

STAGE STORES INC
Form 11-K
March 25, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-14035

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Stage Stores, Inc. Nonqualified Deferred Compensation Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Stage Stores, Inc.
10201 Main Street
Houston, Texas 77025

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| Schedules I, II and III have been omitted because the required information is shown in the financial statements or notes, or the information is not applicable to this Plan. | |
| <u>SIGNATURE</u> | 12 |
| Exhibit 23 - Consent of Independent Registered Public Accounting Firm | |

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stage Stores, Inc. Nonqualified Deferred Compensation Plan
Houston, Texas

We have audited the accompanying statements of financial condition of the Stage Stores, Inc. Nonqualified Deferred Compensation Plan (the "Plan") as of December 31, 2010 and 2009, and the related statements of income and changes in plan equity for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial condition of the Plan at December 31, 2010 and 2009, and the income and changes in plan equity for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP
Houston, Texas
March 25, 2011

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STAGE STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN
 STATEMENTS OF FINANCIAL CONDITION
 As of December 31, 2010 and 2009

| | 2010 | 2009 |
|---|----------------------|---------------------|
| Assets | | |
| Investments, at fair value: | | |
| Mutual funds | \$ 10,230,572 | \$ 8,584,252 |
| Stage Stores, Inc. common stock, as determined by quoted market prices - 58,555 and 52,945 shares with a cost basis of \$695,409 and \$608,239, respectively | 1,015,360 | 654,400 |
| Total investments | 11,245,932 | 9,238,652 |
| Cash | 65,351 | - |
| Total assets and plan equity | \$ 11,311,283 | \$ 9,238,652 |

The accompanying notes are an integral part of these financial statements.

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STAGE STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN
 STATEMENTS OF INCOME AND CHANGES IN PLAN EQUITY
 For the Years Ended December 31, 2010, 2009 and 2008

| | 2010 | 2009 | 2008 |
|--|---------------|--------------|--------------|
| Additions | | | |
| Contributions: | | | |
| Participant | \$ 1,223,407 | \$ 923,654 | \$ 1,182,578 |
| Employer | 1,054,820 | 650,405 | 841,869 |
| Net investment income: | | | |
| Interest income | 34,528 | 64,097 | 149,742 |
| Dividend income on investments in | | | |
| Mutual funds | 124,549 | 103,813 | 139,922 |
| Stage Stores, Inc. common stock | 14,279 | 9,724 | 4,149 |
| Net appreciation (depreciation) in fair value of investments | 1,174,054 | 1,708,772 | (5,034,941) |
| Total Additions | 3,625,637 | 3,460,465 | (2,716,681) |
| Deductions | | | |
| Distributions to participants | 1,553,006 | 2,944,494 | 5,939,532 |
| Net increase (decrease) in plan equity | 2,072,631 | 515,971 | (8,656,213) |
| Plan equity at beginning of year | 9,238,652 | 8,722,681 | 17,378,894 |
| Plan equity at end of year | \$ 11,311,283 | \$ 9,238,652 | \$ 8,722,681 |

The accompanying notes are an integral part of these financial statements.

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Stage Stores, Inc. Nonqualified Deferred Compensation Plan
Notes to Financial Statements
December 31, 2010, 2009 and 2008

1. Plan Description

The following brief description of the Stage Stores, Inc. Nonqualified Deferred Compensation Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined contribution plan and was established on January 1, 2002 by Stage Stores, Inc. (the “Company”) for the purpose of attracting and retaining highly qualified individuals for the successful conduct of the Company’s business by helping to provide for the retirement of the Company’s key employees selected to participate in the Plan.

Eligibility and Vesting

The Plan covers key employees (“Participants”), the selection of which remains at the sole discretion of the Plan Administrative Committee (the “Committee”) of the Company, as defined in the Plan document. Participation is voluntary and Participants can elect to contribute up to fifty percent (50%) of the Participant’s compensation and up to one hundred percent (100%) of the Participant’s bonus. Employer matching contributions are determined by the Committee from year to year. The Participant and employer matching contributions are vested 100% in the Plan at all times.

