



HUMAN RESOURCES AND COMPENSATION 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 Human Resources and Compensation Committee (the "Committee"), which shall have authority, responsibility and specific powers described below.

Purposes

The Committee's purposes are to:

- I. Discharge the responsibilities of the Board relating to the compensation of the Company's Chief Executive Officer (the "CEO") and each of the other principal executive officers of the Company, in accordance with the provisions of the Charter.
- II. Review, evaluate, and provide recommendations to the Board regarding the plans, policies and programs relating to the principals' compensation.
- III. Provide oversight with respect to the general compensation policies of the Company.
- IV. Provide oversight for major benefits programs and approvals where required.
- V. Administer the Company's stock option and compensation plans.
- VI. Produce an annual report with respect to the Compensation Discussion and Analysis section required to be included in the Company's proxy statement relating to the annual meeting of shareholders.
- VII. Provide oversight on the Company's succession planning process.
- VIII. Provide oversight on termination policies/arrangements.
- IX. In those instances where shareholder approval of Committee actions is required by applicable law or regulation of governmental authorities or applicable rules of the Nasdaq National Market ("Nasdaq"), submit such actions to the Company's shareholders for approval.

Organization

- I. The Committee shall consist of the number of members fixed from time to time by the Board, but shall at all times consist of not less than three members.
- II. The Committee shall have a chairperson (the "Chair") who shall be appointed by the Board. The Chair shall appoint a person, who need not be a member of the Committee, to take minutes of meetings. The senior Human Resources executive of the Company shall assist the Committee with its responsibilities as requested by the Chair. The Committee may delegate its authority to a subcommittee comprised solely of its members.
- III. Each member of the Committee shall be a member of the Board who satisfies any applicable requirements, including any "independence" requirements of Nasdaq from time to time in effect and applicable to the Company. In addition, each member of the Committee shall satisfy the requirements set forth in Rule 16b-3 under the Securities Exchange Act and Section 162(m) of the Internal Revenue Code so that the Committee may approve certain matters as required by such rules and laws.
- IV. Committee members shall be appointed and removed by the Board.
- V. The CEO and other appropriate senior executives and any Director of the Company may attend any meeting of the Committee but may not vote on matters before the Committee.
- VI. The Committee shall meet at least two times per year, either in person or by conference call, and at other times as required. The Committee shall meet, as needed, in executive session. The Committee will make regular reports to the Board.

- VII. The Committee shall meet in executive session to determine the CEO's and the Executive Chairman's "performance based" compensation consistent with applicable law and the applicable plans, and to determine its recommendation to the Board regarding the compensation package for the CEO and the Executive Chairman. In determining the amount, form and terms of such compensation, the Committee shall consider the annual performance evaluation conducted by the Committee in light of corporate goals and objectives relevant to each such executive, competitive market data as available, and such other factors as it shall deem relevant.
- VIII. The Committee shall approve salaries, bonuses, and other matters relating to compensation of the other executive officers of the Company. In determining whether to approve the amount, form and terms of such compensation, the Committee shall consider the officer's performance in light of corporate goals and objectives relevant to executive compensation, competitive market data pertaining to executive compensation at comparable companies, and such other factors as it shall deem relevant. The CEO of the Company may be present at meetings during which such compensation is under review and consideration but may not vote.
- IX. The Committee shall have the authority to retain and terminate any compensation consultant retained to assist in the evaluation of the compensation of the Company's CEO and principal executive officers. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors. In each case, the Committee shall have the authority to approve the fees and other terms applicable to the engagement of each such consultant but this will be done with the knowledge of the Governance and Nominating Committee.

Responsibilities

I. Executive Compensation

1. The Committee shall annually review and recommend to the Board the Company's goals and objectives relevant to the compensation of the Company's CEO and Executive Chairman. In addition, the Committee will:
 - Evaluate their respective performance with respect to the Board approved goals and objectives.
 - Determine their respective "performance based" compensation consistent with applicable law and the applicable plans.
 - Recommend their respective compensation packages for approval by the Board based on their individual performance evaluations and other factors as the Committee deems relevant.
 - After Board approval, communicate the evaluation and compensation package to each executive.
2. The Committee shall annually review the performance of the other principal executive officers of the Company as presented by the CEO. The Committee will review and approve the various compensation components presented by the CEO, as follows:
 - Annual base salary level
 - Annual bonus plan
 - Long term incentive plan
 - Provisions of any employment agreement, severance arrangement or change in control agreement
 - Special or supplemental benefits
3. The Committee shall review, approve and recommend to the Board all incentive compensation plans and equity based plans for the Company.
4. The Committee shall administer the Company's long-term incentive plans and will act in accordance with the terms of the respective plans and applicable requirements.
5. The Committee shall review, approve and recommend to the Board the Stock Ownership Guidelines Policy, and will administer the Policy and act in accordance with its terms.
6. The Committee will oversee annually the Company Retirement Plans, including the 401(k) Plan, Supplemental Executive Retirement Plan (SERP) and the Profit Sharing/Retirement Savings Plan, and report to the Board thereon.

7. The Committee shall be responsible for reviewing and discussing with management the Compensation Discussion and Analysis ("CD&A") required to be included in the Company's proxy statement relating to its annual meeting of shareholders, and for making a recommendation regarding inclusion of the CD&A in the proxy statement. Further, the Committee shall be responsible for producing a report with respect to such matters to be included in the proxy statement.

Organization Structure

1. The CEO is responsible for the organizational structure of the Company's management and shall present to the Committee a report on organizational effectiveness.
2. The Committee will be advised of any significant organizational changes, key appointments or executive terminations proposed by the CEO and will report to the Board thereon.
3. The Committee will have oversight responsibility for the succession planning process.

Benefits

1. The Committee will provide oversight for major benefit programs and approvals where required.

Review of Charter

1. The Committee shall annually review and assess the adequacy of this charter and, upon the completion of such review, recommend modification to the Board for approval.