



Analyst and Investor Day
September 22-23, 2014

Safe Harbor Agreement



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives. Statements containing the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. These risks are detailed in our SEC reports, including but not limited to, our Annual Report on Form 10-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, we are not obligated to publicly release any revisions or update to these forward-looking statements to reflect events or circumstances after the date of this presentation to reflect the occurrence of unanticipated events.

Agenda & Introductions



- Overview & Store Growth Plan – Theo Wright, Chairman and CEO
- Credit Review – Mike Poppe, COO
- Marketing – Jamie Piper, CMO
- Merchandising – Aaron Trahan, VP of Merchandising
- Q&A



Overview and Store Growth Plan
Theo Wright, CEO

Mission Statement

To help people affordably purchase quality, durable, branded products for their home



Income Trends – U.S. Census Data



Inflation adjusted median household income:

2007 - \$55,627

2013 - \$51,939

Change:

Decrease of 8.7%

Source:

U.S. Census data for household income at December 31, 2013

Inflation Trends

Cost of one gallon of gas:

August 2007	\$2.796
August 2014	\$3.532
% Change	Increase of 26.3%

Food inflation, cumulative, June 2007 to June 2014: Increase of 19.7%

Rental inflation, cumulative, June 2007 to June 2014: Increase of 12.9%

Source:

Gas Prices:

- Weekly U.S. All Grades All Formulations Retail Gasoline Prices according to US Energy Information Administration (not adjusted for inflation)

Food Inflation:

- Measured by US CPI Urban Consumers Food (seasonally adjusted)
- Base year = 1984 dollars
- Index at 6/29/07 = 202.557, Index at 6/30/14 = 242.458

Rental Inflation:

- US CPI Urban Consumers Owners Equivalent Rent of Residence Seasonally Adjusted Index
- Base year = 1984 dollars
- Index at 6/29/07 = 245.690, Index at 6/30/14 = 277.433

Conn's Customer

- **Average Annual Income** \$39,500
 - **Average Monthly Income** \$3,292
 - **Average Age** 43
 - **Weighted Average Credit Score of Accounts Originated** 606*
 - **Percentage of Customers with Mortgage** ~15%
-
- Low disposable income households – well above poverty level but non-affluent
 - Limited disposable income after rent, transportation, food, health care and communications

Data for customers financed under Conn's in-house financing as of and for the six months ended July 31, 2014.

**Does not include non-scored customers*

Conn's Customer - Lifestyle

- The best of life is in the home
- Many in occupations with limited opportunity for advancement
- Entertainment outside of the home is often cost prohibitive
- Average American watches 35 hours of television per week
- Difficult to acquire quality products to improve life in the home



