costs associated with the opening of new stores and closing and remodeling of existing stores.

The Company does not believe inflation had a material effect on operating results during the past three years. However, there can be no assurance that the Company's business will not be affected by inflationary adjustments in the future.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes material measures of the Company's liquidity and capital resources:

(Dollars in millions)	February 3, 2001	January 29, 2000	January 30, 1999
Working capital	$ 142.3	$ 141.8	$ 129.0
Current ratio	2.43:1	2.24:1	2.10:1
Funded debt to total capitalization	0.33:1	0.36:1	0.29:1
Unused availability under lines of credit	$ 37.4	$ 35.5	$ 69.7

The Company's primary sources of working capital are cash flows from operations, borrowings under its revolving credit facility and proceeds from its accounts receivable facility. The Company had working capital of $142.3 million, $141.8 million and $129.0 million at the end of fiscal 2000, 1999 and 1998, respectively. The Company's business follows a seasonal pattern and working capital fluctuates with seasonal variations, reaching its highest level in November.

Net cash provided by operating activities amounted to $30.8 million, $16.9 million and $20.8 million in fiscal 2000, 1999 and 1998, respectively. The $13.9 million increase in cash provided by operating activities in fiscal 2000 was primarily related to the reduction in merchandise inventories as a result of the Company's efforts to reduce inventory, partially offset by an increase in accounts receivable relating to increased sales.

Net cash used in investing activities amounted to $18.5 million, $48.2 million and $16.4 million in fiscal 2000, 1999 and 1998, respectively. The net cash outflow in fiscal 2000 was the result of capital expenditures in the amount of $29.6 million, which were primarily related to the construction of a new store in Newburgh, New York, the relocation of a store in Scranton, Pennsylvania and remodeling two stores, one of which was expanded. The capital expenditures were partially offset by the proceeds from a sale and leaseback arrangement of $11.0 million (see Note 15).

Net cash used in financing activities amounted to $9.0 million and $2.9 million in fiscal 2000 and fiscal 1998, respectively. Cash provided by financing activities amounted to $31.5 million in fiscal 1999. The net cash outflow in fiscal 2000 was attributable to payments on the Company's long-term debt.

The Company currently anticipates its capital expenditures for fiscal 2001 will approximate $19.0 million. The expenditures will be directed toward remodeling some of the Company's existing stores, information systems enhancements and general repairs and operations.

Aside from planned capital expenditures, the Company's primary cash requirements will be to service debt and finance working capital increases during peak selling seasons. The Company anticipates that its cash balances and cash flows from operations, supplemented by borrowings under the Credit Facility and proceeds from the accounts receivable facility, will be sufficient to satisfy its operating cash requirements.

Exhibit 13.3

Consolidated Balance Sheets

(In thousands except share and per share data)	February 3, 2001	January 29, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 14,067	$ 10,807
Trade and other accounts receivable, net of allowance for doubtful accounts of $3,445 and $3,167 in 2000 and 1999, respectively	24,052	27,782
Merchandise inventories	192,547	203,489
Prepaid expenses and other current assets	8,503	12,371
Deferred income taxes	2,318	1,926
Total current assets	241,487	256,375
PROPERTY, FIXTURES AND EQUIPMENT AT COST, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	147,415	144,715
DEFERRED INCOME TAXES	1,163	--
OTHER ASSETS	14,973	16,402
Total assets	$ 405,038	$ 417,492
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 57,184	$ 67,353
Accrued payroll and benefits	8,588	10,016
Accrued expenses	21,919	26,262
Current portion of long-term debt	584	682
Current portion of obligations under capital leases	479	442
Income taxes payable	10,422	9,832
Total current liabilities	99,176	114,587
LONG-TERM DEBT, LESS CURRENT MATURITIES	97,805	106,247
OBLIGATIONS UNDER CAPITAL LEASES, LESS CURRENT MATURITIES	953	1,431
DEFERRED INCOME TAXES	--	1,362
OTHER LONG-TERM LIABILITIES	8,242	3,174
Total liabilities	206,176	226,801
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
SHAREHOLDERS' EQUITY		
Common Stock -- authorized 40,000,000 shares at $0.01 par value; issued and outstanding shares of 12,225,501 and 12,276,860 in 2000 and 1999, respectively	122	123
Class A Common Stock -- authorized 20,000,000 shares at $0.01 par value; issued and outstanding shares of 2,989,853 in 2000 and 1999	30	30
Additional paid-in capital	106,882	108,083
Deferred compensation	(347)	(2,172)
Retained earnings	92,175	84,627
Total shareholders' equity	198,862	190,691
Total liabilities and shareholders' equity	$ 405,038	$ 417,492

The accompanying notes are an integral part of these consolidated statements.

THE BON-TON STORES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(In thousands except share and per share data)	February 3, 2001	January 29, 2000	January 30, 1999
	Fiscal Year Ended		
NET SALES	$ 749,816	$ 710,963	$ 674,871
OTHER INCOME, NET	2,715	2,651	2,350
	752,531	713,614	677,221
COSTS AND EXPENSES:			
Costs of merchandise sold	474,026	449,596	426,730
Selling, general and administrative	231,859	224,150	209,407
Depreciation and amortization	17,085	14,846	13,281
Unusual expense	6,485	2,683	--
Restructuring income	--	(2,492)	--
INCOME FROM OPERATIONS	23,076	24,831	27,803
INTEREST EXPENSE, NET	10,906	8,552	9,396
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	12,170	16,279	18,407
INCOME TAX PROVISION	4,622	6,186	7,196
INCOME BEFORE EXTRAORDINARY ITEM	7,548	10,093	11,211
EXTRAORDINARY ITEM -- loss on early extinguishment of debt, net of income tax benefit	--	(378)	--
NET INCOME	$ 7,548	$ 9,715	$ 11,211
Per share amounts --			
BASIC:			
Net income before extraordinary item	$ 0.50	$ 0.68	$ 0.81
Effect of extraordinary item	--	(0.02)	--
Net income	$ 0.50	$ 0.66	$ 0.81
BASIC SHARES OUTSTANDING	14,953,000	14,750,000	13,866,000
DILUTED:			
Net income before extraordinary item	$ 0.50	$ 0.68	$ 0.81
Effect of extraordinary item	--	(0.02)	--
Net income	$ 0.50	$ 0.66	$ 0.81
DILUTED SHARES OUTSTANDING	14,953,000	14,753,000	13,917,000

