

STAGE STORES

BEALLS • GOODY'S • PALAIS ROYAL • PEBBLES • STAGE • STEELE'S

2011 ANNUAL REPORT





\$1.5B
NET SALES

GROWING OUR COMPANY

As America's leading small town and neighborhood retailer, we continue on our mission to deliver desirable, brand name family apparel with exceptional value and service. At 2011 year-end, 65% of our 813 stores were in towns with a market area population below 50,000. This small market focus provides us with competitive advantages and a cost-effective business model. We impacted our growth initiative for the year by adding 37 new stores, including the launch of the first 3 of our new Steele's off-price stores. Another milestone...our entry into Wyoming, bringing our geographic footprint to 40 states. The addition of 10 new Estée Lauder and 10 new Clinique counters helped to bring about a 9% increase in Cosmetics and Fragrance business, representing 8% of the Company's total sales. We are genuinely excited about our future.



\$8.6M

eCOMMERCE SALES

CONNECTING WITH OUR CUSTOMERS

Our top priority in 2011 focused on our eCommerce growth initiative. We listened to our customers and their lifestyle needs, increased our presence through Facebook, Twitter and email, and forged ahead with a new, more convenient way to shop with us 24/7. Expanding the breadth and number of brand name and private label items offered for sale online, and improving our website for a more customer-friendly experience, achieved a significant number for 2011 eCommerce sales—\$8.6 million. As we continue to put new customer-connection strategies into place, we expect that number to almost double, to \$16 million, by year-end 2012. Online and in-store, our customer service and hassle-free return policy assure shoppers a great shopping experience, bringing them back, again and again.

DEAR SHAREHOLDERS,

Once again, in 2011, Stage Stores delivered innovative solutions, driving progress, diversification and growth. As a fashion retailer, our financial results for the year reflect the economic pressures faced by our core moderate-income customer. A promotional business environment for the entire industry forced us, as well as other retailers, to contend for our share of the wallet. Increasing our promotional efforts led to lower merchandise margins, ultimately affecting earnings for the year. We remained focused on sharpening and controlling expenses, and we are very pleased with a 50 basis point drop in the SG&A rate for 2011, while operating 27 additional stores. We also prudently managed our inventory levels, exiting 2011 with comparable store inventories up 1.7%.

Advancements in 2011 included significant milestones in areas of our ongoing priorities. We enhanced and improved our multi-channel selling capabilities by growing eCommerce sales, expanding the breadth and number of items offered, and achieving a significant increase in the number of visitors to our eCommerce website throughout the year. This concentration has allowed us to realize substantial synergies. 2011 eCommerce sales exceeded our expectations, reaching \$8.6 million. We continue to implement new customer-connection strategies, and are confident eCommerce sales will reach \$16 million by year-end 2012.

To further complement our successful business model, we began piloting a new growth initiative—Steele’s—our new off-price concept, launching our first three Steele’s stores on November 1. With Steele’s, the Company is able to fill an off-price shopping void in small markets, and leverages our small market expertise with a complementary format to our successful department store model. We are on track to open 25 to 30 Steele’s stores in 2012.

Securing our small-town market leadership position, we remain firm on the expansion of our geographic footprint. 2011 brought the opening of 34 new department stores, of which 28 were opened under the Goody’s nameplate. We also rebranded 148 non-Goody’s stores with the Goody’s name. We plan to open 30 to 35 new department stores in 2012.

Our Cosmetics and Fragrance business continues to shine with a same store sales increase of 9.0% over 2010. The addition of 10 new Estée Lauder and 10 Clinique counters helped drive this impressive leap. Plus, 11 new Estée Lauder and 8 new Clinique counters are slated to open in 2012.



Our strong balance sheet and financial flexibility position us to capitalize on important opportunities. In 2011, we spent \$110 million buying back 6.8 million shares. Additionally, the Board of Directors voted to increase our quarterly dividend rate by 20%, as we remain committed to driving shareholder value.

Lastly, we made great strides in our “giving back” initiative. We contributed more than \$1.1 million to charitable causes such as Operation Homefront, benefiting military families and returning heroes, and the Marine Toys for Tots Foundation through our Bears That Care program. In addition, we supported the Bastrop Texas Wildfire Relief Fund and many other causes in the communities that we serve. In 2012, these efforts will be further enhanced through the introduction of Community Counts, our umbrella program housing our philanthropic and associate volunteerism initiatives.