Large and Growing Core Customer Base

Our Core Customer

Consumers with FICO scores between 550 and 650



Conn's

Origination Credit Score as % of H1 FY15 Scored Originations

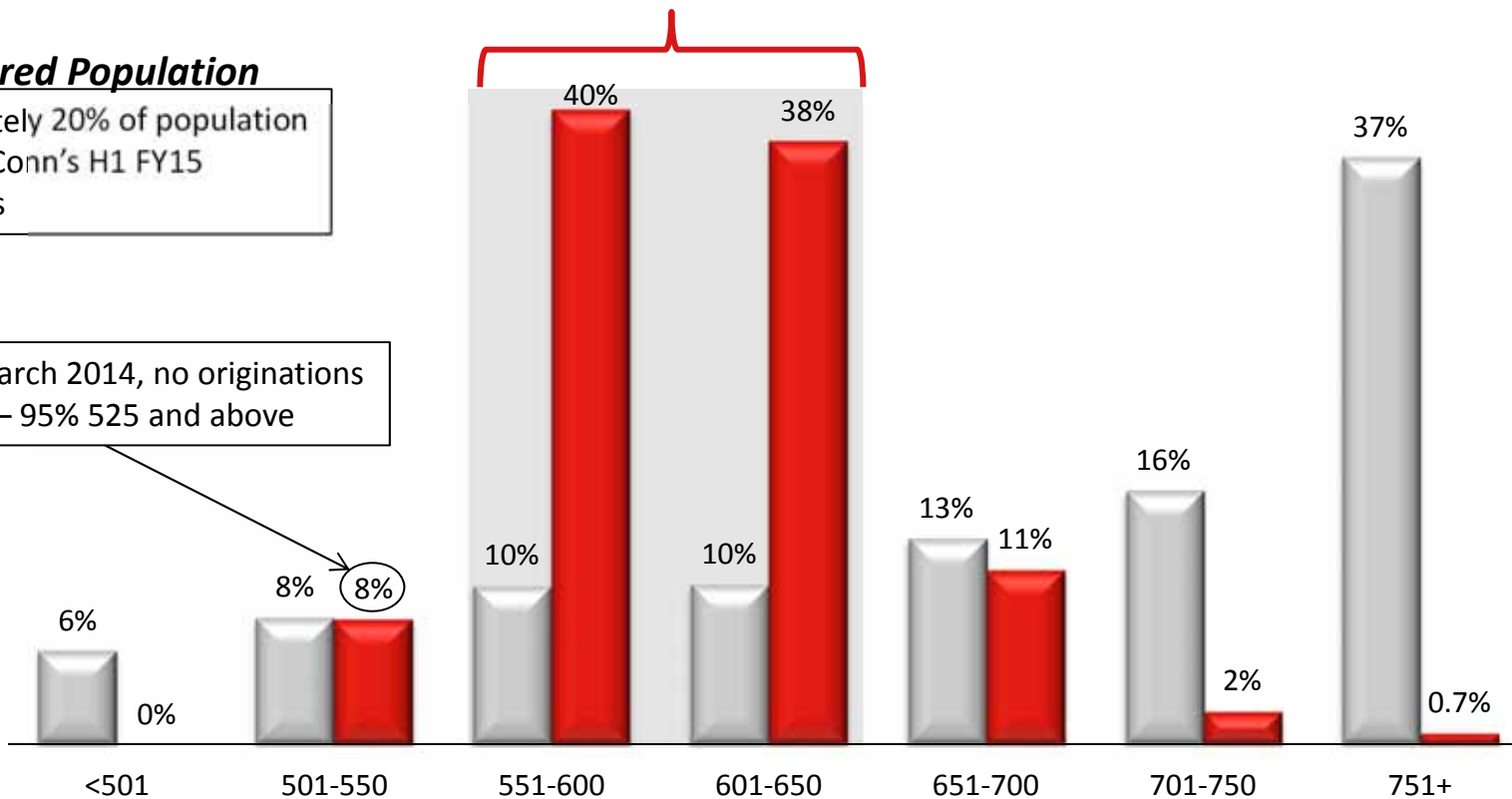


National Credit Score as % of Scored Population

Unscored Population

Approximately 20% of population and 4% of Conn's H1 FY15 originations

Effective March 2014, no originations below 525 – 95% 525 and above



Target market makes up about 30% of the population

Conn's credit score distribution based on credit score of originations for six months ended July 31, 2014;
National credit score distribution as of October 2013

Comparison of Value Proposition – Monthly Payment

Example of \$2,000 purchase in Texas

Average monthly payment:

Conn's in-house financing ⁽¹⁾	\$82
National rent-to-own provider A ⁽²⁾	\$168
National rent-to-own provider B ⁽³⁾	\$249
CSO payday installment loan provider ⁽⁴⁾	\$909

In many cases, Conn's may originate larger balances

(1) Assumes 32-month term and no down payment

(2) Assumes 34-month term and \$153 initial payment

(3) Assumes 24-month term and \$249 initial payment

(4) Assumes 5-month term and no down payment; includes interest and CSO fees; without auto payment

Comparison of Value Proposition – Total Payments

Example of \$2,000 purchase in Texas

Total payments:

Conn's in-house financing ⁽¹⁾	\$2,629
National rent-to-own provider A ⁽²⁾	\$5,865
National rent-to-own provider B ⁽³⁾	\$6,213
CSO payday installment loan provider ⁽⁴⁾	\$4,549

(1) Assumes 32-month term and no down payment

(2) Assumes 34-month term and \$153 initial payment

(3) Assumes 24-month term and \$249 initial payment

(4) Assumes 5-month term and no down payment; includes interest and CSO fees; without auto payment

Comparison of Value Proposition – Monthly Payments

Example of \$1,300 purchase in Texas

Average monthly payment:

Conn's in-house financing ⁽¹⁾	\$67
Short-term lender ^{(2) (3)}	\$106

(1) Assumes 24-month term and no down payment

(2) Assumes 24-month term, no down payment, maximum allowable rate 75.2% and no fees

(3) Maximum loan amount is \$1,340

Comparison of Value Proposition – Total Payments

Example of \$1,300 purchase in Texas

Total payments:

Conn's in-house financing ⁽¹⁾	\$1,606
Short-term lender ^{(2) (3)}	\$2,548

(1) Assumes 24-month term and no down payment

(2) Assumes 24-month term, no down payment, maximum allowable rate 75.2% and no fees

(3) Maximum loan amount is \$1,340

Conn's Customer – Other Potential Sources of Financing

- Short-term payday lending
- Subprime credit card – limited availability, low balance, high fees
- Using Conn's in-house credit preserves access to emergency funding



Retail Pricing Strategy



★ **LABOR DAY** ★

★ **SUPER SALE** ★

GOING ON NOW!



