

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Listings/Market Watch

Date: January 31, 2007

Re: Stage Stores, Inc. (SSI) - 3 for 2 Stock Split

Stage Stores, Inc. (SSI) has declared a 3 for 2 stock split payable to shareholders of record on Thursday, January 18, 2007. Distribution date for the stock split will be Wednesday, January 31, 2007. Ex-distribution date for the stock split will be Thursday, February 1, 2007.

Accordingly, pursuant to OCC By-Laws, all SSI options on the ex-distribution date must be adjusted as follows:

1. The number of underlying shares represented by each option contract will be increased to 150 shares.
2. The strike price of each outstanding option series will be reduced proportionately and rounded to the nearest eighth of a point.

The effect of these adjustments on all outstanding SSI options will be to change the symbol(s) to SRB, increase the number of underlying shares represented by each contract to 150, and to reduce the strike price for each series proportionately. The Exchange has further determined that new SSI option contracts, representing 100 shares of SSI, will start trading on Friday, February 2, 2007. The PHLX has established that effective on the ex-distribution date, and until October 20, 2007 expiration, the position and exercise limits shall be any combination of SSI and SRB options not to exceed 7,500,000 shares of SSI. Following October 20, 2007 expiration, the position and exercise limit will return to the established limit of 50,000 contracts. Therefore, commencing Thursday, February 1, 2007, the current SSI strike prices will be adjusted and identified by the symbol SRB.

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

Stage Stores, Inc. (SSI) (Before 2/1/2007) (100 shrs SSI)					Stage Stores, Inc. (SRB) (Beginning 2/1/2007) (150 shrs SSI)				
			Calls	Puts				Calls	Puts
SSI	FEB	25	BE	NE	SRB	FEB	16 5/8	BW	NW
SSI	FEB	30	BF	NF	SRB	FEB	20	BD	ND
SSI	FEB	35	BG	NG	SRB	FEB	23 3/8	BX	NX
SSI	MAR	30	CF	OF	SRB	MAR	20	CD	OD
SSI	MAR	35	CG	OG	SRB	MAR	23 3/8	CX	OX
SSI	MAR	40	CH	OH	SRB	MAR	26 5/8	CY	OY
SSI	APR	25	DE	PE	SRB	APR	16 5/8	DW	PW
SSI	APR	30	DF	PF	SRB	APR	20	DD	PD
SSI	APR	35	DG	PG	SRB	APR	23 3/8	DX	PX
SSI	APR	40	DH	PH	SRB	APR	26 5/8	DY	PY
SSI	JUL	25	GE	SE	SRB	JUL	16 5/8	GW	SW
SSI	JUL	30	GF	SF	SRB	JUL	20	GD	SD
SSI	JUL	35	GG	SG	SRB	JUL	23 3/8	GX	SX
SSI	JUL	40	GH	SH	SRB	JUL	26 5/8	GY	SY

Any additional SSI series that are added prior to the ex-date will also be adjusted in the manner described above.

The new SSI option contracts representing 100 shares of SSI, will be admitted to trading on Friday, February 2, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

The bids and offers for listed options are usually expressed in price per share of the underlying security. If the unit of trading is 100 shares, a bid of 2 would indicate a dollar premium of \$200.00 per contract. If, however, the unit of trading is 150, a bid of 2 would indicate a dollar premium of \$300.00.

Brokers must advise their customers of this fact in connection with the adjusted SRB options. Brokers are cautioned to be certain that customers entering closing transactions make the proper description of the options. Failure to do this could result in closing out an existing position in the adjusted series. Customers should also be advised that if they are 'covered writers', they must retain and not liquidate the additional shares of SSI if they are to remain fully covered. Customers initiating opening writing positions in SSI on or after Thursday, February 1, 2007 must own 150 shares of SSI common stock for each contract held in order to be fully covered. Commencing on February 2, 2007 and thereafter, customers purchasing 100 shares of SSI and selling one option should be certain to sell 'NEW' contracts to avoid being uncovered writers.

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Listings/Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-1508.