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Shareholders' Equity

(In thousands)	Common Stock	Class A Common Stock	Additional Paid-in Capital	Deferred Compensation	Retained Earnings	Total
Balance at January 31, 1998	$ 88	$ 30	$ 62,585	$ (2,010)	$ 63,701	$ 124,394
Net income	--	--	--	--	11,211	11,211
Secondary stock offering	31	--	43,386	--	--	43,417
Issuance of stock under Stock Award Plans	3	--	1,949	(2,262)	--	(310)
Deferred compensation amortization	--	--	--	943	--	943
Exercised stock options	1	--	732	--	--	733
Cancellation of Restricted Shares	--	--	(392)	215	--	(177)
Balance at January 30, 1999	123	30	108,260	(3,114)	74,912	180,211
Net income	--	--	--	--	9,715	9,715
Issuance of stock under Stock Award Plans	--	--	36	(22)	--	14
Deferred compensation amortization	--	--	(183)	933	--	750
Exercised stock options	--	--	16	--	--	16
Cancellation of Restricted Shares	--	--	(46)	31	--	(15)
Balance at January 29, 2000	123	30	108,083	(2,172)	84,627	190,691
Net income	--	--	--	--	7,548	7,548
Deferred compensation amortization	--	--	--	1,490	--	1,490
Tax impact on Restricted Shares	--	--	(655)	18	--	(637)
Cancellation of Restricted Shares	(1)	--	(546)	317	--	(230)
Balance at February 3, 2001	$ 122	$ 30	$ 106,882	$ (347)	$ 92,175	$ 198,862

The accompanying notes are an integral part of these consolidated statements.

THE BON-TON STORES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands)	Fiscal Year Ended February 3, 2001	January 29, 2000	January 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 7,548	$ 9,715	$ 11,211
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	17,085	14,846	13,281
Bad debt	1,863	520	1,770
Stock compensation expense	833	750	441
Gain on sale of property, fixtures and equipment	(12)	(158)	(1,291)
Cancellation of Restricted Shares	(230)	(15)	(177)
Decrease (increase) in other long-term assets	634	(408)	143
Deferred income tax	(2,917)	(1,414)	(743)
Increase (decrease) in other long-term liabilities	4,650	(185)	(50)
Proceeds from sale of accounts receivable, net	12,000	11,000	(5,000)
Extraordinary loss on debt extinguishment	--	610	--
Asset write-down charge	--	2,683	--
Restructuring income	--	(2,492)	--
Restructuring payments	--	--	(449)
Changes in operating assets and liabilities:			
Increase in accounts receivable	(10,133)	(4,625)	(2,961)
Decrease (increase) in merchandise inventories	10,942	(10,616)	(15,090)
Decrease (increase) in prepaid expenses and other current assets	3,868	(3,195)	543
(Decrease) increase in accounts payable	(10,169)	(4,093)	15,970
(Decrease) increase in accrued expenses	(5,754)	3,865	1,851
Increase in income taxes payable	590	91	1,352
Total adjustments	23,250	7,164	9,590
Net cash provided by operating activities	30,798	16,879	20,801
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures, net	(29,577)	(46,451)	(19,418)
Proceeds from sale of property, fixtures and equipment	12	426	3,004
Proceeds from sale and leaseback arrangement	11,046	--	--
Payment for the acquisition of businesses, net of cash received	--	(2,192)	--
Net cash used in investing activities	(18,519)	(48,217)	(16,414)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments on long-term debt and capital lease obligations	(302,720)	(278,778)	(309,339)
Proceeds from issuance of long-term debt	293,700	310,300	262,300
Proceeds from equity offering	--	--	43,417
Exercised stock options	1	16	733
Net cash (used in) provided by financing activities	(9,019)	31,538	(2,889)
Net increase in cash and cash equivalents	3,260	200	1,498
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,807	10,607	9,109
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 14,067	$ 10,807	$ 10,607

The accompanying notes are an integral part of these consolidated statements.

Notes to Consolidated Financial Statements

(In thousands except share and per share data)

The Bon-Ton Stores, Inc., a Pennsylvania corporation, was incorporated on January 31, 1996 as the successor of a company established on January 31, 1929, and currently operates as one business segment, through its subsidiaries, 73 retail department stores located in Pennsylvania, New York, New Jersey, Maryland, Connecticut, Massachusetts, New Hampshire, Vermont and West Virginia.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of The Bon-Ton Stores, Inc. and its wholly-owned subsidiaries (the "Company"). All intercompany transactions have been eliminated in consolidation.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year balances have been reclassified to conform with the current year presentation.

FISCAL YEAR

The Company's fiscal year ends on the Saturday nearer to January 31 of the following calendar year, and consisted of fifty-three weeks for fiscal year 2000 and fifty-two weeks for fiscal years 1999 and 1998. Fiscal years 2000, 1999 and 1998 ended on February 3, 2001, January 29, 2000 and January 30, 1999, respectively.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents are generally overnight money market investments.

MERCHANDISE INVENTORIES

For financial reporting and tax purposes, merchandise inventories are determined by the retail method, using a LIFO (last-in, first-out) cost basis. The estimated cost to replace inventories was $193,876 and $203,756 as of February 3, 2001 and January 29, 2000, respectively.

PROPERTY, FIXTURES AND EQUIPMENT: DEPRECIATION AND AMORTIZATION

Depreciation and amortization of property, fixtures and equipment are computed using the straight-line method based upon the following average estimated service lives (or remaining lease terms):

Buildings	20 to 40 years
Leasehold improvements	15 years
Fixtures and equipment	3 to 10 years

No depreciation is recorded until property, fixtures and equipment are placed into service. Property, fixtures and equipment not placed into service are classified as construction in progress.

The Company capitalizes interest and lease costs incurred during the construction of any new facilities or major improvements. The amount of interest and lease costs capitalized is limited to that incurred during the construction period. Repair and maintenance costs are charged to operations as incurred. Property retired or sold is removed from the asset and accumulated depreciation accounts and the resulting gain or loss is reflected in income.

The costs of major remodeling and improvements on leased stores are capitalized as leasehold improvements. Leasehold improvements are generally amortized over the shorter of the lease term or the useful life of the asset. Capital leases are recorded at the lower of fair market value or the present value of future minimum lease payments. Capital leases are amortized over the primary term of the lease.

STORE OPENING AND CLOSING COSTS

The Company follows the practice of accounting for store opening costs incurred prior to opening a new retail unit as a current period expense. When the decision to close a retail unit is made, the Company provides for the estimated future net lease obligations after store operations cease; nonrecoverable investments in property, fixtures and equipment; and other expenses directly related to discontinuance of operations. The estimates are based upon historical information and certain assumptions about future events. Changes in the assumptions for store closing costs for such items as the estimated period of future lease obligations and the amounts actually realized relating to the carrying value of property, fixtures and equipment could cause these estimates to change.

