

MANDATE OF THE CHAIRMAN OF THE BOARD

The Bon Ton Board has adopted a set of “Governance Policies and Procedures” for the administration of the Board of Directors and its relationship with management. Within the parameters set forth in these policies and procedures, the Chairman will perform all the duties and responsibilities of Chairman of the Board.

The Chairman, at his or her discretion, may choose to delegate some of these responsibilities to either the Vice Chair or to the Executive Committee; but in doing so, the Chairman will remain responsible for oversight of the activity.

Relations with Directors of the Board

The Chairman assumes the leadership of the Board and will be responsible for overseeing the implementation and monitoring of the policies and procedures outlined in the “Governance Policies and Procedures” manual adopted by the Bon-Ton Board of Directors.

The Chairman of the Board, together with the Board, has oversight responsibility for monitoring the culture and integrity of the Company, ensuring that the Board and employees of the corporation adhere to The Bon-Ton Stores, Inc. Code of Ethical Standards and Business Practices, maintaining the highest standards of ethical conduct and sound business practices in the management of the Company and in the Company’s dealing with its customers, suppliers, shareholders and employees.

The Chairman of the Board, with support from the CEO and input from the Board, will be responsible for defining the structure, agenda and activities of the Board and fostering constructive discussion and effective decision-making among Directors for the benefit of the Company and enhancing shareholder value.

The Chairman of the Board will support the CEO and management in identifying strategies to enhance long-term shareholder value and keep management focused on achieving those goals for the benefit of all stakeholders.

Relations with the Committees of the Board

The Chairman will serve as Chairman of the Executive Committee. The Executive Committee will have the primary responsibility for CEO succession planning and shared responsibility with the CEO for senior management succession planning.

The Chairman can participate on a regular basis, in an ex-officio capacity, at all meetings of all Committees to ensure that their suggestions and recommendations are considered by the Board. Also, he can assist the Committee Chairs with any matters where his assistance might be useful.

The Chairman will participate with the Governance and Nominating Committee in the assessment of the performance of the Board as a whole, on individual director contribution and on the structure and composition of all Committees, with a view to improving the performance and effectiveness of the Board as a whole and enhancing shareholder value.

The Chairman of the Board, together with the Governance and Nominating Committee, will be responsible for assuring succession planning for the Board and key Board leadership positions.

The Chairman will participate with the Human Resource & Compensation Committee and especially in the context of the annual assessment of the performance of the CEO, oversight of the succession planning process and the annual review of employee benefits and compensation.

Relations with Senior Management

The Chairman will establish and maintain a close and positive working relationship with the CEO and will act as the primary liaison between the Board and the CEO. In addition, the Chairman and the CEO will work together in the following areas:

1. Foster a corporate culture that promotes ethical practices, encourages individual integrity, fulfills community responsibility, and allows for the development of full potential of individuals.
2. Work on growth areas of the business and strategic expansion opportunities.

In order to assist the CEO, the Chairman will:

1. Review in advance management recommendations to the Board of Directors and Board Committees;
2. Provide advice and counsel to the CEO, through regular Executive Committee meetings and adhoc meetings as necessary;
3. Keep abreast of retail developments by visits to Bon-Ton and other stores, as well as trips to markets;
4. Review long-term strategies and vision of the Company;
5. Be kept informed of programs for succession planning, training and development, recruitment and retention, and work force diversity;

6. Be kept informed of important decisions at the appropriate time and specifically in such areas as:
 - Organizational structure and people decisions down to VP level
 - Capital structure and financing
 - Retirement contribution and reserve
 - Company-wide compensation and benefit changes
 - Real estate
 - New store design processes
 - IS strategy
 - Private brand strategy

Renewal of the Mandate of the Chairman of the Board

This mandate and the Chairman's performance in delivering this mandate will be reviewed annually by the Board.