0% INTEREST FOR 24 MONTHS¹
ON ALL APPLIANCES \$799 OR MORE WITH YOUR CONN'S CREDIT CARD MADE BETWEEN 8/31/14 TO 9/6/14. EQUAL MONTHLY PAYMENTS REQUIRED FOR 24 MONTHS.

100% FREE NEXT DAY DELIVERY² & HAUL-AWAY!
NO REBATES, NO STRINGS, NO WORRIES! ON ALL WASHER/DRYER PAIRS AND SINGLE ITEM APPLIANCES \$799 OR MORE

UP TO 30% OFF
SELECT MAJOR APPLIANCES

LG
24.7 Cu. Ft. Stainless Steel French Door Refrigerator
LED Interior Lighting, Smart Cooling, Slide & Serve Pantry, Slim SpacePlus™ Ice System, Smart Diagnosis™
LARGE CAPACITY 25^{cu ft}

SAVE \$600
1699⁹⁹
AFTER SAVINGS OR \$1 PER MONTH* FOR 36 MONTHS, TO PAY OFF TOTAL BALANCE OF \$600

LG
4.3 Cu. Ft. Capacity Top Load HE Washer
8 Wash Cycles, 1100 RPM Max Spin Speed, Stainless Steel Drum, Smart Diagnosis™
7.3 Cu. Ft. Capacity Dryer
9 Cycles, 5 Temp. Settings, Sensor Dry
CLEAN

SAVE \$240 WITH PAIR
579⁹⁹
EACH AFTER SAVINGS WITH PAIR PURCHASE OR \$0 PER MONTH* FOR 36 MONTHS, TO PAY OFF TOTAL BALANCE OF \$720

SEE-THROUGH LID

FRONT CONTROL DESIGN

YES\$ MONEY
YOU'RE APPROVED.

- ✓ Low monthly payments you can afford
- ✓ Even if you've been turned down other places
- ✓ Get approved within 24 hours

THREE EASY WAYS TO APPLY

 Visit connss.com
 Call 1 (855) 354-8840
 Stop by our Store

Retail Pricing Strategy

- Market price – branded 42-inch, **low**-feature TV \$299
- Market gross margin – branded 42-inch, **low**-feature TV 10%
- Market price – branded 42-inch, **high**-feature TV \$399
- Market gross margin – branded 42-inch, **high**-feature TV 15%
- Market price – branded 65-inch, **high**-feature TV \$1,999
- Market gross margin – branded 65-inch, **high**-feature TV 28%



Retail Pricing Strategy

- Market price – branded low-efficiency, top-load laundry \$399.99
- Market gross margin – branded low-efficiency, top-load laundry 25%
- Market price – branded high-efficiency, front-load laundry \$999.99
- Market gross margin – branded high-efficiency, front-load laundry 35%




Retail Promotional Pricing Strategy

- Generally, aggressive long-term, third-party no interest promotions compared to the competition
- Frequent use of free offers – TVs, tablets, box springs, Blu-ray players
- In-store promotions for categories not advertised
- Advertised items are significant share of sales
- Very limited advertising of opening price point products



**ON ALL FURNITURE SETS &
MATTRESS SETS \$1999 OR MORE!**

Assortment – Major Appliances

<div> <div>TWICE</div> <div>TOP 100</div> <div>MAJOR APPLIANCE RETAILERS</div> </div> <div>  <div>Distribution on a Personal Level</div> </div>								
RANK	RETAILER	2013 MAJAP SALES (IN MILLIONS)	2012 MAJAP SALES (IN MILLIONS)	Y/Y GROWTH	2013 STORE COUNT	2012 STORE COUNT	STORE TYPE*	PREVIOUS RANK
1	Lowe's Mooresville, N.C.	\$5,866	\$5,270	11.3%	1,717	1,715	HIC	2
2	Sears Hoffman Estates, Ill.	\$4,967	\$5,025	-1.2%	759	798	MM	1
3	The Home Depot Atlanta	\$4,295	\$3,712	15.7%	1,968	1,968	HIC	3
4	Best Buy Richfield, Minn.	\$2,299	\$1,952	17.8%	1,461	1,465	EA/N	4
5	Sears Hometown Stores Hoffman Estates, Ill.	\$1,640	\$1,600	2.5%	1,259	1,244	AO/L	NR
6	hhgregg Indianapolis	\$1,006	\$935	7.6%	228	228	EA/N	5
7	Walmart Bentonville, Ark.	\$928	\$856	8.4%	4,203	3,738	MM	6
8	P.C. Richard & Son Farmingdale, N.Y.	\$650	\$596	9.1%	66	66	EA/R	7
9	Conn's Beaumont, Texas	\$259	\$199	30.0%	79	68	EA/R	9
10	BrandsMart USA Hollywood, Fla.	\$234	\$234	0.1%	11	11	EA/R	8

