

STAGE STORES INC
Form DEF 14A
April 14, 2006

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

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant x
Filed by a Party other than the Registrant o
Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-12

Stage Stores, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x **No fee required.**

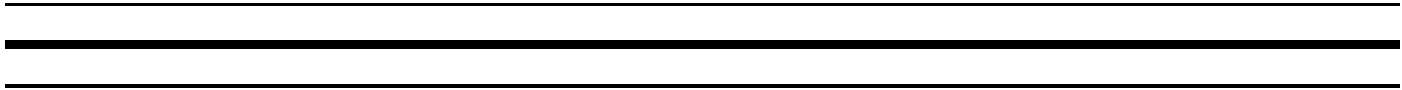
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STAGE STORES INC.

BEALLS n PALAIS ROYAL n PEEBLES n STAGE

**Notice of 2006
Annual Meeting
and
Proxy Statement**

STAGE STORES INC.

BEALLS n PALAIS ROYAL n PEEBLES n STAGE

**10201 Main Street
Houston, Texas 77025**

May 5, 2006

Dear Shareholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the 2006 Annual Meeting of Shareholders of Stage Stores, Inc. on Thursday, June 1, 2006, at 1:00 p.m. local time, in Houston, Texas. Information about the Annual Meeting is presented in the following pages.

The Annual Meeting will begin with a discussion and vote on the matters set forth in the accompanying Notice of 2006 Annual Meeting of Shareholders and Proxy Statement, followed by a discussion on any other business matters that are properly brought before the meeting.

Your vote is very important. We encourage you to read the Proxy Statement and vote your shares as soon as possible. Whether or not you plan to attend, you can be sure your shares are represented at the Annual Meeting by promptly completing, signing, dating and returning your Proxy Card in the enclosed envelope or by submitting your vote and proxy by telephone or by the Internet.

If you will need special assistance at the Annual Meeting because of a disability, please contact Bob Aronson, Vice President, Investor Relations, at (800) 579-2302.

Thank you for your continued support of Stage Stores, Inc. We look forward to seeing you on June 1st.

Sincerely,

James R. Scarborough
Chairman of the Board and Chief Executive Officer

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n To be voted on at the meeting

**EVERY SHAREHOLDER'S VOTE IS IMPORTANT.
PLEASE COMPLETE, SIGN, DATE AND RETURN
YOUR PROXY FORM, OR SUBMIT YOUR VOTE
AND PROXY BY TELEPHONE OR BY INTERNET,
AS SOON AS POSSIBLE.**

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STAGE STORES INC.

BEALLS n PALAIS ROYAL n PEBBLES n STAGE

NOTICE OF 2006 ANNUAL MEETING OF SHAREHOLDERS

To the Shareholders:

The 2006 Annual Meeting of Shareholders of Stage Stores, Inc. (the “Company”) will be held at the offices of the Company, 10201 Main Street, Houston, Texas 77025 on Thursday, June 1, 2006, at 1:00 p.m. local time. The shareholders will vote on the following matters:

1. Election of eight directors for a term of one year;
2. Ratification of the selection of Deloitte & Touche LLP as independent registered public accounting firm for 2006; and
3. Action upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on April 5, 2006 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors

Michael E. McCreery
Executive Vice President,
Chief Financial Officer, and Secretary
Stage Stores, Inc.

May 5, 2006

In accordance with the Company’s security procedures, all persons attending the Annual Meeting must present an Admission Card and picture identification. If you are a shareholder of record and plan to attend the meeting in person, please bring the Admission Card you received in this proxy mailing with you to the meeting. For security purposes, bags and purses will be subject to search at the door.

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PROXY STATEMENT

GENERAL

This Proxy Statement is furnished in connection with the solicitation of proxies by Stage Stores, Inc. (the “Company”) on behalf of the Board of Directors (the “Board”) for the 2006 Annual Meeting of Shareholders (the “Annual Meeting”) which will be held at the principal executive offices of the Company, 10201 Main Street, Houston, Texas 77025, on Thursday, June 1, 2006, at 1:00 p.m. local time. This Proxy Statement and Proxy Card are first being sent to the shareholders on or about May 5, 2006. The proxy will be voted at the Annual Meeting if the signer of the proxy or shareholder submitting his or her vote and proxy by telephone or by the Internet was a shareholder of record on April 5, 2006 (the “Record Date”).

VOTING

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the shareholders. On the Record Date, there were 26,613,717 shares of common stock, par value \$0.01, outstanding and entitled to vote at the Annual Meeting. A list of the shareholders entitled to vote at the Annual Meeting will be available for inspection at the Annual Meeting for purposes relating to the Annual Meeting.

