

Wells Fargo

2009 Consumer Conference

October 27, 2009



THE BON♦TON STORES, INC.

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

COME TO THE RIGHT PLACE®

Safe Harbor

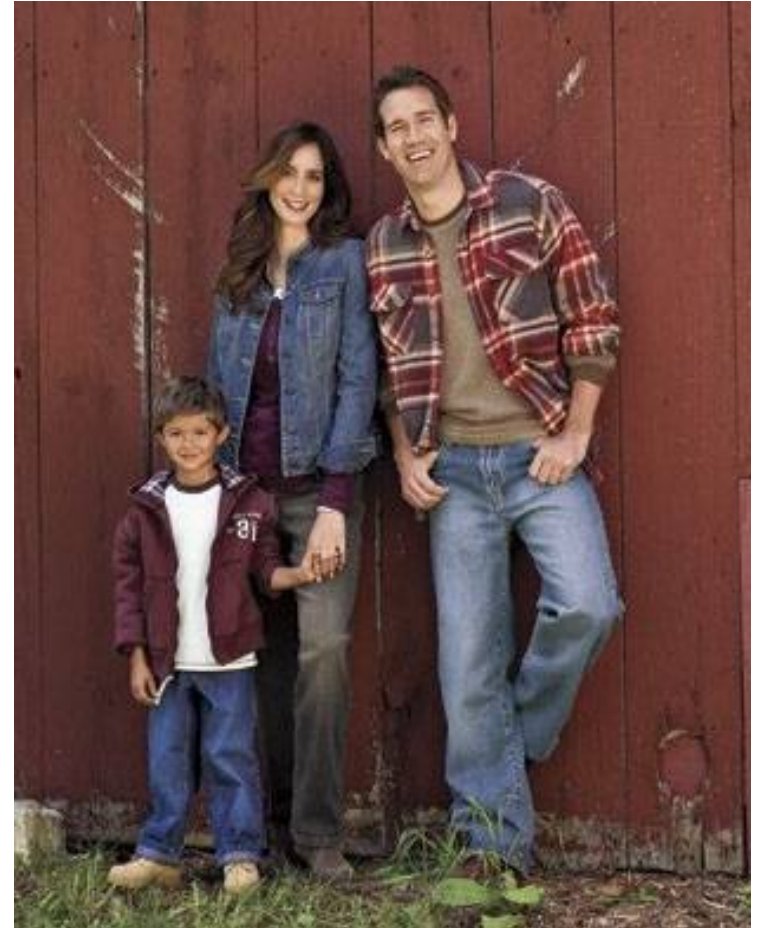
Certain information included in this presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements, which may be identified by words such as “may,” “could,” “will,” “plan,” “expect,” “anticipate,” “estimate,” “project,” “intend” or other similar expressions, involve important risks and uncertainties that could significantly affect results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by or on behalf of the Company. Factors that could cause such differences include, but are not limited to, risks related to retail businesses generally; a significant and prolonged deterioration of general economic conditions which could negatively impact the Company, including the potential write-down of the current valuation of intangible assets and deferred taxes; changes in the terms of the Company’s proprietary credit card program; potential increase in pension obligations; consumer spending patterns, debt levels, and the availability and cost of consumer credit; additional competition from existing and new competitors; inflation; changes in the costs of fuel and other energy and transportation costs; weather conditions that could negatively impact sales; uncertainties associated with expanding or remodeling existing stores; the ability to attract and retain qualified management; the dependence upon relationships with vendors and their factors; a security breach; the ability to reduce SG&A expenses; the incurrence of unplanned capital expenditures; the ability to realize the expected benefits from our planned changes in operating structure and the ability to obtain financing for working capital, capital expenditures and general corporate purposes. Additional factors that could cause the Company’s actual results to differ from those contained in these forward-looking statements are discussed in greater detail under Item 1A of the Company’s Form 10-K filed with the Securities and Exchange Commission.

This information may not be republished or otherwise distributed without the prior consent of The Bon-Ton Stores, Inc.