ADVERTISING

Advertising production costs are expensed the first time the advertisement is run. Media placement costs are expensed in the period the advertising appears. Total advertising expenses included in selling, general and administrative expenses for fiscal years 2000, 1999 and 1998 were $28,784, $28,795 and $27,569, respectively. Prepaid expenses and other current assets include prepaid advertising costs of $847 and $1,000 at February 3, 2001 and January 29, 2000, respectively.

REVENUE RECOGNITION

The Company recognizes revenue at either the point of sale or at the time merchandise is shipped to the customer. Sales are net of returns and exclude sales tax. A reserve is provided for estimated merchandise returns based on experience.

LEASED DEPARTMENT SALES

The Company leases space to third parties in several of its stores and receives compensation based on a percentage of sales made in these departments. Other income, net, includes leased department rental income of approximately $3,001, $2,872 and $2,590 in fiscal 2000, 1999 and 1998, respectively.

REVOLVING CHARGE ACCOUNTS

Finance charge income on customers' revolving charge accounts is reflected as a reduction of selling, general and administrative expenses. The finance charge income earned by the Company, before considering the costs of administering and servicing the revolving charge accounts, for fiscal years 2000, 1999 and 1998 was $30,619, $28,406 and $29,776, respectively, and is a component of securitization income (see Note 4).

RECEIVABLE SALES

When the Company sells receivables in securitizations of credit card loans, it retains interest-only strips, subordinated interests and servicing rights, all of which are retained interests in the securitized receivables. Gain or loss on sale of the receivables depends in part on the previous carrying amount of the financial assets involved in the transfer, allocated between the assets sold and the retained interests, based on their relative fair value at the date of transfer. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests and the Company estimates fair value based on the present value of future expected cash flows using management's best estimates of the key assumptions -- credit losses, prepayment impact and an appropriate discount rate commensurate with the risks involved. As all estimates used are influenced by factors outside our control, uncertainty is inherent in these estimates, making it reasonably possible they could change in the near term.

STOCK-BASED COMPENSATION

The Company follows Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), which provides for a fair value based method of accounting for grants of equity instruments to employees or suppliers in return for goods or services. As permitted under SFAS No. 123, the Company has elected to continue to account for compensation costs under the provisions prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has included pro forma disclosures of net income and basic and diluted earnings per share in Note 10 as if the fair value based method had been applied in measuring compensation cost.

EARNINGS PER SHARE

The presentation of earnings per share (EPS) requires a reconciliation of the numerators and denominators used in the basic and diluted EPS calculations. The numerator, net income, is identical in both calculations. The following table presents a reconciliation of the shares outstanding for the respective calculations, as well as the calculated EPS, for each period presented on the accompanying Consolidated Statements of Income. The EPS shown in the reconciliation represents EPS before the impact of extraordinary items.

	2000		1999		1998	
	Shares	EPS	Shares	EPS	Shares	EPS
Basic Calculation	14,953,000	$0.50	14,750,000	$0.68	13,866,000	$0.81
Dilutive Securities --						
Restricted Shares	--		--		25,000	
Options	--		3,000		26,000	
Diluted Calculation	14,953,000	$0.50	14,753,000	$0.68	13,917,000	$0.81
Antidilutive Shares and Options --						
Restricted Shares	280,000		402,000		388,000	
Options	1,206,000		1,316,000		1,068,000	

Antidilutive shares and options, consisting of restricted shares and options to purchase shares outstanding, were excluded from the computation of dilutive securities due to the Company's net loss position in the first three quarters of 1999 and 1998, and the first two quarters of fiscal 2000. In addition, antidilutive options to purchase shares during the remaining quarters were excluded from the computation of dilutive securities due to exercise prices greater than the average market price.

The following table reflects the approximate dilutive securities calculated under the treasury stock method had the Company reported a net profit in each consecutive quarter of the corresponding fiscal years:

	2000	1999	1998
Approximate Dilutive Securities --			
Restricted Shares	--	43,000	90,000
Options	--	27,000	291,000

In addition, options to purchase shares with exercise prices greater than the average market price were excluded from the above table for 2000, 1999 and 1998 in the approximate amounts of 1,206,000, 1,139,000 and 244,000, respectively, as they would have been antidilutive.

FUTURE ACCOUNTING CHANGES

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and for Hedging Activities" ("SFAS No. 133"). This statement requires every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires changes in the derivative's fair value be recognized currently in earnings unless specific hedge criteria are met. SFAS No. 133 also requires the Company to formally document, designate and assess the effectiveness of transactions that receive hedge accounting. By requiring greater use of fair value accounting, SFAS No. 133 has the potential to increase the volatility of earnings and other comprehensive income. The Company adopted SFAS No. 133 in fiscal 2001 and its effect was not material to the operating results of the Company as primarily cash flow hedges are utilized by the Company and their change is reported through comprehensive income.

In September 2000, the FASB issued Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS No. 140"). The guidance in SFAS No. 140 supersedes SFAS No. 125. Under SFAS No. 125, the Company's securitization transactions are accounted for as sales of receivables. SFAS No. 140 requires additional disclosures relating to securitized financial assets, retained interests in securitized financial assets and collateral for fiscal years ending after December 15, 2000. These disclosures are included in Note 4. In addition, SFAS No. 140 establishes new requirements for an entity to be a qualified special purpose entity and modifies under what conditions a transferor has retained effective control over transferred assets. The updated rules to determine the accounting for transfers of financial assets are effective for transfers occurring after March 31, 2001. Early adoption of the new rules is not permitted. We anticipate the adoption of the accounting provisions of SFAS No. 140 will not have a material impact on the operating results of the Company.

2. DEBT

Debt consisted of the following:

	February 3, 2001	January 29, 2000
Revolving credit agreement - principal payable April 15, 2004; interest payable periodically at varying rates (7.82% for fiscal year 2000)	$72,450	$ 75,300
Mortgage notes payable - principal payable in varying monthly installments through June 2016; interest 9.62%; secured by land and buildings	20,439	21,012
Mortgage notes payable - principal payable February 1, 2012; interest payable monthly at various rates; secured by a building	4,500	4,500
Mortgage notes payable - principal payable January 1, 2011; interest payable monthly at 5% beginning February 1, 2006; secured by a building and fixtures	1,000	--
Mortgage notes payable - principal and interest in monthly installments of $68 through January 2001, with a balloon payment in February 2001; interest 11.00%; secured by buildings	--	6,117
Total debt	98,389	106,929
Less: current maturities	584	682
Long-term debt	$97,805	$106,247

The Company entered into a loan agreement with the City of Scranton on July 5, 2000. The loan provided $1,000 to be used in certain store renovations. The agreement provides for interest payments beginning February 1, 2006 at a rate of 5% per annum. The principal balance is to be paid in full by January 1, 2011.

