

BANK OF AMERICA – MERRILL LYNCH

2009 Consumer Conference

March 12, 2009

THE BON♦TON STORES, INC.

BON-TON BERGNER'S BOSTON STORE CARSON PIRIE SCOTT ELDER-BEERMAN HERBERGER'S YOUNKERS PARISIAN
Detroit area

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Key Investment Highlights

- ◆ Equity of local brand nameplates and strong department store concept
- ◆ Merchandise strategies in place to reinforce niche in our markets
- ◆ Initiatives in place for cost savings and margin improvement
- ◆ Appropriate capital structure
- ◆ Adept management team

Key Objectives - 2009 and Beyond

- ◆ Roll out Merchandising Optimization
- ◆ Maintain strong external relationships
- ◆ Control expenses and capital expenditures, while maintaining focus on strategic opportunities
- ◆ Reduce debt with cash generated from the business
- ◆ Maintain solid balance sheet

Near-Term Objectives - 2009

- ◆ Focus on regaining profitability
- ◆ Operate to a conservative inventory plan under the assumption of a continuing difficult macroeconomic environment
- ◆ Execute stringent expense control
- ◆ Rebalance marketing and media mix to deliver a stronger message emphasizing our value-oriented key item program
- ◆ Manage excess borrowing capacity under our credit facility
- ◆ Benefit gross margin rate through multiple initiatives

Financials

Keith Plowman

Fourth Quarter 2008: Financial Discussion Points

(Unaudited)

- ◆ Comparable store sales decreased 9.7%
- ◆ Net loss: \$87.7 million, or \$5.22 per diluted share including non-cash charges of \$7.39 per diluted share
- ◆ Excluding non-cash charges, net income of \$2.17 per diluted share ⁽¹⁾
- ◆ Disciplined management of:
 - SG&A expenses
 - Capital expenditures
 - Inventories
- ◆ Results:
 - Excess borrowing capacity under credit facility of \$269 million, well above the \$75 million minimum availability covenant
 - Reduced interest costs
 - Balance sheet remained solid
 - Outstanding debt held essentially flat

(1) A reconciliation of diluted per share amounts to adjusted amounts is provided in the financial schedules in the Company's March 12, 2009 press release.

Summary Financial Results - Q4 & F2008

(\$ in millions, except per share amounts)

(Unaudited)

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|--------------------------|----------------------|------------------|-----------------------|------------------|
| | January 31, 2009 | February 2, 2008 | January 31, 2009 | February 2, 2008 |
| Sales | \$1,031.4 | \$1,138.9 | \$3,130.0 | \$3,365.9 |
| Gross profit | \$357.7 | \$427.4 | \$1,095.0 | \$1,215.8 |
| % to sales | 34.7% | 37.5% | 35.0% | 36.1% |
| SG&A | \$269.4 | \$285.2 | \$1,033.5 | \$1,066.7 |
| % to sales | 26.1% | 25.0% | 33.0% | 31.7% |
| Goodwill impairment | \$0.0 | \$0.0 | \$17.8 | \$0.0 |
| % to sales | 0.0% | 0.0% | 0.6% | 0.0% |
| Other impairment charges | \$25.9 | \$4.1 | \$25.9 | \$4.1 |
| % to sales | 2.5% | 0.4% | 0.8% | 0.1% |
| Income tax provision | \$124.1 | \$38.9 | \$63.1 | \$5.9 |
| % to sales | 12.0% | 3.4% | 2.0% | 0.2% |
| Net (loss) income | (\$87.7) | \$75.2 | (\$169.9) | \$11.6 |
| % to sales | -8.5% | 6.6% | -5.4% | 0.3% |
| Diluted EPS | (\$5.22) | \$4.43 | (\$10.12) | \$0.68 |
| EBITDA (1) | \$116.7 | \$174.9 | \$156.9 | \$251.8 |
| % to sales | 11.3% | 15.4% | 5.0% | 7.5% |

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 12 in presentation.

Summary Balance Sheet - F2008

(\$ in millions)

(Unaudited)

| | January 31, 2009 | February 2, 2008 |
|--|------------------|------------------|
| Inventory | \$666.1 | \$754.8 |
| Other current assets | 133.1 | 117.1 |
| Long-term assets | 1,022.1 | 1,195.7 |
| Total assets | \$1,821.3 | \$2,067.6 |
| Current liabilities, w/o debt | \$365.9 | \$437.5 |
| Total debt, including cap leases | 1,157.6 | 1,155.0 |
| Other long-term liabilities | 163.6 | 112.0 |
| Shareholders' equity | 134.2 | 363.1 |
| Total liabilities & shareholders' equity | \$1,821.3 | \$2,067.6 |
| Debt / total capitalization | 90% | 76% |
| Excess borrowing capacity | \$269 | \$351 |
| Debt /EBITDA ⁽¹⁾ | 7.4 | 4.6 |

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 12 in presentation.

