

STAGE STORES INC
Form 10-Q
November 29, 2006

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 28, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to

Commission file number 1-14035

Stage Stores, Inc.

(Exact name of registrant as specified in its charter)

NEVADA

(State or other jurisdiction of incorporation or organization)

91-1826900

(I.R.S. Employer Identification No.)

10201 Main Street, Houston, Texas

(Address of principal executive offices)

77025

(Zip Code)

(800) 579-2302

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No



**APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of November 25, 2006, there were 29,123,201 shares of the registrant's common stock outstanding.

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References to a particular year are to Stage Stores' fiscal year, which is the 52 or 53 week period ending on the Saturday closest to January 31st of the following calendar year. For example, references to "2005" mean the fiscal year ended January 28, 2006 and a reference to "2006" is a reference to the fiscal year ending February 3, 2007. 2005 consisted of 52 weeks while 2006 will consist of 53 weeks.

PART I - FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

Stage Stores, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except par values)
(Unaudited)

	October 28, 2006	January 28, 2006
<u>ASSETS</u>		
Cash and cash equivalents	\$ 22,126	\$ 33,683
Merchandise inventories, net	414,632	283,665
Current deferred taxes	43,810	24,270
Prepaid expenses and other current assets	28,783	36,076
Total current assets	509,351	377,694
Property, equipment and leasehold improvements, net	265,890	244,091
Goodwill	95,374	79,353
Intangible asset	14,910	14,910
Other non-current assets, net	19,145	15,605
Total assets	\$ 904,670	\$ 731,653
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Accounts payable	\$ 138,860	\$ 81,719
Income taxes payable	-	8,968
Current portion of debt obligations	83	74
Accrued expenses and other current liabilities	78,070	64,423
Total current liabilities	217,013	155,184
Debt obligations	77,254	2,979
Deferred taxes	3,768	9,860
Other long-term liabilities	74,100	61,798
Total liabilities	372,135	229,821
Commitments and contingencies		
Common stock, par value \$0.01, 50,000 shares authorized, 36,081 and 33,033 shares issued, respectively	361	330
Additional paid-in capital	458,386	412,456

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Less treasury stock - at cost, 7,023 and 6,448 shares, respectively	(161,210)	(143,515)
Minimum pension liability adjustment	(1,981)	(1,981)
Retained earnings	236,979	234,542
Stockholders' equity	532,535	501,832
Total liabilities and stockholders' equity	\$ 904,670	\$ 731,653

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

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Stage Stores, Inc.
Condensed Consolidated Statements of Income
(in thousands, except earnings per share)
(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	October 28, 2006	October 29, 2005	October 28, 2006	October 29, 2005
Net sales	\$ 353,348	\$ 306,044	\$ 1,058,993	\$ 925,534
Cost of sales and related buying, occupancy and distribution expenses	253,034	215,329	763,435	647,888
Gross profit	100,314	90,715	295,558	277,646
Selling, general and administrative expenses	90,477	73,933	260,312	215,144
Store opening costs	4,034	1,293	6,770	2,987
Interest expense, net of income of \$29 and \$8 for the thirteen weeks and \$130 and \$136 for the thirty-nine weeks, respectively	1,344			