In April 1999, the Company amended its revolving credit agreement ("Credit Facility") to extend the term of the facility to April 15, 2004. The amended agreement extends the term of the available fixed assets and real estate borrowing base and provides a more favorable interest rate pricing structure, with substantially all other terms and conditions remaining unchanged. As a result of this transaction, the Company incurred a one-time extraordinary after-tax charge of $378, or $0.02 per share, in fiscal 1999.

As of February 3, 2001, the Company borrowed $72,450, with $37,405 of additional borrowing availability remaining under the Credit Facility. The interest charged under this agreement, based on LIBOR or an index rate plus an applicable margin, is determined by a formula based on the Company's interest coverage ratio (defined as the ratio of earnings before interest, taxes, depreciation and amortization to interest expense).

The Company maintains an interest rate swap portfolio that allows the Company to convert a portion of the variable rates under the Company's facilities to fixed rates. The following table indicates the notional amounts as of February 3, 2001 and January 29, 2000 and the range of interest rates paid and received by the Company during the respective fiscal years:

	February 3, 2001	January 29, 2000
Fixed swaps (notional amount)	$80,000	$110,000
Range of receive rate	6.03%-6.86%	5.00%-6.16%
Range of pay rate	5.58%-5.88%	5.58%-6.06%

The interest rate swap agreements will expire on various dates from June 2, 2003 to April 8, 2004. The net income or expense from the exchange of interest rate payments is included in interest expense. The estimated fair value, based on dealer quotes, of the interest rate swap agreements at February 3, 2001 and January 29, 2000, was a loss of $682 and income of $3,842, respectively, and represents the amount the Company would pay or receive if the agreements were terminated as of such dates.

Several of the Company's loan agreements contain restrictive covenants, including a minimum trade support ratio, a minimum fixed charge ratio and limitations on dividends, additional incurrence of debt and capital expenditures. The Company was in compliance with each of these covenants during fiscal 2001.

The fair value of the Company's debt, excluding interest rate swaps, is estimated at $98,947 and $105,203 on February 3, 2001 and January 29, 2000, respectively, and is based on an estimate of the rates available to the Company for debt with similar features.

Debt maturities, as of February 3, 2001, are as follows:

2001	$ 584
2002	646
2003	715
2004	73,242
2005	876
2006 and thereafter	22,326
	$98,389

3. INTEREST COSTS

Interest and debt costs were:

	Fiscal Year Ended		
	February 3, 2001	January 29, 2000	January 30, 1999
Interest costs incurred	$11,284	$8,988	$9,681
Interest income	(255)	(103)	(110)
Capitalized interest, net	(123)	(333)	(175)
Interest expense, net	$10,906	$8,552	$9,396
Interest paid	$11,698	$8,303	$9,128

4. SALE OF RECEIVABLES

The Company securitizes its private credit card portfolio through an accounts receivable facility (the "Facility"). The securitization agreement was amended in October 1999 to extend the term of the facility through January 2003 and contains increased pricing of 0.1 percentage point and a trade support covenant. The amended agreement also provides for the Company to request seasonal increases in the amount sold under the facility and annual extensions of the term. Substantially all other terms and conditions of the original agreement remain unchanged.

Under the securitization agreement, which is contingent upon the receivables meeting certain performance criteria, the Company has the option to sell through The Bon-Ton Receivables Partnership, LP ("BTRLP"), a wholly-owned subsidiary of the Company, up to $150,000 of an undivided percentage interest in the receivables, on a limited recourse basis. In connection with the securitization agreement, the Company retains servicing responsibilities, subordinated interests and an interest-only strip, all of which are retained interests in the securitized receivables. The Company receives annual servicing fees of two percent of the outstanding balance and rights to future cash flows arising after the investors in the securitization have received the return for which they contracted. The investors have no recourse to the Company's other assets for failure of debtors to pay when due. The Company's retained interests are subordinate to the investors' interests. The value of the retained interest is subject to credit, prepayment and interest rate risks. The Company does not recognize a servicing asset or liability, as the amount received for servicing the receivables is a reasonable approximation of market rates and servicing costs.

As of February 3, 2001 and January 29, 2000, credit card receivables were sold under the above referenced agreement in the amount of $150,000 and $138,000, respectively, and the Company had subordinated interests of $22,585 and $25,873, respectively, related to the amounts sold that were included in the accompanying Consolidated Balance Sheets. The Company accounts for its subordinated interest in the receivables in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The Company has not recognized any unrealized gains or losses on its subordinated interest, as the current carrying value of customers' revolving charge accounts receivable is a reasonable estimate of fair value and the average interest rates approximate current market origination rates.

New receivables are sold on a continual basis to replenish the investors' respective level of participation in receivables, which have been repaid by the credit card holders.

During the fiscal year ended February 3, 2001, January 29, 2000 and January 30, 1999, the Company recognized securitization income of $4.2 million, $4.6 million and $5.0 million, respectively, on the securitization of credit card loans. This income is reported as a component of selling, general and administrative expenses.

Key economic assumptions used in measuring the retained interests at the date of securitization for securitizations completed during the year were as follows:

	Fiscal 2000
Yield on credit cards	18.2%-19.5%
Convenience rate	2.9%
Payment rate	19.1%-19.7%
Interest rate on variable funding	6.4%-7.6%
Net charge-off rate	7.0%
Residual cash flows discount rate	12.0%

As of February 3, 2001, the interest-only strip was recorded at its fair value of $973. The following table shows the key economic assumptions used in measuring the interest-only strip. The table also displays the sensitivity of the current fair value of residual cash flows to immediate 10 percent and 20 percent adverse changes in the assumptions:

		Effect of Adverse Changes ($)	
	Assumptions	10%	20%
Yield (annual rate)	18.2%	659	1,318
Convenience rate	2.9%	6	12
Payment rate	19.1%	92	184
Interest rate on variable and adjusted contracts	6.4%	234	467
Net charge-off rate	7.0%	255	510
Residual cash flows discount rate (annual rate)	12.0%	2	5

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10 percent variation in an assumption generally cannot be extrapolated because the relationship of the change in an assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption; in reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

During fiscal 2000, the Company received net proceeds of $3.2 million from servicing fees, which is reported as a component of selling, general and administrative expenses. At February 3, 2001, the Company had total managed credit card receivables of $172.6 million, of which $150.0 million are securitized and $22.6 million are subordinated interests held by the Company and included on the Consolidated Balance Sheets. As of February 3, 2001, $5.5 million of the total managed credit card receivables were 60 days or more past due. Net credit losses on the total managed credit card receivables for the fiscal year ending February 3, 2001 were $6.8 million.