Guidance & Assumptions - Fiscal 2009

◆ 2009 Guidance:

- EBITDA⁽¹⁾ in the range of \$140 to \$155 million
- Loss per diluted share in the range of \$3.40 to \$4.30
- Cash flow⁽²⁾ in the range of \$5 to \$20 million

◆ 2009 Assumptions:

- Comparable stores sales decrease in the range of 6.5% to 9.0%
- Gross Margin rate of 35.5% to 36.0%
- SG&A decrease of a minimum of \$70 million as a result of our previously announced cost saving initiatives
- Effective tax rate of 0%
- Capital expenditures of \$40 million, net of contributions from landlords
- 17 million estimated weighted average shares outstanding

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 12 in presentation.

(2) As used in this presentation, cash flow reflects the forecasted pre-tax loss, plus depreciation and amortization and minus capital expenditures.

Capitalization - Fiscal 2008 and Fiscal 2009 Guidance

(\$ in millions)

| | Actual Fiscal 2008 | | Low End of Guidance Range Fiscal 2009 | |
|--------------------------------|-----------------------|--|--|--|
| | Amount | \$156.9 EBITDA ⁽¹⁾ Multiple | Amount | \$140 EBITDA ⁽¹⁾ Multiple |
| Long-term debt | | | | |
| Senior secured credit facility | \$320 | | \$226 | |
| Mortgage loan facility | 248 | | 242 | |
| Mortgage notes & other | 12 | | 11 | |
| Capital leases | 68 | | 70 | |
| Subtotal | \$648 | | \$549 | |
| Senior notes | 510 | | 510 | |
| Total debt | \$1,158 | 7.4 | \$1,059 | 7.6 |
| Shareholders' equity | 134 | | 99 | |
| Total capitalization | \$1,292 | | \$1,158 | |

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 12 in presentation.

EBITDA⁽¹⁾ Reconciliation to Net Income

(\$ in millions)

(Unaudited)

| | Thirteen Weeks Ended | | Fifty-Two Weeks Ended | |
|---|----------------------|-----------------|-----------------------|-----------------|
| | 1/31/09 | 2/2/08 | 1/31/09 | 2/2/08 |
| Net (loss) income | \$ (87.7) | \$ 75.2 | \$ (169.9) | \$ 11.6 |
| Adjustments: | | | | |
| Income tax provision | 124.1 | 38.9 | 63.1 | 5.9 |
| Interest expense, net | 24.4 | 25.9 | 97.8 | 108.2 |
| Depreciation and amortization | 28.7 | 29.7 | 117.4 | 117.1 |
| Amortization of lease-related interests | 1.2 | 1.1 | 4.9 | 5.0 |
| Goodwill impairment | - | - | 17.8 | - |
| Other impairment charges | 25.9 | 4.1 | 25.9 | 4.1 |
| EBITDA | \$ 116.7 | \$ 174.9 | \$ 156.9 | \$ 251.8 |

Note 1: As used in this presentation, EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, including amortization of lease-related interests, goodwill impairment and other impairment charges. EBITDA is not a measure of financial performance under generally accepted accounting principles ("GAAP"). However, we present EBITDA in this presentation because we consider it to be an important supplemental measure of our performance and believe that it is frequently used by securities analysts, investors and other interested parties to evaluate the performance of companies in our industry and by some investors to determine a company's ability to service or incur debt. In addition, our management uses EBITDA internally to compare the profitability of our stores. EBITDA is not calculated in the same manner by all companies and accordingly is not necessarily comparable to similarly entitled measures of other companies and may not be an appropriate measure for performance relative to other companies. EBITDA should not be assessed in isolation from or construed as a substitute for net income or cash flows from operations, which are prepared in accordance with GAAP. EBITDA is not intended to represent, and should not be considered to be a more meaningful measure than, or an alternative to, measures of operating performance as determined in accordance with GAAP.

Merchandising

Tony Buccina

Merchandising Strategy - Focus 2009

◆ Franchise Businesses

- Cosmetics, Ladies' Shoes, Petites, Large Sizes, Moderate Updated Sportswear, Social Occasion Dresses and Gifts
- Focus businesses: Handbags, Men's Casual Outdoor Apparel and Furniture Galleries

◆ Differentiated product

- 33% differentiated brands from traditional department store competition
- Private brand - 62%
- Unique branded vendors - 38%

◆ Storewide key items

- Penetrate over 20% of total sales and generate higher margins than total store
- Incredible Value Program (IVP) - the most profitable segment of the key item program and sells at everyday prices

◆ eCommerce

◆ Quality- and value-driven assortments

Achieve Sales & Margin Plan

- ◆ Implement our core merchandise initiatives
 - Grow franchise businesses faster than total store
 - Expand penetration of private brands
 - Execute with authority our key item program
 - Expand Incredible Value Program
- ◆ Improve gross margin rate
 - Ongoing inventory control with focused assortments, less clearance
 - Advantageous buys
 - Private brand initiatives
 - Lower sourcing costs on overseas merchandise
 - Increased number of IVP (Incredible Value) items, supported by increased advertising
 - Merchandise optimization
- ◆ Grow eCommerce
 - Expand merchandise offering
 - Increase CommerceHub
 - Enhance functionality of site
- ◆ Maintain strong vendor relationships

Bon-Ton's Marketing Positioning

- ◆ Niche in the marketplace
- ◆ Strong nameplates
- ◆ Right place for fashion - at great value
- ◆ Customized to local preferences
- ◆ Convenient locations in our communities
- ◆ Nobody knows this customer better than we do