

**THE BON-TON STORES, INC.**  
**CODE OF ETHICAL STANDARDS AND BUSINESS PRACTICES**

The Bon-Ton Stores, Inc. is committed to uncompromising integrity in all that we do and in the ways we relate to each other and to people outside the Company. The reputation of the Company depends on our collective and individual honesty and fairness. Each of us is responsible for applying common sense and high personal ethical standards in making business decisions where there is no stated guideline in this Code or any other Company policy. While the standards in this Code are mainly based on laws, they also reflect the values which define us and our Company. The standards in this Code may be implemented, interpreted, or amended from time to time through written policies and procedures or other compliance guidelines. The Board of Directors of The Bon-Ton Stores, Inc. has adopted this Code. All directors, officers and associates of the Company are required to comply with the provisions of this Code in the course of their activities on behalf of the Company.

**I. CORPORATE CITIZENSHIP AND PUBLIC RESPONSIBILITY**

1. Compliance with Laws

The Company's activities must always be in full compliance with applicable laws and regulations.

2. Relations with Customers

The Company's fundamental policy is to

- deal with customers fairly, honestly and courteously;
- not misrepresent, in sales promotion efforts or otherwise, the character, price or quality of its merchandise or services or of those of its competitors; and
- satisfy customers' legitimate complaints fairly.

3. Relations with Vendors

Doing business in an honest and fair manner with our vendors means that associates responsible for buying or leasing materials and services on behalf of the Company must do so objectively. We choose to deal with our vendors on the basis of the price, quality and desirability of their goods and services. Associates must not accept or seek out any benefit from a vendor or potential vendor that would compromise their judgment or create an appearance that their judgment was compromised.

4. Relations with Competitors

It is the Company's policy to compete aggressively based on our customer service, product assortment and quality and competitive pricing. Accordingly, false or misleading statements about our Company and its products and services, or false, misleading or disparaging statements about our competitors, their products or their services, will not be tolerated. All comparisons of our products and services with those of our competitors, and all claims about our products and services, must be accurate and factually supported.

#### 5. Public Service

We encourage our associates to be active in the civic life of their communities, including charitable or educational activities. When doing so and making any public communication, we should make certain that others understand that any opinions or comments that we may express are our own and not the Company's.

#### 6. Environmental Laws

The Company is committed to being an environmentally responsible corporate citizen. Associates are expected to comply with all applicable laws and regulations related to the environment in each of our facilities. We encourage associates to minimize the impact of the Company's business operations on the environment with methods that are socially responsible and economically sound.

## II. **USE OF COMPANY ASSETS, FACILITIES AND SERVICES**

#### 1. Improper Payments

The United States and many other countries have laws or rules which impose restrictions on the value of any gift which we may wish to make to government officials and employees. It is the policy of the Company to comply with all of those laws and rules. Before making any payment, or giving anything of value, to a government official, associates should consult with the Company's Legal Department.

Commercial bribery of any nature is a violation of Company policy and is unlawful. Associates are strictly prohibited from offering any form of bribe, kickback, or other like payment to any person. No payments or other concessions, regardless of form, shall be made or offered, directly or indirectly, in the conduct of the Company's business:

- for purposes other than the satisfaction of lawful obligations; or
- to anyone under circumstances amounting to, or raising implications of, commercial bribery.

### 1. Political Contributions

No contributions of Company funds, assets, services or use of facilities may be made to any political party or any candidate for, or holder of, political office in violation of applicable laws.

### 2. Charitable and Similar Contributions

The Company has a planned program of financial contributions for charitable, civic and similar purposes. No contributions of Company funds or services shall be made except in accordance with this program and the guidelines in effect from time to time.

### 3. Use of Company Equipment

Company computers, the e-mail system and Internet access are to be used for Company business only. Occasional, brief personal use is permitted so long as it does not interfere with your work and is not in violation of any other Company policy. The Company has the right to monitor the use of any Company equipment and systems. (For further information, see the Information Systems Acceptable Use Policy)

## **CONFLICT OF INTEREST/RECEIPT OF GIFTS**

No director, officer or associate shall engage or participate in any transactions or arrangements involving, or creating the appearance or raising questions of, possible conflict, whether ethical or legal, between the interests of the Company and the personal interests of the individual.