5. PROPERTY, FIXTURES AND EQUIPMENT

As of February 3, 2001 and January 29, 2000, property, fixtures and equipment and the related accumulated depreciation and amortization consisted of:

	February 3, 2001	January 29, 2000
Land and improvements	$ 2,801	$ 1,952
Buildings and leasehold improvements	135,164	131,290
Furniture and equipment	119,609	113,772
Buildings under capital leases	5,052	5,052
	262,626	252,066
Less: Accumulated depreciation and amortization	115,211	107,351
	$147,415	$144,715

Property, fixtures and equipment with a net depreciated cost of approximately $30,420 and $38,754 are pledged as collateral for secured loans at February 3, 2001 and January 29, 2000, respectively.

On November 20, 1998, the Company sold its vacant property in Downtown Allentown, Pennsylvania. The property was acquired during the 1994 acquisition of certain assets from Hess's Department Stores, Inc. The property was closed in January 1996. No loss was recognized on this transaction as the Company utilized $1.0 million of the store closing reserve established for this property. The net proceeds of $1.5 million received from the sale were used to fund additional working capital requirements.

On February 17, 1998, the Company sold its vacant property in Downtown Lancaster, Pennsylvania. The property, which was acquired during the 1992 acquisition of Watt and Shand, Inc., was closed in March 1995. The Company recognized a gain during the first quarter of 1998 of $1.4 million on the disposal of this property, which included the remaining store closing reserve established in 1994. The gain was reflected as a reduction of selling, general and administrative expense. The net proceeds of $1.2 million received from the sale were used to fund additional working capital requirements.

6. COMMITMENTS AND CONTINGENCIES

LEASES

The Company is obligated under capital and operating leases for a major portion of its store properties. Certain leases provide for additional rental payments based on a percentage of sales in excess of a specified base (contingent rentals) and for payment by the Company of operating costs (taxes, maintenance and insurance). Also, selling space has been licensed to other retailers in many of the Company's leased facilities.

At February 3, 2001, future minimum lease payments under operating leases and the present value of net minimum lease payments under capital leases are as follows:

Fiscal Year	Capital Leases	Operating Leases
2001	$ 579	$ 21,014
2002	300	19,224
2003	300	18,486
2004	300	17,705
2005	200	16,231
2006 and thereafter	--	88,192
Total net minimum rentals	1,679	$180,852
Less: Amount representing interest	247	
Present value of net minimum lease payments, of which $479 is due within one year	$1,432	

Minimum rental commitments under operating leases are reflected without reduction for rental income due in future years under noncancellable subleases since the amounts are immaterial. Some of the store leases contain renewal options ranging from two to thirty-five years. Included in the minimum lease payments under operating leases are leased vehicles, copiers, fax machines and computer equipment, as well as related-party commitments with the Company's majority shareholder and related entities of $224 for fiscal 2001 through 2005 and $112 for fiscal 2006 and thereafter.

Rental expense consisted of the following:

	Fiscal Year Ended		
	February 3, 2001	January 29, 2000	January 30, 1999
Operating leases:			
Buildings:			
Minimum rentals	$18,667	$16,367	$14,597
Contingent rentals	2,358	2,614	2,710
Fixtures and equipment	2,094	2,015	1,230
Contingent rentals on capital leases	397	414	399
Totals	$23,516	$21,410	$18,936

CONTINGENCIES

The Company is party to legal proceedings and claims which arise during the ordinary course of business. In the opinion of management, the ultimate outcome of all such litigation and claims will not have a material adverse effect on the Company's financial position or results of its operations.

7. SHAREHOLDERS' EQUITY

The Company's capital structure consists of Common Stock with one vote per share and Class A Common Stock with ten votes per share. In addition, the Company has 5.0 million shares of preferred stock authorized at $0.01 par value; however, none of these shares have been issued.

Transfers of the Company's Class A Common Stock are restricted. Upon sale or transfer of ownership or voting rights to other than permitted transferees, as defined, such shares will convert to an equal number of shares of Common Stock.

On May 1, 1998, the Company sold 3.1 million shares of its Common Stock pursuant to a public offering. The net proceeds received of $43.4 million were used to expand and upgrade existing stores, open new stores, provide working capital and for general corporate purposes.

8. INCOME TAXES

The Company accounts for income taxes according to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS No. 109"). Under SFAS No. 109, deferred tax assets and liabilities are computed based on the difference between the financial statement and income tax basis of assets and liabilities using applicable current marginal tax rates.

Components of the income tax provision are as follows:

	Fiscal Year Ended		
	February 3, 2001	January 29, 2000	January 30, 1999
Federal and State:			
Current	$ 7,539	$ 7,600	$7,939
Deferred	(2,917)	(1,414)	(743)
Total	$ 4,622	$ 6,186	$7,196

Components of gross deferred tax assets and liabilities were comprised of the following:

	February 3, 2001	January 29, 2000
Deferred tax assets:		
Accrued expenses	$1,444	$2,261
Restricted Shares	1,966	1,614
Bad debt reserve	1,275	1,172
Sale and leaseback	1,045	948
CEO retirement	862	--
Asset write-down	833	830
Loss carryforward	167	222
Capital leases	48	88
Valuation allowance	--	(125)
Total gross deferred tax assets	$7,640	$7,010
Deferred tax liabilities:		
Fixed assets	$2,369	$4,205
Inventory	711	1,029
Other	1,079	1,212
Total gross deferred tax liabilities	$4,159	$6,446

The loss carryforward at February 3, 2001 relates to the acquisition of Adam, Meldrum & Anderson Co., Inc. and will expire in January 2009.

The valuation allowance relates to the deferred tax assets that result from accrued expenses that are not deductible for tax purposes due to the limitations arising from Section 162 of the Internal Revenue Code of 1986, as amended ("IRC 162"), relating to deductions for executive compensation.

No other deferred tax assets have associated valuation allowances since these tax benefits are realizable through carryback availability, the reversal of existing deferred tax liabilities and future taxable income.