Participant Accounts

The Company maintains a Participant Account (“Account”) for each Participant deferring compensation to the Plan. The Account is adjusted for the Participant deferral/contribution, employer match and any investment gain or loss (on investments in which the Account balance is placed) and any payment or distribution attributable to that Account.

Effective June 5, 2008, the Company amended the Plan to include a stock investment option wherein Participants can elect to invest a portion of their deferrals in the Company’s common stock (the “Company Stock Investment Option”). Participant contributions and employer matching contributions are invested in a money market account and are applied to the purchase of Company stock in the open market on the last trading day of the calendar month. These shares are held in a grantor trust. Once Company stock has been credited to the Participant’s Account, it may not be transferred or liquidated by the Participant and shall remain in the Account until such date as the Participant is no longer an employee of the Company and for a period of six months thereafter, at which time the Company stock shall be transferred to the Participant’s personal brokerage account, as designated at that time by the Participant; hence, the Company Stock Investment Option portion of the Account cannot be settled in cash. The number of shares of common stock credited to a Participant’s Account shall be adjusted, as appropriate, to reflect any stock split, any dividends or deemed dividends, any recapitalization of the Company, or any reorganization of the Company. Shares of common stock will be issued in the name of the Plan. During the period the common stock is held by the Plan, Participants will not have the right to vote those shares of common stock and Participants will not have any other incidents of ownership or rights as a shareholder with respect to those shares of common stock.

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Plan Termination

The Company retains the unilateral power to amend or terminate the Plan at any time. No such amendment or termination shall adversely affect any Participant or their beneficiaries with respect to their right to receive the value of their vested Accounts, determined as of the later of the date that the Plan amendment or termination is adopted or by its terms to be effective, without the consent of affected Participants or their beneficiaries.

2. Significant Accounting Policies

Basis of Accounting. The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Investment Valuation and Income Recognition. Pen-Cal Administrators, Inc. and UBS Financial Services, Inc., which administer all mutual funds and Stage Stores common stock investment, execute all investment transactions, while Wilmington Trust Retirement and Institutional Services Company serves as the Plan's trustee and holds the Plan assets. Prior to July 1, 2010, Compass Consulting and Wells Fargo administered and executed all investment transactions and held the Plan assets. The Plan's investments include publicly traded mutual funds and shares of Company stock both of which are valued based on quoted market prices on the last business day of the plan year. The change in market value of the investments is reflected in the Statements of Income and Changes in Plan Equity as appreciation /depreciation in the fair market value of investments. Refer to Note 4 for further details related to the Plan's fair value valuation methods. Realized gains and losses on investments are calculated using average cost. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest is recorded as earned.

Distributions. Distributions to participants are recorded when paid.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Committee to make estimates and assumptions that affect the reported amounts of assets and changes therein, and disclosure of contingent assets at the date of the financial statements. Actual results could differ from those estimates.

Risks and Uncertainties. Investment securities, in general, are exposed to various risks, such as interest rate, liquidity risk, credit and overall market volatility risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such a change could materially affect the amount reported in the Statements of Financial Condition.

Recent Accounting Pronouncements. In January 2010, the Financial Accounting Standards Board ("FASB") issued guidance regarding fair value measurements and disclosures adding new disclosure requirements for Levels 1 and 2; separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements; and clarification of existing fair value disclosures. This guidance is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The adoption of this guidance that is effective for periods beginning after December 31, 2009 did not have a significant impact on the Plan's financial statements. The requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010, is not expected to have a significant impact on the Plan's financial statements.