You can ensure that your shares are voted at the Annual Meeting by submitting your instructions by completing, signing, dating and returning the enclosed Proxy Card in the envelope provided or by submitting your vote and proxy by telephone or by the Internet. Submitting your instructions by Proxy Card, by telephone, or by the Internet will not affect your right to attend the Annual Meeting and vote. A shareholder who gives a proxy may revoke it at any time before it is exercised by voting in person at the Annual Meeting, by delivering a subsequent proxy, or by notifying the Inspectors of Election in writing of such revocation.

The representation in person or by proxy of a majority of the outstanding shares of common stock entitled to a vote at the Annual Meeting is necessary to provide a quorum for the transaction of business at the Annual Meeting. Shares can only be voted if the shareholder is present in person or is represented by a properly signed proxy or by a vote and proxy submitted by telephone or by the Internet. Each shareholder’s vote is very important. Whether or not you plan to attend the Annual Meeting in person, please sign and promptly return the enclosed Proxy Card or submit your vote and proxy by telephone or by the Internet. All signed and returned proxies and votes and proxies submitted by telephone or by the Internet will be counted towards establishing a quorum for the Annual Meeting, regardless of how the shares are voted.

A shareholder of record on the Record Date may vote in any of the following four ways:

- by toll-free number at 1-866-540-5760; or
- by the Internet at <http://www.proxyvoting.com/SSI>; or
- by completing and mailing the Proxy Card; or
- by written ballot at the Annual Meeting.

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If you vote by the Internet or by telephone, your vote must be received by 11:59 p.m. Eastern Time on May 31st, the day before the Annual Meeting. Your shares will be voted as you indicate. If you return your Proxy Card, but you do not indicate your voting preferences, the proxies will vote your shares FOR Items 1 and 2 and in their discretion for Item 3.

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If your shares are held in a brokerage account in your broker's name (this is called street name), you should follow the voting directions provided by your broker or nominee. You may complete and mail a voting instruction card to your broker or nominee or, in most cases, submit voting instructions by mail, by telephone or by the Internet. Your shares should be voted by your broker or nominee as you have directed.

The Company will pass out written ballots to anyone who wants to vote at the Annual Meeting.

For additional information concerning the manner of proxy solicitation and voting, please see "Additional Information" on page 25 of this Proxy Statement.

MATTERS TO BE ACTED UPON

ITEM 1 - ELECTION OF DIRECTORS

INFORMATION RELATING TO DIRECTORS, NOMINEES AND EXECUTIVE OFFICERS
In General

At the Annual Meeting, eight Directors are to be elected to hold office until the 2007 Annual Meeting and until their successors have been elected and have qualified. Information concerning the eight nominees is set forth below. All nominees are currently Directors of the Company. The Board has determined that the following six directors satisfy the New York Stock Exchange's definition of independence as well as the Company's more stringent director independence guidelines: Scott J. Davido, Michael L. Glazer, John T. Mentzer, Margaret T. Monaco, William J. Montgoris and Sharon B. Mosse. The Company's Corporate Governance and Nominating Committee recommended all of them for re-election. The Board knows of no reason why any nominee may be unable to serve as a Director.

Your Board of Directors recommends a vote FOR each nominee for Director set forth below.

The following information pertains to each nominee's (i) age as of April 5, 2006, (ii) principal occupations for the past five years, and (iii) directorships in other public companies:

Name	Age	Positions Currently Held
James R. Scarborough	55	Chairman, Chief Executive Officer
Michael E. McCreery	57	Executive Vice President, Chief Financial Officer, Director
Scott J. Davido	44	Director, Chairman of Audit Committee
Michael L. Glazer	57	Director, Chairman of Compensation Committee
John T. Mentzer	54	Director, Chairman of Corporate Governance and Nominating Committee
Margaret T. Monaco	58	Director
William J. Montgoris	59	Director, Lead Independent Director
Sharon B. Mosse	55	Director

Mr. Scarborough has been Chairman of the Board since August 24, 2001. He joined the Company's predecessor as President and Chief Executive Officer in August of 2000. He served as President of the Company until February 20,

2006. Between 1996 and 2000, Mr. Scarborough was President and Chief Executive Officer of Busy Body, Inc. Busy Body, Inc. filed a petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of Texas Houston Division on May 2, 2001.

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Mr. McCreery has been a Director of the Company since August 24, 2001. He joined the Company's predecessor as Executive Vice President and Chief Financial Officer in February of 2001. From 1998 to 2001, Mr. McCreery was Senior Vice President and Chief Financial Officer of Levitz Furniture Company.

