

STAGE STORES INC  
Form 11-K  
March 28, 2013

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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, 2012

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>	14
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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, 2012 and 2011, and the related statements of income and changes in plan equity for each of the three years in the period ended December 31, 2012. 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, 2012 and 2011, and the income and changes in plan equity for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP  
Houston, Texas  
March 28, 2013

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STAGE STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN  
 STATEMENTS OF FINANCIAL CONDITION  
 As of December 31, 2012 and 2011

	2012	2011
Assets		
Investments, at fair value:		
Mutual funds	\$11,579,035	\$11,060,299
Stage Stores, Inc. common stock, as determined by quoted market prices - 52,561 and 66,406 shares with a cost basis of \$688,531 and \$829,790, respectively	1,302,466	922,377
Total investments	12,881,501	11,982,676
Cash	4,290	76,191
Total assets and plan equity	\$12,885,791	\$12,058,867

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, 2012, 2011 and 2010

	2012	2011	2010
Additions			
Contributions:			
Participant	\$1,141,544	\$1,510,866	\$1,223,407
Employer	834,325	1,029,020	1,054,820
Net investment income:			
Dividend income on investments in:			
Mutual funds	211,237	195,352	159,077
Stage Stores, Inc. common stock	24,433	20,812	14,279
Net appreciation (depreciation) in fair value of investments	1,880,899	(1,199,129 )	1,174,054
Total additions	4,092,438	1,556,921	3,625,637
Deductions			
Distributions to participants	3,265,514	809,337	1,553,006
Net increase in plan equity	826,924	747,584	2,072,631
Plan equity at beginning of year	12,058,867	11,311,283	9,238,652
Plan equity at end of year	\$12,885,791	\$12,058,867	\$11,311,283

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, 2012, 2011 and 2010

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"). Effective April 1, 2013, the Company will amend and restate the Plan and the Terms and Conditions of the Company Stock Investment Option. Participant contributions and employer matching contributions, which are currently 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, will instead be applied to the purchase of Company stock in the open market in "real time" as those contributions are received. As is currently the case, 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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Payment of Benefits

On termination of service, a participant may generally elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or annual installments over a 2 to 5 year period.

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.

Reclassifications

Certain amounts previously reported have been reclassified to conform to the current presentation.

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.** Effective April 1, 2013, Fidelity Management Trust Company will administer all mutual funds and the Company Stock Investment Option, execute all investment transactions and serve as the Plan's trustee. Since July 1, 2010, Pen-Cal Administrators, Inc. and UBS Financial Services, Inc. have administered all mutual funds and the Company Stock Investment Option and executed all investment transactions, while Wilmington Trust Retirement and Institutional Services Company have served as the Plan's trustee and held 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.



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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, 2012 and 2011 are as follows:

	2012	2011
Fidelity Advisor New Insights A	\$1,880,988	\$1,994,202
Stage Stores, Inc. common stock (1)	1,302,466	922,377
Columbia Balanced A	1,103,359	857,429
Oppenheimer Developing Markets A	1,091,914	743,439
American Century Equity Income A	1,066,209	907,941
Fidelity Advisor Treasury Money Market CI T	1,043,234	2,121,317
Blackrock International Opportunities Portfolio A	757,180	699,957
John Hancock Global Opportunities CL A	662,296	1,408,680
Total	8,907,646	9,655,342
Other, individually representing less than 5% of total Investments, at fair value	3,973,855	2,327,334
	\$12,881,501	\$11,982,676

(1) Indicates party in interest to the Plan

During the years ended December 31, 2012, 2011 and 2010, the Plan's investments, including gains and losses on investments bought and sold as well as held during the year, (depreciated) appreciated in value as follows:

	2012	2011	2010
Realized gain (loss) on investments in mutual funds	\$325,377	\$(611,200)	\$61,868
Unrealized gain (loss) on investments in Mutual funds			
Domestic equities	375,409	61,453	431,788
International equities	289,405	(395,350)	387,246
Bond	21,039	(19,532)	10,730
Balanced	101,277	(8,257)	-
Target date	1,389	-	-
Stage Stores, Inc. common stock	767,003	(226,243)	282,422
Net appreciation (depreciation) in fair value of investments	\$1,880,899	\$(1,199,129)	\$1,174,054

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

		Net Investment Income		
		Realized	Unrealized	
		Gain (Loss)	Gain (Loss)	
Investments		Dividend	on	
at 1/1/12	Contributions	Income	Investment	Distributions