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3. Investments

The Plan's investments that represented 5% or more of the Plan's net assets available for plan benefits as of December 31, 2010 and 2009 are as follows:

| | 2010 | 2009 |
|--|---------------|--------------|
| The Growth Fund of America - A | \$ 1,264,597 | \$ 813,578 |
| AMCAP Fund - A | 1,188,197 | 637,314 |
| New World Fund - A | 1,048,028 | 907,230 |
| Stage Stores, Inc. common stock | 1,015,360 | 654,400 |
| Washington Mutual Investors Fund - A | 990,990 | 635,848 |
| SMALLCAP World Fund - A | 988,073 | 722,673 |
| American Balanced Fund - A | 927,541 | 586,197 |
| American Funds Money Market Fund - A | 902,664 | 779,175 |
| Capital World Growth and Income Fund - A | 893,973 | 825,952 |
| EuroPacific Growth Fund - A | 756,360 | 776,690 |
| The Investment Company of America - A | 620,295 | - |
| Capital World Bond Fund - A | - | 1,398,020 |
| Total | 10,596,078 | 8,737,077 |
| Other, individually representing less than 5% of total | 649,854 | 501,575 |
| Investments, at fair value | \$ 11,245,932 | \$ 9,238,652 |

During the years ended December 31, 2010, 2009 and 2008, the Plan's investments, including gains and losses on investments bought and sold as well as held during the year, appreciated (depreciated) in value as follows:

| | 2010 | 2009 | 2008 |
|--|--------------|--------------|----------------|
| Realized gain on investments in mutual funds | \$ 61,868 | \$ - | \$ 48,806 |
| Unrealized gain (loss) on investments in Mutual funds | | | |
| Domestic equities | 431,788 | 616,128 | (1,474,499) |
| International equities | 387,246 | 796,250 | (3,168,444) |
| Bond | 10,730 | 108,610 | (298,647) |
| Stage Stores, Inc. common stock | 282,422 | 187,784 | (142,157) |
| Net appreciation (depreciation) in fair value of investments | \$ 1,174,054 | \$ 1,708,772 | \$ (5,034,941) |

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The following tables set forth the detailed investment activities by individual fund for the following periods:

| | Investments | | Net Investment Income | | | | | | Investments at 12/31/10 |
|---------------|--------------|---------------|-----------------------|--------------------|-----------------------------------|-------------------------------------|---------------|-------------|----------------------------|
| | at 1/1/10 | Contributions | Interest Income | Dividend Income | Realized Gain on Investment | Unrealized Gain on Investment | Distributions | Transfers | |
| Mutual funds: | | | | | | | | | |
| AMCAP | | | | | | | | | |
| Fund - A | \$637,314 | \$165,754 | \$- | \$4,518 | \$- | \$117,623 | \$- | \$262,988 | \$1,188,197 |
| EuroPacific | | | | | | | | | |
| Growth Fund | | | | | | | | | |
| - A | 776,690 | 176,985 | - | 10,278 | 8,711 | 49,437 | (87,024) | (178,717) | 756,360 |
| The Growth | | | | | | | | | |
| Fund of | | | | | | | | | |
| America - A | 813,578 | 291,327 | - | 10,097 | 4,753 | 115,293 | (78,196) | 107,745 | 1,264,597 |
| New World | | | | | | | | | |
| Fund - A | 907,230 | 210,288 | - | 14,688 | 17,814 | 128,330 | (155,385) | (74,937) | 1,048,028 |
| SMALLCAP | | | | | | | | | |
| World Fund - | | | | | | | | | |
| A | 722,673 | 158,031 | - | 13,070 | 11,786 | 163,648 | (109,165) | 28,030 | 988,073 |
| Capital | | | | | | | | | |
| World | | | | | | | | | |
| Growth and | | | | | | | | | |
| Income Fund | | | | | | | | | |
| - A | 825,952 | 170,854 | - | 21,525 | 1,400 | 45,831 | (15,552) | (156,037) | 893,973 |
| The | | | | | | | | | |
| Investment | | | | | | | | | |
| Company of | | | | | | | | | |
| America - A | 382,060 | 96,296 | - | 11,005 | - | 45,121 | - | 85,813 | 620,295 |
| Washington | | | | | | | | | |
| Mutual | | | | | | | | | |
| Investors | | | | | | | | | |
| Fund - A | 635,848 | 79,657 | - | 22,428 | 978 | 78,519 | - | 173,560 | 990,990 |
| American | | | | | | | | | |
| Balanced | | | | | | | | | |
| Fund - A | 586,197 | 161,794 | - | 16,940 | 2,823 | 75,232 | (51,474) | 136,029 | 927,541 |
| American | | | | | | | | | |
| High-Income | | | | | | | | | |
| Trust - A | 8,903 | 46,160 | 9,141 | - | - | 3,263 | - | 113,859 | 181,326 |
| Capital | | | | | | | | | |
| World Bond | | | | | | | | | |
| Fund - A | 1,398,020 | 163,661 | 21,325 | - | 13,603 | 4,950 | (235,606) | (1,120,595) | 245,358 |
| Intermediate | | | | | | | | | |
| Bond Fund of | | | | | | | | | |
| America - A | 110,612 | 78,537 | 4,062 | - | - | 2,517 | - | 27,442 | 223,170 |
| American | 779,175 | 320,049 | - | - | - | - | (791,380) | 594,820 | 902,664 |
| Funds Money | | | | | | | | | |