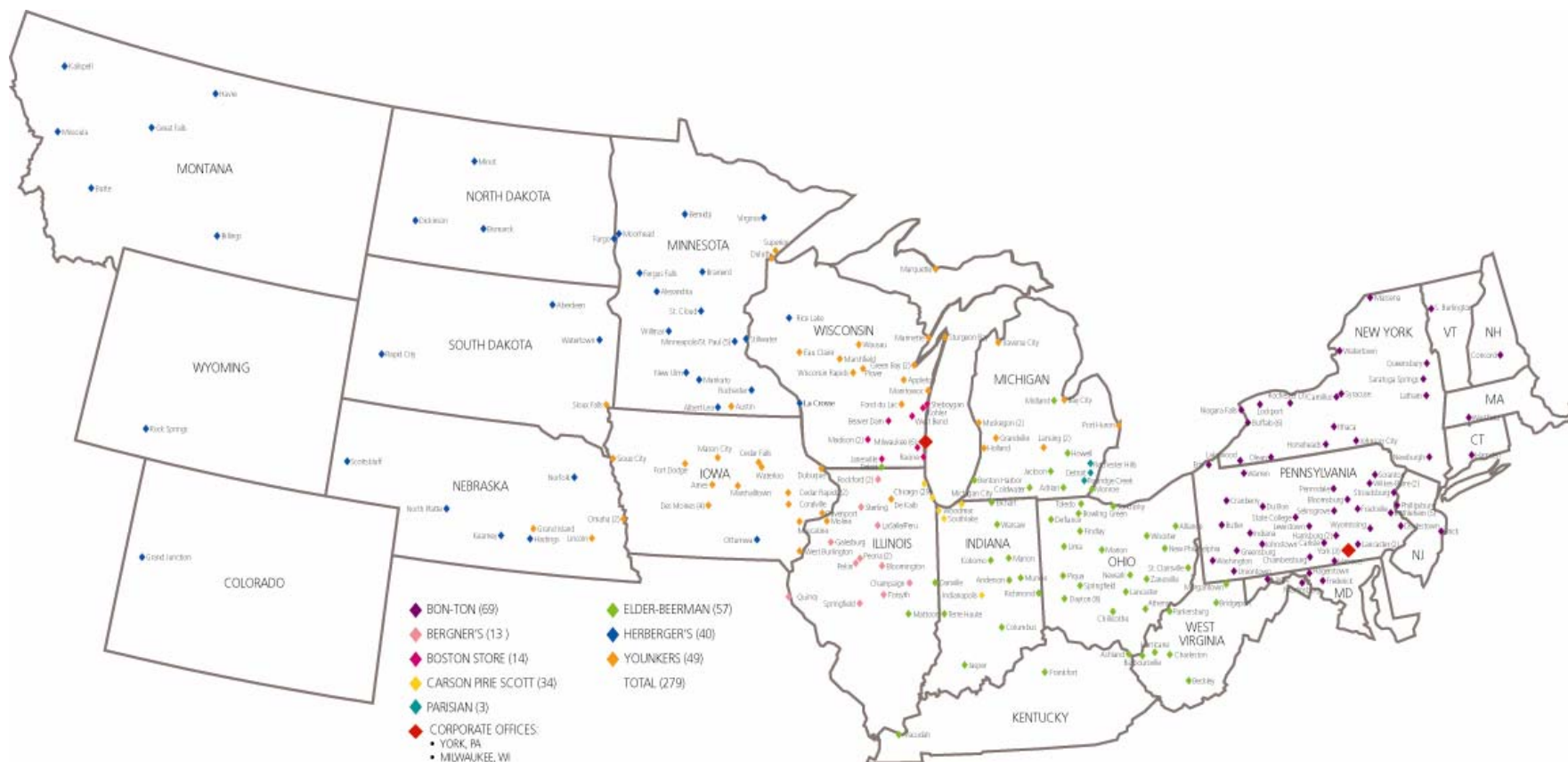
This presentation was prepared primarily from public documents that were available as of October 8, 2009. The Company assumes no obligation to update the information in this presentation.

Key Investment Highlights

- ◆ Strong brand equity in local nameplates
- ◆ Leading market position in key markets
- ◆ Initiatives for further cost savings and margin improvement
- ◆ Merchandise strategies well-aligned with our customer
- ◆ Proven management team



Bon-Ton Stores by Nameplate



- ◆ One of the largest regional department store operators in the U.S.
- ◆ Offers a broad assortment of brand-name fashion apparel and accessories for women (50%), men (12%) and children (7%), cosmetics (13%), home furnishings (18%)
- ◆ Operates 279 department stores, including 12 furniture galleries, in 23 states

Merchandising Strategy - Continued Focus

- ◆ Franchise Businesses
- ◆ Differentiated product
- ◆ Storewide key items
- ◆ eCommerce - maximize sales potential
- ◆ Strong vendor relationships



Key Accomplishments – First Half 2009

- ◆ Differentiation through Private Brands continues to grow profitably as a percent to sales (20% TY vs. 19% LY)
- ◆ Merchandise optimization implemented in all areas of business except Ladies' Ready-to-Wear (targeted spring 2010)
- ◆ Benefiting from initiatives for cost savings and margin improvement
- ◆ eCommerce business continues to grow with significantly more offerings and enhancements to site
- ◆ One new store: Beaver Dam, Wisconsin
- ◆ Company assumes control of fine jewelry operations beginning late October

Fall 2009 Strategy

- ◆ Operate to a conservative plan – adjust for customers’ response to offerings and macroeconomic environment
- ◆ Improve gross margin rate driven by multiple initiatives
- ◆ Continue to execute expense control
- ◆ Manage excess borrowing capacity under our credit facility
- ◆ Control capital expenditures, while maintaining focus on our customers’ shopping experience
- ◆ Continue to reduce debt with cash generated from the business
- ◆ Focus on profitability and capitalize on growth opportunities



Financials

Keith Plowman

First half 2009: Financial Discussion Points

(Unaudited)