### 1. Gifts and Entertainment

No director, officer or associate shall solicit, accept or retain a personal benefit from any vendor or supplier or from anyone seeking to do business with the Company. A personal benefit means any type of gift, gratuity, favor, entertainment, compensation or anything of monetary value. Specific exception to this prohibition is made if there is no reasonable likelihood of improper influence in the performance of the director or associate's duties and if the personal benefit falls into one of the following categories:

- normal business courtesies, such as a meal, involving no more than ordinary amenities;
- a token gift not in excess of \$50 or a gratis or sample from a manufacturer intended to allow the associate to become familiar with a product;

- paid trips or guest accommodations in connection with proper Company business and with the prior approval of the Chief Executive Officer or Chief Financial Officer of the Company;

Notwithstanding anything to the contrary in this Code, related party transactions (as set forth in SEC Regulation S-K, Item 404) that have been approved by the Company's Audit Committee and are in compliance with the applicable provisions of the Pennsylvania Business Corporation Law shall be deemed to be in compliance with this Section III.

## 2. Investments

No director, officer or associate of the Company shall have a financial interest in any competitor, distributor, broker, or supplier where the financial interest would be likely to influence, or appear to influence, his or her actions on behalf of the Company. The holding of stock of a publicly held company not in excess of 5% of the outstanding shares of that company is not prohibited. If there is any doubt about how an investment might be perceived, discuss it in advance with the Company's Legal Department, or in the case of directors, with the Board of Directors.

## 3. Company Time

No officer or associate may perform non-Company work, or solicit such work, on the Company's premises or while working on the Company's time for his or her own personal benefit. Also, no officer or associate may use Company property (including equipment, telephones, materials, resources or proprietary information) for his or her own commercial gain or endeavor. No officer associate may engage in any type of solicitation or distribution activities unrelated to the Company's business on the Company's premises without the approval of his or her immediate supervisor.

No director or officer may work for, or receive compensation from, any competitor or supplier without the approval of the Chief Executive Officer and the Audit Committee of the Board of Directors. In addition, no exempt or corporate associate may serve on the board of directors of another company (not including a nonprofit organization) or of a governmental agency without review by the Legal Department and the advance approval of the Chief Executive Officer and the Audit Committee of the Board of Directors. Even where approval is granted, associates must take appropriate steps to separate Company and non-Company activities.

## IV. **OBLIGATIONS RELATING TO FINANCIAL REPORTING RESPONSIBILITIES**

The Company's stock is listed on the NASDAQ stock market, and, as a result, the Company has a number of disclosure obligations under NASDAQ rules and securities laws. It is of critical importance that the Company's filings with the Securities and Exchange Commission be accurate and timely. Associates may be called upon to provide information to assure that the Company's public reports are complete, fair and understandable. The Company expects all associates to take this responsibility very seriously and to provide prompt and accurate answers to inquiries related to the Company's public disclosure requirements.

In addition to other general responsibilities under this Code, the Company's directors and executive officers (including the Company's chief financial officer, chief accounting officer and other persons performing similar functions), and associates assisting in the implementation of, and activities regarding, the Company's internal financial controls, the preparation of the Company's financial statements and the preparation and dissemination of the Company's public records, must:

- act ethically, with honesty and integrity, avoiding actual or apparent conflicts of interest between personal and professional relationships.
- provide information that is accurate, complete, objective, relevant, timely and understandable to assure full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, government agencies and in other public communications made by or on behalf of the Company.
- comply with the applicable laws and rules and regulations of federal, state and local governments and private and public regulatory agencies.
- act in good faith, responsibly, with due care, competence and diligence, without misrepresenting material facts or allowing one's independent judgment to be subordinated.
- respect the confidentiality of information acquired in the course of one's work except when authorized or otherwise legally obligated to disclose such information. Confidential information acquired in the course of one's work will not be used for personal advantage.
- promptly report to their immediate supervisor, or if that is not practical, to the Chief Financial Officer, any conduct the individual believes to be a violation of law or business ethics or of any provision of this Code, including any transaction or relationship that reasonably could be expected to give rise to such a conflict.
- be accountable for adhering to this Code in general and this Section IV specifically.