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| | | | | | | | | | |
|---------------------------------|-------------|-------------|----------|-----------|----------|-------------|---------------|-----|--------------|
| Market Fund | | | | | | | | | |
| Stage Stores, Inc. common stock | 654,400 | 93,483 | - | 14,279 | - | 282,422 | (29,224) | - | 1,015,360 |
| | \$9,238,652 | \$2,212,876 | \$34,528 | \$138,828 | \$61,868 | \$1,112,186 | \$(1,553,006) | \$- | \$11,245,932 |

| | Net Investment Income | | | | | | | | Investments at 12/31/09 |
|--|-----------------------|---------------|-----------------|-----------------|-----------------------------|-------------------------------|---------------|-------------|-------------------------|
| | Investments at 1/1/09 | Contributions | Interest Income | Dividend Income | Realized Gain on Investment | Unrealized Gain on Investment | Distributions | Transfers | |
| Mutual funds: | | | | | | | | | |
| AMCAP Fund - A | \$ 405,013 | \$ 75,205 | \$ - | \$ 5,921 | \$ - | \$ 168,077 | \$ - | \$(16,902) | \$ 637,314 |
| EuroPacific Growth Fund - A | 524,905 | 103,678 | - | 12,328 | - | 187,570 | - | (51,791) | 776,690 |
| The Growth Fund of America - A | 578,187 | 120,440 | - | 6,191 | - | 182,688 | - | (73,928) | 813,578 |
| New World Fund - A | 586,543 | 108,882 | - | 10,729 | - | 244,657 | - | (43,581) | 907,230 |
| SMALLCAP World Fund - A | 392,762 | 60,839 | - | 4,448 | - | 187,636 | - | 76,988 | 722,673 |
| Capital World Growth and Income Fund - A | 763,331 | 128,896 | - | 21,980 | - | 176,387 | - | (264,642) | 825,952 |
| The Investment Company of America - A | 283,645 | 41,585 | - | 8,163 | - | 74,235 | - | (25,568) | 382,060 |
| Washington Mutual Investors Fund - A | 458,396 | 108,244 | - | 17,210 | - | 87,678 | - | (35,680) | 635,848 |
| American Balanced Fund - A | 621,543 | 88,564 | - | 16,843 | - | 103,450 | - | (244,203) | 586,197 |
| American High-Income Trust - A | - | 6,527 | 358 | - | - | 1,241 | - | 777 | 8,903 |
| Capital World Bond Fund - A | 1,463,619 | 139,909 | 58,641 | - | - | 103,231 | - | (367,380) | 1,398,020 |
| Intermediate Bond Fund of America - A | 51,200 | 33,746 | 2,658 | - | - | 4,138 | - | 18,870 | 110,612 |
| | - | 184,894 | - | - | - | - | (706,799) | 1,301,080 | 779,175 |