A reconciliation of the statutory federal income tax rate to the effective tax rate for fiscal 2000, 1999 and 1998 is presented below:

	Fiscal Year Ended		
	February 3, 2001	January 29, 2000	January 30, 1999
Tax at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	2.0	2.0	1.0
Book expense in excess of IRC 162 limitation	--	0.9	0.7
Internal Revenue Service audit closure	--	--	1.9
Other, net	1.0	0.1	0.5
Total	38.0%	38.0%	39.1%

In fiscal 2000, 1999 and 1998, the Company made income tax payments of $7,232, $7,335 and $6,397, respectively.

9. EMPLOYEE BENEFIT PLANS

The Company provides eligible employees with retirement benefits under a 401(k) salary reduction and profit sharing plan (the "Plan"). Employees are eligible to participate in the Plan after they reach the age of 21, complete one year of service and work at least 1,000 hours in any calendar year. Under the 401(k) provisions of the Plan, the majority of eligible employees may contribute up to 15% of their compensation to the Plan. Company matching contributions, not to exceed 5% of eligible employees' compensation, are at the discretion of the Company's Board of Directors. Company matching contributions under the 401(k) provisions of the Plan become fully vested for eligible employees after three years of service. Contributions to the Plan under the profit sharing provisions are at the discretion of the Company's Board of Directors. These profit sharing contributions become fully vested after five years of service. The Company's fiscal 2000, 1999 and 1998 expense under the aforementioned benefit plans was $2,200, $1,981 and $1,798, respectively.

10. STOCK AWARD PLANS

The Company's Amended and Restated 1991 Stock Option and Restricted Stock Plan (the "1991 Stock Plan"), as amended through June 17, 1997, provides for the granting of the following options and awards to certain associates, officers, directors, consultants and advisors: Common Stock options; performance-based Common Stock options as part of a long-term incentive plan for selected officers; and Common Stock awards subject to substantial risk of forfeiture ("Restricted Shares"). The maximum number of shares to be granted under the 1991 Stock Plan, less forfeitures, is 1,900,000 shares. In addition to the 1991 Stock Plan, during 1991 the Board of Directors approved a Phantom Equity Replacement Plan (the "Replacement Plan") to replace the Company's previous deferred compensation arrangement that was structured as a phantom stock program.

Options granted under the 1991 Stock Plan, excluding Restricted Share awards, are generally issued at the market price of the Company's stock on the date of grant, vest over three to five years and have a ten-year term. Grants under the Replacement Plan vest over approximately one to six years and have a thirty-year term.

The Company amended its Management Incentive Plan (the "MIP Plan") in 1997 to provide, at the election of each participant, for bonus awards to be received in vested Restricted Shares in lieu of cash on the satisfaction of applicable performance goals. The maximum number of shares to be granted under the MIP Plan is 300,000, with no additional shares to be issued after July 1998.

The Company implemented The Bon-Ton Stores, Inc. Performance Based Stock Incentive Plan for Heywood Wilansky (the "Stock Incentive Plan") in 1998. The Stock Incentive Plan provided performance-based compensation to Mr. Wilansky in the form of stock bonuses granted in connection with services provided. Pursuant to the early retirement of Mr. Wilansky (see Note 12), outstanding options in the plan have been cancelled and the plan has been terminated.

The Company implemented the 2000 Stock Incentive Plan (the "2000 Stock Plan") during fiscal 2000. The 2000 Stock Plan provides for the granting of Common Stock options and Restricted Shares to associates, directors, consultants and advisors. The maximum number of shares to be granted under the 2000 Stock Plan is 400,000. No options or awards may be granted under the 2000 Stock Plan after March 2, 2010. As of February 3, 2001, no options or Restricted Shares were granted under this plan.

Compensation cost charged to operations, calculated using the intrinsic value method as required by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," was $1,270, $750 and $441 in fiscal 2000, 1999 and 1998, respectively. Had the Company recorded compensation expense using the fair value based method as discussed in SFAS No. 123, "Accounting for Stock-Based Compensation," net income and earnings per share would have been reduced to the pro forma amounts indicated below:

		2000	1999	1998
Net income	As reported	$7,548	$9,715	$11,211
	Pro forma	6,812	8,121	10,154
Earnings per share				
Basic	As reported	$ 0.50	$ 0.66	$ 0.81
	Pro forma	0.46	0.55	0.73
Diluted	As reported	$ 0.50	$ 0.66	$ 0.81
	Pro forma	0.46	0.55	0.73

The Company used the Black-Scholes option pricing model to calculate the fair value of the stock options at the grant date. The following assumptions were used:

	2000	1999	1998
Expected option term in years	6.0	6.7	7.7
Stock price volatility factor	88.0%	65.4%	66.6%
Dividend yield	0.0%	0.0%	0.0%
Risk free interest rate	6.6%	6.1%	5.5%

A summary of the options and restricted shares under the Stock Plan follows:

	Common Stock Options		Performance-Based Options		Restricted Shares
	Number of Options	Average Price	Number of Options	Average Price	Number of Shares
FISCAL 1998					
January 31, 1998	616,495	$ 8.35	377,200	$ 7.08	256,666
Granted	161,400	$ 13.80	--	--	35,000
Exercised	(64,132)	$ 8.72	--	--	(90,000)
Forfeited	(21,400)	$ 8.13	(33,300)	$ 11.25	--
January 30, 1999	692,363	$ 9.58	343,900	$ 6.67	201,666
Options exercisable at January 30, 1999	399,753	$ 8.88	--	--	--
Weighted average fair value of options granted during fiscal 1998		$ 9.86		--	
FISCAL 1999					
Granted	243,000	$ 5.81	--	--	5,000
Transfer	88,400	$ 6.13	(88,400)	$ 6.13	--
Exercised	(1,000)	$ 6.38	--	--	(83,333)
Forfeited	(40,733)	$ 11.31	(88,400)	$ 6.13	--
January 29, 2000	982,030	$ 8.20	167,100	$ 7.25	123,333
Options exercisable at January 29, 2000	595,342	$ 8.58	--	--	--
Weighted average fair value of options granted during fiscal 1999		$ 3.95		--	
FISCAL 2000					
Granted	10,500	$ 3.29	--	--	--
Transfer	83,550	$ 7.25	(83,550)	$ 7.25	--
Exercised	--	--	--	--	(83,333)
Forfeited	(319,533)	$ 8.64	(83,550)	$ 7.25	(30,000)
February 3, 2001	756,547	$ 7.93	--	--	10,000
Options exercisable at February 3, 2001	562,588	$ 8.39	--	--	--
Weighted average fair value of options granted during fiscal 2000		$ 2.55	--		

The exercised shares in the above summary for Restricted Shares represent shares for which the restrictions have lapsed.