## V. **CONFIDENTIAL INFORMATION**

## 1. Confidential Information

Associates should not discuss, e-mail, text or post internal information about the Company with anyone either inside or outside the Company, except as required in the performance of regular duties for the Company. Internal information includes, but is not limited to, sales, financial results, vendor pricing, store openings and closings and personnel matters. (Also see the Information Systems Acceptable Use Policy and Online Social Media Use Policy for additional guidance on protecting Company information)

Communications on behalf of the Company with the media, securities analysts and investors must be made only by specifically designated representatives of the Company. Any inquiry relating to the Company from a securities analyst or an investor shall be referred to the Chief Financial Officer of the Company, and any inquiry from the media shall be referred to Investor Relations.

Requests by regulatory or government agencies for information should be referred to the Company's General Counsel.

Care must be taken to safeguard the confidentiality of internal information, electronic or otherwise. Electronic information and reports should be safeguarded in accordance with the Information Systems Acceptable Use Policy. In addition, sensitive documents should not be left lying on desks either during or after working hours. Visitors should not be left unattended in offices containing internal Company documents.

Internal information is the property of the Company, and may not be disclosed even after an associate's employment with the Company ends.

## 2. No Trading on the Basis of Material Non-public Information

The law prohibits insider trading – that is, buying or selling a company's securities at a time when an individual has "Material Nonpublic Information" about that company. Material Nonpublic Information is information which an investor would consider important in making a decision to buy or sell securities (stocks, bonds, mutual funds, options or other similar market instruments). An easy way to determine if you have Material Nonpublic Information is to consider how it impacts you. If the information makes you want to buy or sell, it is likely to have the same effect on others. Common examples of Material Nonpublic Information include financial results, financial forecasts, possible mergers, acquisitions or divestitures and major changes in business strategy or organization.

Directors, officers and associates who have access to Material Nonpublic Information may not profit financially by buying or selling or in any other way dealing in the Company's securities or the securities of another publicly traded company about which the person has Material Nonpublic Information. This

prohibition includes benefiting financially or in any other way by passing on Material Nonpublic Information to another person. This practice, known as “tipping,” also violates the law and can result in the same penalties that apply if an individual engages in insider trading directly, even if the individual does not receive any money or derive any benefit from the trades.

If you are aware of any Material Nonpublic Information relating to the Company which has not been made available to the public for at least two full business days, you must not trade in the Company’s securities or disclose such information to anyone who may trade in the Company’s securities.

## **VI. ANTITRUST AND COMPETITION LAWS**

US laws govern the ways in which the Company may compete. Accordingly, as a matter of Company policy, participating in any of the following is strictly forbidden: (a) discussions or agreements with competitors regarding price, terms, conditions of sale, boycotts, or market allocation, (b) discussions or agreements by which the Company and competitors refuse to deal with certain suppliers or agree to deal with them only on certain terms, (c) agreements regarding the resale prices of products that we sell to customers (unless those agreements have been first reviewed and approved by the Legal Department); or (d) misrepresenting our own products.

## **VII. EMPLOYMENT RELATED MATTERS**

### **1. Alcohol and Drug Policy**

The possession, distribution (selling or otherwise), manufacture or use of any illicit drugs or the use of alcoholic beverages on Company premises, in Company vehicles or during a scheduled work day, is strictly prohibited. For purposes of this policy, lunch or break times are considered part of a scheduled work day.

### **2. Harassment**

The Company prohibits the harassment of any associate. Harassment is defined as verbal or physical conduct of a discriminatory nature directed towards an associate which affects an individual’s employment status, is used as a basis for employment decisions, has the purpose of interfering with an individual’s job performance, or creates an intimidating or offensive work environment.

## **VIII. INTERNAL COMMUNICATION AND ENFORCEMENT OF THE CODE**

Communication of this policy will be made to all directors and exempt associates.

Violations of this Code and the occurrence of any event which may raise a question as to a violation must be reported to the Company's Audit Committee, Chief Financial Officer or General Counsel immediately upon discovery. All such reports must include a detailed statement of the operative facts.

## **IX. INTERPRETATION OF THE CODE**

Any questions regarding this policy or its application should be discussed with your department head. Most questions can be effectively handled at this level. However, should you feel that you are receiving inadequate clarification; the matter should be directed to the attention of the Company's General Counsel.