- ◆ Comparable store sales decreased 9.2%
- ◆ Net loss: \$80.2 million, or \$4.72 per diluted share
- ◆ Appropriate management of:
 - Inventory: reduced by approximately 5% on comp store basis, cost basis reduced by \$35.4 million, or 5%
 - Markdowns: Gross margin rate for the first half improved 100 basis points to 35.9%
 - SG&A expense: reduced by \$42.4 million
- ◆ Results:
 - EBITDA⁽¹⁾ increased \$3.7 million in the first half
 - Excess borrowing capacity under credit facility of \$174 million, well above the required minimum availability of \$75 million
 - Debt levels reduced by \$47.4 million, or approximately 4%
 - Company raised full-year 2009 guidance on August 20, 2009 based on first half results that exceeded expectations

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 14 in presentation.

Summary Financial Results - Q2 2009

(\$ in millions, except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2009	August 2, 2008	August 1, 2009	August 2, 2008
Sales	\$609.2	\$673.4	\$1,253.8	\$1,373.6
Gross profit	\$226.1	\$241.4	\$450.3	\$479.2
% to sales	37.1%	35.9%	35.9%	34.9%
SG&A	\$222.9	\$246.4	\$459.8	\$502.2
% to sales	36.6%	36.6%	36.7%	36.6%
Goodwill impairment	\$0.0	\$17.8	\$0.0	\$17.8
% to sales	0.0%	2.6%	0.0%	1.3%
Income tax provision (benefit)	\$0.9	(\$22.9)	(\$0.1)	(\$38.7)
% to sales	0.2%	-3.4%	0.0%	-2.8%
Net loss	(\$34.8)	(\$33.8)	(\$80.2)	(\$67.9)
% to sales	-5.7%	-5.0%	-6.4%	-4.9%
Diluted loss per share	(\$2.04)	(\$2.01)	(\$4.72)	(\$4.04)
EBITDA ⁽¹⁾	\$19.3	\$16.5	\$25.0	\$21.3
% to sales	3.2%	2.5%	2.0%	1.5%

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 14 in presentation.

Summary Balance Sheet - Q2 2009

(\$ in millions)

(Unaudited)

	August 1, 2009	August 2, 2008
Inventory	\$675.3	\$710.7
Other current assets	96.0	156.9
Long-term assets	974.5	1,166.7
Total assets	\$1,745.8	\$2,034.3
Current liabilities, w/o debt	\$382.9	\$431.8
Total debt, including cap leases	1,142.4	1,189.8
Other long-term liabilities	162.7	115.1
Shareholders' equity	57.8	297.6
Total liabilities & shareholders' equity	\$1,745.8	\$2,034.3
Excess borrowing capacity	\$173.7	\$237.8

Guidance & Assumptions - Fiscal 2009

◆ 2009 Guidance:

- EBITDA⁽¹⁾ in the range of \$150 to \$170 million
- Loss per diluted share in the range of \$3.70 to \$2.50
- Cash flow⁽²⁾ in the range of \$15 to \$35 million

◆ 2009 Assumptions:

- Comparable stores sales decrease in the range of 7.0% to 9.0%
- Gross Margin rate of 36.0%
- SG&A decrease of approximately \$80 million
- Effective tax rate of 0%
- Capital expenditures not to exceed \$40 million, net of contributions from landlords
- Estimated 17 million diluted weighted average shares outstanding

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 14 in presentation.

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

Leverage - Fiscal 2008 and Fiscal 2009 Guidance

(\$ in millions)

	Actual Fiscal 2008		Low End of Guidance Fiscal 2009		High End of Guidance Fiscal 2009	
	Amount	EBITDA ⁽¹⁾ Multiple	Amount	EBITDA ⁽¹⁾ Multiple	Amount	EBITDA ⁽¹⁾ Multiple
Long-term debt						
Senior secured credit facility	\$320		\$262		\$242	
Mortgage loan facility	248		242		242	
Mortgage notes & other	12		11		11	
Capital leases	68		70		70	
Subtotal	\$648		\$585		\$565	
Senior notes	510		510		510	
Total debt	\$1,158	7.4	\$1,095	7.3	\$1,075	6.3

(1) EBITDA is not a measure recognized under generally accepted accounting principles - See Note 1 on page 14 in presentation.

EBITDA⁽¹⁾ Reconciliation to Net Loss

(\$ in millions)

(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2009	August 1, 2008	August 1, 2009	August 1, 2008
Net loss	\$ (34.8)	\$ (33.8)	\$ (80.2)	\$ (67.9)
Adjustments:				
Income tax provision (benefit)	0.9	(22.9)	(0.1)	(38.7)
Interest expense, net	23.2	24.4	46.1	48.7
Depreciation and amortization	28.7	29.9	56.8	58.9
Amortization of lease-related interests	1.3	1.2	2.4	2.5
Goodwill impairment	-	17.8	-	17.8
EBITDA	\$ 19.3	\$ 16.6	\$ 25.0	\$ 21.3

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 and goodwill impairment. 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.