

## **GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

This Charter has been adopted by the Board of Directors (the "Board") of The Bon-Ton Stores, Inc. (the "Company") to govern its Governance and Nominating Committee (the "Committee"), which shall have the authority, responsibility and specific powers described below.

**Purposes.** The Committee shall (a) identify individuals qualified to become members of the Board and recommend that the Board select (i) director nominees for the next annual meeting of stockholders and (ii) directors to fill any vacancies in the Board, (b) recommend that the Board select directors to serve on the committees of the Board, and (c) develop and recommend to the Board a set of corporate governance principles and take a leadership role in shaping the corporate governance of the Company to ensure compliance with applicable laws or regulations of governmental authorities, rules of the Nasdaq National Market ("Nasdaq") and/or any other securities market or stock exchange where the Company's securities are from time to time listed (collectively, "Applicable Requirements.")

**Organization.** The Committee shall be composed of two or more members, each of whom shall satisfy any Applicable Requirements, including, if the Company does not avail itself of the "controlled company" exception under applicable Nasdaq rules, the independence requirements of Nasdaq from time to time in effect and applicable to the Company. Committee members shall be appointed and removed by the Board. A member of the Committee shall be selected by the Board to serve as the Committee's chairperson. The Committee may delegate its authority to a subcommittee comprised solely of its members. The Committee shall make regular reports to the Board.

**Meetings.** The Committee shall meet at least once per year, or more if deemed appropriate by its chairperson or a majority of its members. The Committee may invite guests to attend its meetings (or portions of its meetings), including the Chair, CEO, other appropriate executives and any director of the Company. These invited guests may not vote on matters before the Committee.

**Responsibilities.** The key responsibilities of the Committee are:

1. Establish criteria and qualifications for Board membership, taking into consideration the size and composition of the Board, the strength and experience of the members of the then current Board and the diversity of the Board.
2. Evaluate from time to time the appropriate size of the Board and recommend any increase or decrease with respect thereto.
3. Review periodically the composition of the Board to ensure that the Board reflects a balance of knowledge, experience, skills and diversity in light of the strategic direction of the Company.

4. Establish a process for identifying candidates for Board membership and conducting searches for Board candidates. Review and evaluate the qualifications and background of Board candidates.
5. Assist in the selection and recruitment of candidates for Board membership.
6. Design and manage the orientation program for new Board members and consult with them on progress.
7. Make recommendations to the entire Board concerning membership of each of the committees of the Board. The Committee shall advise the Board with respect to the charters, structure and operations of the various committees of the Board and qualifications for membership thereon, including policies for rotation of members among committees.
8. Manage the process by which the Board and each Board committee conduct a self-evaluation.
9. Manage the process by which current Board members are evaluated individually by the Board at the time they are considered for re-nomination to the Board and make recommendations to the Board with respect to the re-nomination of Board members.
10. Upon receipt of a letter of resignation from a Board member or upon required offer of resignation following a vote of shareholders, and after considering advice from the Chairman and Chief Executive Officer, recommend to the Board whether to accept such resignation.
11. Investigate any potential or actual conflict of interest by a Board member as assigned to the Committee by the Board.
12. Develop corporate governance policies to be adopted by the Board, and periodically review and assess the policies and their application and recommend any changes deemed appropriate to the Board for its consideration.
13. Ensure that the Board complies with corporate governance policies and addresses all corporate governance issues.
14. Provide an annual report to the Board which shall include the results of the Committee's annual evaluation of its performance and the Company's compliance with corporate governance requirements, all in accordance with Applicable Requirements.
15. Periodically evaluate the compensation of directors and recommend to the Board any changes with respect thereto.

**Criteria for Selecting New Directors.** The Committee hereby adopts a process for identifying and evaluating nominees for director, including nominees recommended by security holders, such that, in the minimum, such nominees possess a background that includes a solid education, sufficient business, professional or academic experience and the requisite reputation, character, integrity, skills, judgment and temperament and such

other relevant characteristics, which, in the Committee's view, have prepared him or her for dealing with the multi-faceted financial, business and other issues that confront a Board of Directors of a corporation with the size, complexity, reputation and success of the Company. In addition, the Committee shall consider all Applicable Requirements with regard thereto, including when appropriate those applicable to membership on any committee of the Board. The Committee shall establish, and, to the extent required by Applicable Requirements, publish in the Company's proxy statement or elsewhere as required, specific, minimum qualifications that must be met by any nominee to be selected or recommended by the Committee and the specific qualities or skills that the Committee may determine from time to time to be necessary for one or more of the Company's directors to possess.