We will concentrate on bringing excitement and innovation via our merchandising and marketing strategies, enhancing the in-store experience, and expanding our eCommerce business. We are also excited about continuing to develop our off-price concept through the Steele’s nameplate. With a sound financial position and our small market business model in place, we have confidence in our ability to meet our 2012 growth objectives and emerge ever stronger.

As we look to the future, we extend our deep appreciation to our 14,000 dedicated associates. We especially want to thank Andy Hall, former President and CEO, for his service and contributions to the Company over the last six years, and wish him well in his new endeavors.

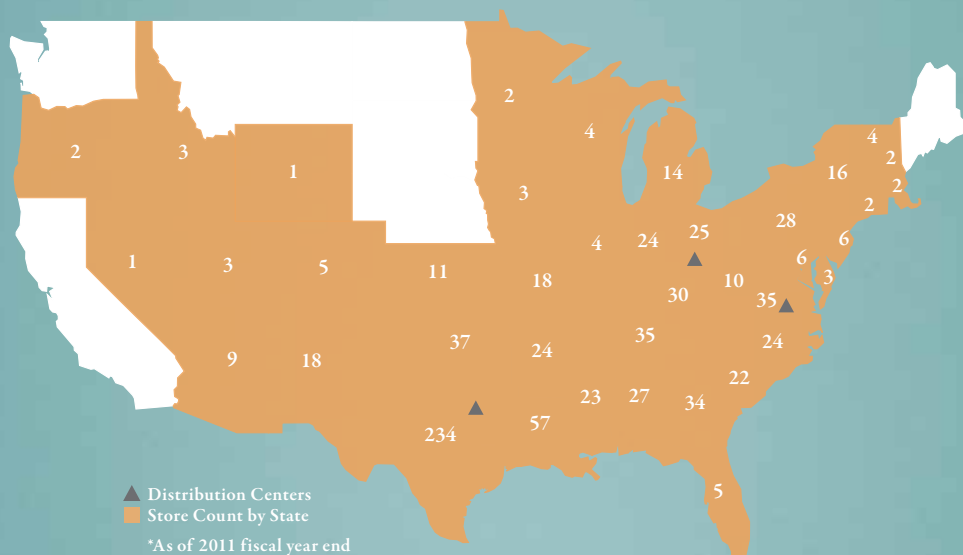
We sincerely thank our customers and shareholders for their continued support.

Sincerely,

A handwritten signature in black ink that reads "Michael Glazer". The signature is written in a cursive, flowing style.

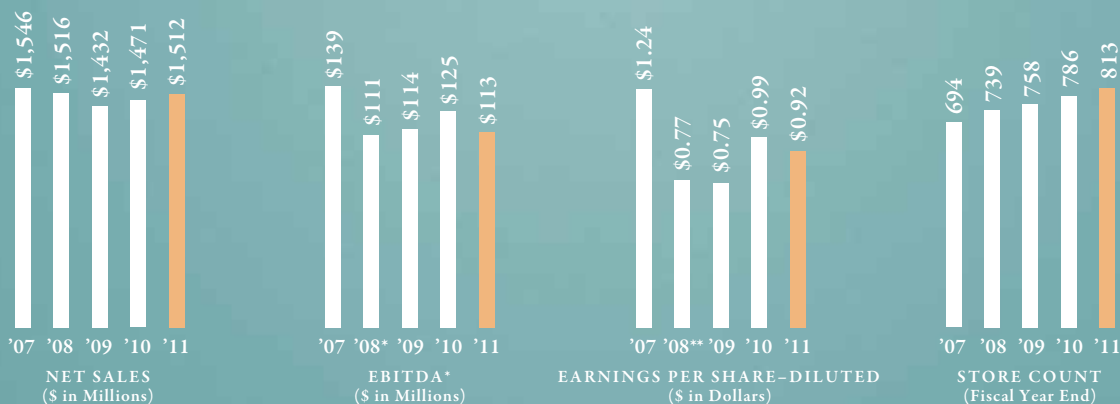
Michael Glazer
President and Chief Executive Officer

40 STATES. 813 LOCATIONS*



GIVING SHAREHOLDER VALUE

FINANCIAL HIGHLIGHTS



SELECTED FINANCIAL HIGHLIGHTS

(dollars in millions, except per share amounts)

	2011	2010	% Increase (Decrease)
Net Sales	\$ 1,511.9	\$ 1,470.6	2.8
EBITDA*	\$ 112.8	\$ 125.2	(9.9)
Net Income	\$ 31.0	\$ 37.6	(17.6)
Earnings Per Share (Diluted)	\$ 0.92	\$ 0.99	(7.1)

*Earnings before interest, taxes, depreciation and amortization. EBITDA for 2008 excludes a non-cash goodwill impairment charge of \$95.4 million.

