

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

The Board of Directors of The Bon-Ton Stores, Inc. has adopted this Code of Ethical Standards and Business Practices. All directors, executive 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.

II. USE OF COMPANY ASSETS, FACILITIES AND SERVICES

1. Improper Payments

No payments or other concessions, regardless of form, shall be made or offered, directly or indirectly, in the conduct of the Company's affairs

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

2. 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.

3. 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.

4. 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.

III. **CONFLICT OF INTEREST/RECEIPT OF GIFTS**

No 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 associate.

No 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 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;
- 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;
- purchases of goods or services from vendors or suppliers for the associate's own use or that of his immediate family, arranged through appropriate Company personnel.

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

IV. OBLIGATIONS RELATING TO FINANCIAL REPORTING RESPONSIBILITIES

As a public company, 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 the Audit Committee 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 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, store openings and closings and personnel matters.

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. For example, 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

If you are aware of any material 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 LAWS**

Agreements or understandings with competitors to limit or restrict competition are usually unlawful. These matters are not to be discussed with people outside the Company.

Contracts or other arrangements which involve exclusive dealing or other restrictive agreements with suppliers may be unlawful.

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 other 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 to the shareholders of the Company.

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.

REPORTING VIOLATIONS

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).