## **X. PROHIBITION AGAINST RETALIATION**

The Company is committed to providing a workplace conducive to open discussion of its business practices. It is Company policy to comply with all applicable laws that protect associates against unlawful discrimination or retaliation as a result of their lawfully reporting information regarding, or their participating in, investigations involving corporate fraud or other violations of federal or state law by the Company or its agents, or violations of this Code. Specifically, Company policy prevents any associate from being subject to disciplinary or retaliatory action by the Company or any of its associates or agents as a result of the associate's:

- disclosing information to a government or law enforcement agency when the associate has reasonable cause to believe that the information discloses a violation or possible violation of federal or state law or regulation;
- providing information or causing information to be provided in an investigation regarding any conduct that the associate reasonably believes involves a violation of federal criminal law relating to securities fraud, mail fraud, bank fraud, or wire, radio and television fraud; any rule or regulation of the Securities and Exchange Commission; or any provision of federal law relating to fraud against shareholders, where such information or assistance is provided to or the investigation is being conducted by a federal regulatory agency or a person at the Company with supervisory or similar authority over the associate; or
- reporting violations of or providing information regarding alleged violations of this Code.

However, associates who file reports or provide evidence which they know to be false or without a reasonable, good faith belief in the truth and accuracy of such information will not be protected and may be subject to disciplinary action, including termination of

employment.

If any associate believes he or she has been subjected to any action that violates this policy, he or she may file a complaint with his or her own supervisor or the Company's Executive Vice President – Human Resources. If it is determined that an associate has experienced any improper employment action in violation of this policy, such associate will be entitled to appropriate corrective action.

#### **XI. WAIVERS OF THE CODE**

Any waiver of the application of any provision of this Code set forth in “Obligations Relating to Financial Reporting Responsibilities” involving a director or executive officer of the Company must be:

- approved by the Audit Committee of the Board or other committee of the Board composed exclusively of independent directors, and
- promptly disclosed as required by securities law.

Any waiver of the application of any other provision of this Code may be approved by the Company's Chief Executive Officer or Chief Financial Officer. Any such waiver with respect to the Chief Executive Officer must also be approved by the Audit Committee of the Board or other committee of the Board composed exclusively of independent directors. Such waivers need not be disclosed to the shareholders of the Company.

#### **XII. VIOLATIONS OF THE CODE**

Any associate whose conduct violates this policy will be subject to disciplinary action by the Company, including, in the Company's discretion, discharge and/or forfeiture of benefits or rights.

#### **XIII. WHERE TO TURN FOR ADVICE OR TO REPORT VIOLATIONS**

Directors, officers and associates who have questions about this Code should contact the Company's Legal Department for guidance without fear of retaliation. If you have reason to believe that an actual or potential violation of this Code is occurring or has occurred, you should contact our Legal Department immediately, again without fear of retaliation, or you may use our confidential hotline (as described below).

XIV. **ANNUAL COMPLIANCE CERTIFICATES; INVESTIGATIONS;  
DISCIPLINARY ACTION**

Directors, officers and certain associates will be required to review this Code at least annually and to affirm compliance with this Code by signing a compliance form. Allegations of potential wrongdoing will be investigated promptly and will be reported to the Audit Committee of the Board of Directors. Knowingly false allegations of misconduct will be subject to disciplinary action. All associates are required to cooperate fully with any internal or external investigation. Associates must also maintain the confidentiality of any investigation and related documentation, unless specifically authorized by the Legal Department to disclose such information.

Appropriate disciplinary penalties for violations of this Code may include counseling, reprimands, warnings, suspensions (with or without pay), demotions, dismissals and restitution. Disciplinary action may also extend to a violator's supervisor insofar as the Company determines that the violation involved the participation of the supervisor or reflected the supervisor's lack of diligence in causing compliance with this Code. Any person who takes any action whatsoever in retaliation against any employee who has in good faith raised any question or concern about compliance with this Code will be subject to serious sanctions, which may include dismissal for cause.

Associates are reminded that the Company's document retention policies strictly prohibit the destruction or alteration of documentation undertaken with the intent to obstruct any pending or threatened investigation or proceeding of any nature or in contemplation of a proceeding.

**CONFIDENTIAL HOTLINE**

The Company has established a confidential hotline utilizing an outside service that is available 24 hours a day 7 days a week to report violations of the Company Code (1-866-913-4255).