**Earnings per share for 2008 are on a NON-GAAP basis and exclude a non-cash goodwill impairment charge of \$95.4 million, or \$2.49 per share. Including the impairment charge, the Company reported a loss for 2008 of \$65.5 million, or \$1.71 per share (see the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2009 for additional information).

SHAREHOLDER INFORMATION

(as of March 28, 2012)

DIRECTORS

MICHAEL GLAZER
President and
Chief Executive Officer
of the Company

ALAN BAROCAS (1), (2), (3)*
Senior Executive Vice President
of Leasing, General Growth
Properties, Inc.

GABRIELLE GREENE (1), (3)
General Partner,
Rustic Canyon/
Fontis Partners

EARL HESTERBERG (2)*, (3)
President and
Chief Executive Officer,
Group 1 Automotive, Inc.

WILLIAM MONTGORIS (1), (4)
Former Chief Operating Officer,
Bear Stearns

DAVID SCHWARTZ (1)*, (3)
Business Advisor
and Consultant

RALPH SCOZZAFAVA (2), (3)
Chief Executive Officer,
Furniture Brands International, Inc.

1) Audit Committee
2) Compensation Committee
3) Corporate Governance &
Nominating Committee
4) Chairman of the Board
* Committee Chairman

EXECUTIVE OFFICERS

MICHAEL GLAZER
President and
Chief Executive Officer

EDWARD RECORD
Chief Operating Officer
and Secretary

MIKE SEARLES
President and Chief Operating
Officer—South Hill Division

STEVEN HUNTER
Executive Vice President,
Chief Information Officer

RON LUCAS
Executive Vice President,
Human Resources

ODED SHEIN
Executive Vice President,
Chief Financial Officer

SENIOR VICE PRESIDENTS

PAT BOWMAN
Store Director—
Houston Division

LUCY CINDRIC
General Merchandise
Manager—South Hill Division

BLAKE GARNER
General Merchandise
Manager—Houston Division

GOUGH GRUBBS
Logistics and Distribution

JON GUNNERSON
Director of Stores—
Houston Division

CHARLES HEAD
Store Planning and Construction

CHRISTINE JOHNSTON
Cosmetics

JANET KUSHLAN
Planning and Allocation—
South Hill Division

RUSSELL LUNDY II
Director of Stores—
South Hill Division

JACK MATZER
General Merchandise
Manager—Houston Division

CHRISTINE RUDY
Planning and Allocation—
Houston Division

LISA SEIGIES
Chief Merchandising Officer—
Steele's

RICHARD STASYSZEN
Finance/Controller

MEL WARD
Real Estate

MARTHA WITHERS
General Merchandise Manager—
South Hill Division

**CORPORATE
HEADQUARTERS**
Stage Stores, Inc.
10201 Main Street
Houston, Texas 77025
1-800-579-2302
www.stagestoresinc.com

ANNUAL MEETING

The Annual Meeting of
Shareholders will be held
at 1:00 p.m. local time on
Thursday, June 7, 2012, at
the Company's Corporate
Headquarters:
10201 Main Street
Houston, Texas 77025

FORM 10-K

A copy of the Company's Annual
Report on Form 10-K, as filed
with the Securities and Exchange
Commission for the fiscal year ended
January 28, 2012, will be sent without
charge upon written request to
the Company's Investor Relations
Department at the Company's
Corporate Headquarters address.

TRANSFER AGENT AND REGISTRAR

Computershare
Shareowner Services
P.O. Box 358015
Pittsburgh, Pennsylvania 15252-8015
1-800-635-9270
www.bnymellon.com/shareowner/equityaccess

AUDITORS

Deloitte & Touche LLP
Houston, Texas

OUTSIDE GENERAL COUNSEL

McAfee & Taft
Oklahoma City, Oklahoma

STOCK LISTING

The Company's common stock trades
on the New York Stock Exchange
under the symbol "SSI."

COMMON STOCK MARKET PRICE

The following table sets forth the high and low market prices per share
of the Company's common stock for each quarter during fiscal 2011
as reported on the New York Stock Exchange:

FISCAL 2011	High	Low
First Quarter	\$19.97	\$15.44
Second Quarter	19.39	14.07
Third Quarter	18.15	12.18
Fourth Quarter	16.36	11.21

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