The range of exercise prices for the Common Stock options outstanding as of February 3, 2001 follows:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life	Number of Options Currently Exercisable	Weighted Average Exercise Price
$ 3.19 -- $ 7.13	442,681	$ 5.90	4.2 years	275,181	$ 6.03
$ 7.25 -- $11.25	151,966	$ 8.04	1.0 year	143,466	$ 8.04
$ 12.50 -- $17.00	161,900	$13.37	0.8 years	143,941	$13.24

A summary of the status of the Replacement Plan follows:

	Discount Options	Non-Discount Options
Exercise Price	$3.25	$13.00
January 31, 1998	85,269	37,552
Exercised	(36,080)	--
Forfeited	--	--
January 30, 1999	49,189	37,552
Exercised	--	--
Forfeited	--	--
January 29, 2000	49,189	37,552
Exercised	--	--
Forfeited	--	(8,650)
February 3, 2001	49,189	28,902

The exercisable discounted options amounted to 49,189 as of February 3, 2001, January 29, 2000 and January 30, 1999. The exercisable non-discounted options amounted to 28,902 as of February 3, 2001 and 37,552 as of January 29, 2000 and January 30, 1999.

A summary of the Management Incentive Plan follows:

	Shares
January 31, 1998	202,300
Granted	1,326
Restriction lapse	(39,466)
Forfeited	(47,022)
January 30, 1999	117,138
Granted	--
Restriction lapse	(15,317)
Forfeited	(7,260)
January 29, 2000	94,561
Granted	--
Restriction lapse	(13,907)
Forfeited	(21,359)
February 3, 2001	59,295

Shares issued under the Stock Incentive Plan in fiscal 1998 were 250,000 Restricted Shares and options to purchase 250,000 shares with an exercise price of $8.00 per share. No shares or options were vested or forfeited during fiscal 1998 and 83,334 options vested in fiscal 1999. During fiscal 2000, 250,000 Restricted Shares vested and 250,000 options were forfeited due to the early retirement of Heywood Wilansky (see Note 12). No shares remain in the plan.

Cancellation of options and shares in the above plans resulted primarily from the termination of the employment of certain executives and voluntary forfeitures.

11. QUARTERLY RESULTS (UNAUDITED)

	Fiscal Quarter Ended			
	April 29, 2000	July 29, 2000	October 28, 2000	February 3, 2001
FISCAL 2000				
Net sales	$ 152,135	$ 156,346	$ 174,924	$ 266,411
Other income, net	572	539	468	1,136
	152,707	156,885	175,392	267,547
Costs of merchandise sold	100,449	98,150	110,178	165,249
Selling, general and administrative expenses	54,025	54,175	56,010	67,649
Depreciation and amortization	4,121	4,121	4,677	4,166
Unusual expense	--	6,485	--	--
Income (loss) from operations	(5,888)	(6,046)	4,527	30,483
Interest expense, net	2,339	2,821	2,906	2,840
Income (loss) before income taxes	(8,227)	(8,867)	1,621	27,643
Income tax provision (benefit)	(3,127)	(3,370)	615	10,504
Net income (loss)	$ (5,100)	$ (5,497)	$ 1,006	$ 17,139
PER SHARE AMOUNTS -				
BASIC:				
Net income (loss)	$ (0.34)	$ (0.37)	$ 0.07	$ 1.13
BASIC SHARES OUTSTANDING	14,802,000	14,813,000	15,051,000	5,146,000
DILUTED:				
Net income (loss)	$ (0.34)	$ (0.37)	$ 0.07	$ 1.13
DILUTED SHARES OUTSTANDING	14,802,000	14,813,000	15,051,000	15,146,000

	Fiscal Quarter Ended			
FISCAL 1999	May 1, 1999	July 31, 1999	October 30, 1999	January 29, 2000
Net sales	$ 142,399	$ 149,449	$ 168,474	$ 250,641
Other income, net	517	521	477	1,136
	142,916	149,970	168,951	251,777
Costs of merchandise sold	93,190	92,719	106,469	157,218
Selling, general and administrative expenses	48,560	53,311	59,950	62,329
Depreciation and amortization	3,256	3,145	4,194	4,251
Unusual expense	--	--	--	2,683
Restructuring income	--	--	--	(2,492)
Income (loss) from operations	(2,090)	795	(1,662)	27,788
Interest expense, net	1,920	2,048	2,211	2,373
Income (loss) before income taxes	(4,010)	(1,253)	(3,873)	25,415
Income tax provision (benefit)	(1,524)	(476)	(1,472)	9,658
Income (loss) before extraordinary item	(2,486)	(777)	(2,401)	15,757
Extraordinary item - loss on early extinguishment of debt, net of income tax benefit of $232	(378)	--	--	--
Net income (loss)	$ (2,864)	$ (777)	$ (2,401)	$ 15,757
PER SHARE AMOUNTS -				
BASIC:				
Net income (loss) before extraordinary item	$ (0.17)	$ (0.05)	$ (0.16)	$ 1.06
Effect of extraordinary item	(0.02)	--	--	--
Net income (loss)	$ (0.19)	$ (0.05)	$ (0.16)	$ 1.06
BASIC SHARES OUTSTANDING	14,703,000	14,715,000	14,781,000	14,799,000
DILUTED:				
Net income (loss) before extraordinary item	$ (0.17)	$ (0.05)	$ (0.16)	$ 1.06
Effect of extraordinary item	(0.02)	--	--	--
Net income (loss)	$ (0.19)	$ (0.05)	$ (0.16)	$ 1.06
DILUTED SHARES OUTSTANDING	14,703,000	14,715,000	14,781,000	14,812,000

12. CHIEF EXECUTIVE OFFICER EMPLOYMENT

The Company signed an agreement with Mr. Wilansky, effective February 1, 1998, to extend his employment as the Company's President and Chief Executive Officer through January 31, 2003. This new agreement provided for increased cash and stock-based compensation. Pursuant to the new agreement, the Company implemented the Stock Incentive Plan, which provided performance-based compensation to Mr. Wilansky in connection with services provided by him during the term of the plan. The Stock Incentive Plan provided for the award of 250,000 Restricted Shares and an option to purchase 250,000 shares of Common Stock at $8.00 per share. The restricted shares, which on the date the performance requirement was met had a market value of $1,969, will be transferable to Mr. Wilansky in three equal installments on the last day of the Company's fiscal year which occurs on the third, fourth and fifth anniversaries of the agreement. The options will become exercisable in three equal installments on the day before the first, second and third anniversaries of the agreement. Should Mr. Wilansky leave the Company before the shares are transferred or the options become exercisable, these benefits will be forfeited except in certain limited circumstances.