Mr. Davido has been a Director since August 24, 2001. Since February 1, 2006, he has served as the Executive Vice President and Chief Financial Officer of Calpine Corporation. From April 1, 2004 until February 1, 2006, he served as Executive Vice President and President, Northeast Region, of NRG Energy, Inc. From October of 2002 until April 1, 2004, he served as Senior Vice President, General Counsel of NRG Energy, Inc. From March of 1999 to May of 2002, he served as Executive Vice President, Chief Financial Officer, Treasurer and Secretary of The Elder-Beerman Stores Corp.

Mr. Glazer has been a Director since August 24, 2001. Since August 2005, he has served as Managing Director of Team Neu, located in Pittsfield, Massachusetts. From May 1996 until August 2005, he served as President and Chief Executive Officer of KB Toys, Inc., which filed a petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on January 14, 2004 and emerged from bankruptcy on August 29, 2005.

Mr. Mentzer has been a Director since August 24, 2001. Since January of 1994, he has been a professor of Business Policy in the Department of Marketing and Logistics at the University of Tennessee. Professor Mentzer is currently the Bruce Chair of Excellence in Business and Executive Director, Integrated Value Chain Forums. He is also President of JTM & Associates, a consulting firm.

Ms. Monaco has been a Director since June 3, 2004. She returned to the position of Principal of Probus Advisors, a management and financial consulting firm which she founded in June of 1993, in October of 2003. From April of 1999 until October of 2003, Ms. Monaco served as the Chief Operating Officer of KECALP Inc. and Merrill Lynch Ventures LLC. She was KECALP Inc.'s Chief Administrative Officer from April of 1998 until April of 1999. Ms. Monaco is also a Director of Barnes and Noble, Inc.

Mr. Montgoris has been a Director since June 3, 2004. He retired from Bear Stearns in June of 1999. From June of 1996 until June of 1999, Mr. Montgoris served as Chief Operating Officer of Bear Stearns. From June of 1993 until June of 1996, he served as Chief Financial Officer of Bear Stearns. Mr. Montgoris is a Trustee of five funds within The Reserve Funds family of money market mutual funds.

Ms. Mosse has been a Director since October 4, 2004. Since January of 2005, she has served as Chief Marketing Officer of Red Door Spa Holdings-Elizabeth Arden. From May of 2002 until January of 2005, Ms. Mosse served as President of Strategic Marketing Group, Inc., a marketing consulting firm which she founded in May of 2002. From May of 2000 until May of 2002, she served as Chief Marketing Officer for Barnes & Noble, Inc.

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The following table shows information regarding beneficial ownership of the Company's common stock by any person or entity who is known by the Company to be the beneficial owner of more than five percent (5%) of the Company's outstanding common stock as of April 5, 2006. As of April 5, 2006, there were 26,613,717 shares of common stock outstanding.

Name and Address	Number of Shares Beneficially Owned	Percent of Class	
Paradigm Capital Management, Inc. Nine Elk Street Albany, NY 12207	1,869,878	7.0%	(1)
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY 10104	1,584,760	6.0%	(2)
Wellington Management Company, LLP 75 State Street Boston, MA 02109	1,418,576	5.3%	(3)

(1) The information is based on the Schedule 13G/A filed with the Securities and Exchange Commission on February 15, 2006 by Paradigm Capital Management reporting on beneficial ownership as of December 31, 2005. According to the filing, the reporting person has sole voting and investment power with respect to 1,869,878 shares.

(2) The information is based on the Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006 by AXA Financial Inc. reporting on beneficial ownership as of December 31, 2005. In addition to AXA Financial, Inc., affiliates on the filing are AXA Assurances I.A.R.D. Mutuelle, AXA Assurances Vie Mutuelle, AXA Courtaage Assurance Mutuelle and AXA. According to the filing, the reporting persons have sole voting power with respect to 820,286 shares and sole investment power with respect to 1,584,760 shares.

(3) The information is based on the Schedule 13G filed with the Securities and Exchange Commission on February 14, 2006 by Wellington Management, LLP reporting on beneficial ownership as of December 31, 2005. According to the filing, the reporting person has shared voting power with respect to 1,133,425 shares and shared investment power with respect to 1,418,576 shares.

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Security Ownership of Directors and Executive Officers

The following table shows the number of shares of the Company's common stock that are beneficially owned as of April 5, 2006 by each of the Company's Directors and each Named Executive Officer listed in the Summary Compensation Table, as well as the number of shares beneficially owned by all of the Company's Directors and executive officers as a group. As of April 5, 2006, there were 26,613,717 shares of common stock outstanding. Other than Mr. Scarborough, who owns approximately 5.7%, each Director and Named Executive Officer beneficially owns less than one percent of the Company's outstanding common stock.