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| | | | | | | | | | |
|---|--------------|--------------|-----------|------------|------|--------------|----------------|-----------|--------------|
| American Funds Money Market Fund | | | | | | | | | |
| The Cash Management Trust of America - A | 2,315,743 | 184,772 | 2,440 | - | - | - | (2,228,915) | (274,040) | - |
| Stage Stores, Inc. common stock | 277,794 | 187,878 | - | 9,724 | - | 187,784 | (8,780) | - | 654,400 |
| | \$ 8,722,681 | \$ 1,574,059 | \$ 64,097 | \$ 113,537 | \$ - | \$ 1,708,772 | \$ (2,944,494) | \$ - | \$ 9,238,652 |

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| | Net Investment Income (Loss) | | | | | | | Investments at 12/31/08 | |
|--|------------------------------|--------------------------|---------------------|---|-------------------------------------|---------------|-------------|-------------------------------|---------|
| | Investments at 1/1/08 | Interests Contributed | Dividends Income | Realized Gain (Loss) on Investment | Unrealized Loss on Investment | Distributions | Transfers | | |
| Mutual funds | | | | | | | | | |
| AMCAP Fund - A | \$786,002 | \$97,719 | \$- | \$21,302 | \$(270,807) | \$(70,383) | \$(158,820) | \$405,013 | |
| EuroPacific Growth Fund - A | 2,244,798 | 187,125 | - | 16,040 | 21,505 | (594,947) | (301,871) | (1,047,745) | 524,905 |
| The Growth Fund of America - A | 1,773,894 | 200,196 | - | 6,529 | - | (466,878) | (651,344) | (284,210) | 578,187 |
| New World Fund - A | 4,403,088 | 224,161 | - | 11,706 | (2,404) | (1,117,597) | (398,824) | (2,533,587) | 586,543 |
| SMALLCAP World Fund - A | 1,988,932 | 160,766 | - | 987 | (987) | (673,765) | (187,994) | (895,177) | 392,762 |
| Capital World Growth and Income Fund - A | 2,781,845 | 248,319 | - | 52,372 | (5,756) | (782,135) | (611,028) | (920,286) | 763,331 |
| The Investment Company of America - A | 925,627 | 77,438 | - | 11,885 | - | (204,169) | (315,204) | (211,932) | 283,645 |
| Washington Mutual Investors Fund - A | 1,318,093 | 126,354 | - | | | | | | |
| | | | | (iii) Sole power to dispose or to direct the disposition of: | 11,615,544 | | | | |
| | | | | (iv) Shared power to dispose or to direct the disposition of: | | | | -0- | |

For BTMU

- (a) Amount beneficially owned: 5,076,339
- (b) Percent of class: 2.67%

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| | | |
|-----|---|-----------|
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 5,076,339 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 5,076,339 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For MUTB

| | | |
|-----|---|-----------|
| (a) | Amount beneficially owned: | 2,989,200 |
| (b) | Percent of class: | 1.57% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 2,989,200 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 2,989,200 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

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CUSIP NO. 501556203

For MUS

| | | |
|-----|---|-----------|
| (a) | Amount beneficially owned: | 1,946,105 |
| (b) | Percent of class: | 1.02% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 1,946,105 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 1,946,105 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For MUSI

| | | |
|-----|---|---------|
| (a) | Amount beneficially owned: | 355,900 |
| (b) | Percent of class: | 0.19% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 355,900 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 355,900 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For MUAM

| | | |
|-----|---|-----------|
| (a) | Amount beneficially owned: | 1,490,500 |
| (b) | Percent of class: | 0.78% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 1,490,500 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 1,490,500 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For MUAMUK

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| | | |
|-----|---|-------|
| (a) | Amount beneficially owned: | 3,200 |
| (b) | Percent of class: | 0.00% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 3,200 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 3,200 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