On June 27, 2000, the Company announced the early retirement of Heywood Wilansky. Mr. Wilansky is entitled to receive his base salary (paid in monthly installments) for the remainder of the term. Mr. Wilansky also received a $170 cash bonus for fiscal 2000. Outstanding options to purchase 435,233 shares of Common Stock were exercisable for a period of 90 days. No options were exercised and all were cancelled. Restricted Shares in the amount of 333,333 shares vested immediately.

13. ACQUISITIONS

In March 1999, the Company acquired the leasehold interests and certain other assets in three department stores located in Hamden, Connecticut; Red Bank, New Jersey and Brick Township, New Jersey, through a bankruptcy auction, for a total cost of $2.2 million. The leasehold interests were held by Steinbach Stores, Inc., a wholly-owned subsidiary of Crowley, Milner and Company. Certain fixed assets and customer lists were also included in the purchase. This business combination was accounted for under the purchase method, with the fair market value of the acquired leases amortized over the remaining lease term.

14. UNUSUAL EXPENSE

During the second quarter of fiscal 2000, the Company announced a workforce reduction of 187 corporate and store personnel. The workforce reduction affected 137 employees and eliminated 50 unfilled positions. Additionally, the Company announced the early retirement of Heywood Wilansky (see Note 12), and the realignment and elimination of certain senior management positions. As of February 3, 2001, the amount paid during fiscal 2000 was $1.5 million and the remaining accrual was $5.0 million.

During the fourth quarter of fiscal 1999, the Company recorded an expense to write down the value of certain assets relating to a cooperative buying group from which the Company purchases inventory. A $2.7 million charge was recorded to write down $2.3 million in deposits held by the cooperative buying group with the remainder relating to the write-down of the Company's minority equity interest. The cooperative buying group ceased its operations during fiscal 2000.

15. SALE AND LEASEBACK ARRANGEMENTS

In December 2000, the Company purchased land from the Company's majority shareholder and related parties. The Company then sold the land along with building, leasehold improvements and certain equipment, comprising a department store and a distribution center both located in Pennsylvania, and subsequently leased the facilities back under a twenty-year lease. The lease has been accounted for as an operating lease for financial reporting purposes. Payments on the lease this year were $332, which includes the prepayment of February and March 2001. Net proceeds of $11,046 were received from the sale, of which $6,023 was used to payoff the related mortgages and the remainder to provide additional working capital. The gain associated with the sale, totaling $418, has been deferred in other long-term liabilities and is being amortized on a straight-line basis over the twenty-year lease term.

In April 1997, the Company sold the land, building and leasehold improvements comprising a department store and a distribution center both located in Pennsylvania, and subsequently leased the facilities back under a twenty-year lease. The lease has been accounted for as an operating lease for financial reporting purposes. Annual payments under the operating lease agreement were $1,270. The $10,841 of net proceeds received from the sale were used to pay down indebtedness of $8,208 and to provide additional working capital. The gain associated with the sale, totaling $2,986, has been deferred in other long-term liabilities and is being amortized on a straight-line basis over the twenty-year lease term.

16. RESTRUCTURING

In fiscal 1995, the Company recorded a restructuring charge of $5,690 for store closings and workforce reductions. The amounts charged against the restructuring reserve for fiscal 1999 and 1998 are as follows:

	1999	1998
Beginning of year balance	$ 2,446	$2,895
Store closing costs, net of expense forgiveness	46	(449)
Restructuring income	(2,492)	--
End of year balance	$ --	$2,446

At the end of fiscal 1998, the balance remaining from this charge related to a leased property located in Johnstown, Pennsylvania. In 1999, the mall containing the leased location was sold to a new owner who wanted to redevelop the property and the Company negotiated the termination of this lease with the new owner. In the fourth quarter of fiscal 1999, the Company entered into an agreement to terminate the lease related to the closed store. To reflect the lease termination, during fiscal 1999, the Company recognized $2.5 million of restructuring income in the Company's Consolidated Statements of Income.

Report of Independent Public Accountants

We have audited the accompanying consolidated balance sheets of The Bon-Ton Stores, Inc. (a Pennsylvania corporation) and subsidiaries as of February 3, 2001 and January 29, 2000 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three fiscal years in the period ended February 3, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bon-Ton Stores, Inc. and subsidiaries as of February 3, 2001 and January 29, 2000, and the consolidated results of their operations and their cash flows for each of the three fiscal years in the period ended February 3, 2001 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Philadelphia, PA
March 7, 2001

THE BON-TON STORES, INC. AND SUBSIDIARIES

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The Bon-Ton Department Stores, Inc., a Pennsylvania corporation

The Bon-Ton Corp., a Delaware corporation

The Bon-Ton Stores of Lancaster, Inc., a Pennsylvania corporation

The Bon-Ton National Corp., a Delaware corporation

The Bon-Ton Trade Corp., a Delaware corporation

BTRGP, Inc., a Pennsylvania corporation

The Bon-Ton Receivables Partnership, L. P., a Pennsylvania limited partnership

The Bon-Ton Properties - Greece Ridge G. P., Inc., a New York corporation

The Bon-Ton Properties - Greece Ridge L. P., a Delaware limited partnership

The Bon-Ton Properties - Irondequoit G. P., Inc., a New York corporation

The Bon-Ton Properties - Irondequoit L. P., a Delaware limited partnership

The Bon-Ton Properties - Marketplace G. P., Inc., a New York corporation

The Bon-Ton Properties - Marketplace L. P., a Delaware limited partnership

The Bon-Ton Properties - Eastview G. P., Inc., a New York corporation

The Bon-Ton Properties - Eastview L. P., a Delaware limited partnership

Capital City Commons Realty, Inc., a Pennsylvania corporation

CROP Reinsurance, Ltd., a Turks and Caicos Islands Corporation

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated March 7, 2001 included in this Form 10-K, into the Company's previously filed Form S-8 Registration Statements, Registration Nos. 33-43105, 33-51954, 333-36633, 333-36661, 333-36725, 333-58591 and 333-46974.

/s/ Arthur Andersen LLP

Philadelphia, PA
April 25, 2001