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CUSIP NO. 501556203

For MUI

| | | |
|-----|---|--------|
| (a) | Amount beneficially owned: | 11,200 |
| (b) | Percent of class: | 0.01% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 11,200 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 11,200 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For KC

| | | |
|-----|---|--------|
| (a) | Amount beneficially owned: | 23,500 |
| (b) | Percent of class: | 0.01% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 23,500 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 23,500 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

For KAM

| | | |
|-----|---|--------|
| (a) | Amount beneficially owned: | 78,700 |
| (b) | Percent of class: | 0.04% |
| (c) | Number of shares as to which the person has: | |
| | (i) Sole power to vote or to direct the vote: | 78,700 |
| | (ii) Shared power to vote or to direct the vote: | -0- |
| | (iii) Sole power to dispose or to direct the disposition of: | 78,700 |
| | (iv) Shared power to dispose or to direct the disposition of: | -0- |

ITEM 5
Not applicable.

Ownership of Five Percent or Less of a Class

ITEM 6
Not applicable.

Ownership of More than Five Percent on Behalf of Another Person

CUSIP NO. 501556203

ITEM 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company or Control Person

As of December 31, 2008, MUFG beneficially owns 11,615,544 shares of the issuer indirectly through its subsidiaries as follows: BTMU holds 5,076,339 shares; MUTB holds 2,989,200 shares; MUS holds 1,946,105 shares (including 355,900 shares indirectly held through MUS's subsidiary, MUSI); MUAM holds 1,490,500 shares (including 3,200 shares indirectly held through MUAM's subsidiary, MUAMUK); MUI holds 11,200 shares; KC holds 23,500 shares; and KAM holds 78,700 shares.

ITEM 8 Identification and Classification of Members of the Group

Not applicable.

ITEM 9 Notice of Dissolution of Group

Not applicable.

ITEM 10 Certifications

By signing below the filers certify that, to the best of their knowledge and belief, (i) the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, and (ii) the foreign regulatory schemes applicable to parent holding companies, banks, broker-dealers and investment advisers, respectively, are substantially comparable to the regulatory schemes applicable to the functionally equivalent U.S. institutions. The filers also undertake to furnish to the Commission staff, upon request, information that would otherwise be disclosed in a Schedule 13D.

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MITSUBISHI UFJ FINANCIAL GROUP, INC.

By: /s/ Takami Onodera

Name: Takami Onodera

Title: General Manager, Credit & Investment Management Division

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By: /s/ Takami Onodera

Name: Takami Onodera

Title: General Manager, Credit Policy & Planning Division

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MITSUBISHI UFJ TRUST AND BANKING CORPORATION

By: /s/ Koji Kawakami

Name: Koji Kawakami

Title: Deputy General Manager of Trust Assets Planning Division

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MITSUBISHI UFJ SECURITIES CO., LTD.

By: /s/ Masayasu Tsukada

Name: Masayasu Tsukada

Title: General Manager, Corporate Planning Division

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC

By: /s/ Yasutaka Suehiro

Name: Yasutaka Suehiro

Title: Chief Administration Officer

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

mitsubishi ufj asset management co., ltd.

By: /s/ Katsutoshi Edamura

Name: Katsutoshi Edamura

Title: General Manager of Risk Management Division

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MITSUBISHI UFJ ASSET MANAGEMENT (UK) LTD.

By: /s/ Shojiro Ueda

Name: Shojiro Ueda

Title: Managing Director & CE

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

MU INVESTMENTS CO., LTD.

By: /s/ Kenji Fujii

Name: Kenji Fujii

Title: General Manager of Risk Management Dept.

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CUSIP NO. 501556203

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

KABU.COM SECURITIES CO., LTD.

By: /s/ Takeshi Amemiya

Name: Takeshi Amemiya

Title: General Manager of Corporate Administration

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 6, 2009

KOKUSAI ASSET MANAGEMENT CO., LTD.

By: /s/ Naohiko Sasaki

Name: Naohiko Sasaki

Title: General Manager, Investment Management Planning Dept.

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