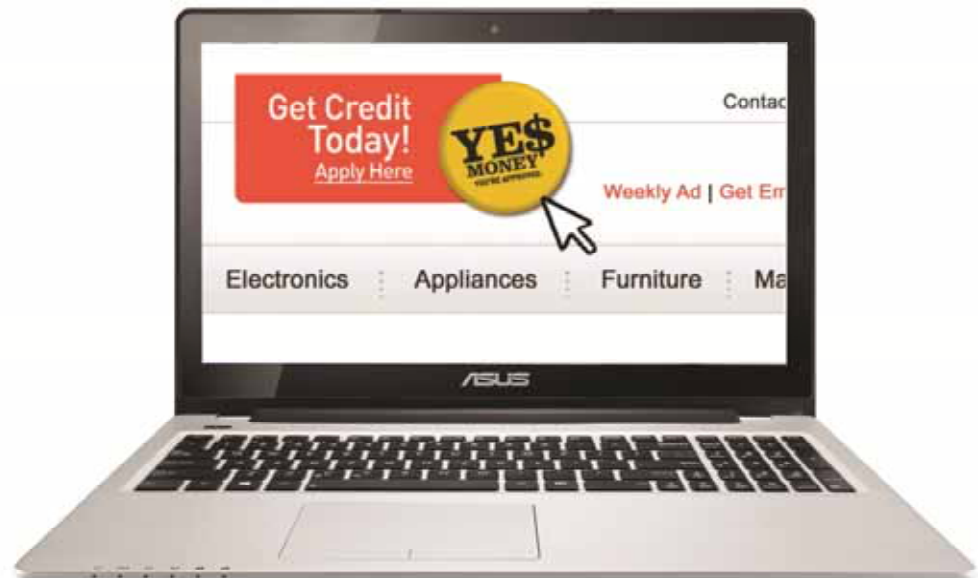
- Conn's ranked 9th in the country for appliance sales with only 79 locations in 2013
- Competitive assortment despite limited selection of opening price point products



Source: Twice.com June 16, 2014

Internet

- Big boxes – big tickets
- Distribution advantages – efficiency and speed
- After sale support



Other Competitive Advantages

- Professional, commission-based sales team
- Great customer experience
- Next-day delivery and installation in substantially all markets
- Next-day delivery of our full assortment of furniture and mattresses
- Customer pick-up available in many markets for cost conscious consumers
- Our own service operation



Customer Satisfaction is Conn's #1 Priority

Better Business Bureau Ratings

Conn's	A+
Home Depot	A+
Lowe's	A+
Rooms to Go	A+
Sears	A
Best Buy	A
Aaron's	B+
Amazon	B
hhgregg	Does not participate

Conn's owns its service operation,
accounting for 30% of total BBB complaints

Conn's Three-year Transaction Volume

Customer invoices	2,245,027
Loans originated	1,606,929
Deliveries	1,262,038
Service visits	516,787

Conn's One-month Transaction Volume

Collection calls (Aug.)	2,449,172
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Conn's Value Proposition

- Low-cost, low-risk source of financing for our core customer
- EDLC – “Every Day Low Cost” for our customer
- Competitive assortment and price demonstrated by substantial cash, credit card and Synchrony transactions
- Compelling promotions
- Next-day delivery and after sale support



Repeat Purchases

- Our business model is dependent on repeat and referral business
- After their initial purchase, the average customer buys **2** more times within 5 years
- For those that make a second purchase, those customers purchase **4** times within 5 years
- Percentage of repeat business in second quarter of fiscal 2015 in Houston, San Antonio and Beaumont was **72%**



Appliance Strategy

- Advertising exposure
- Competitive pricing and aggressive promotion
- First-class free delivery and installation (no mail-in rebate required)
- Professional sales floor



Appliance Strategy

Q2 Fiscal 2015

Payment Method by Category

	<u>Appliances</u>	<u>All Other</u>
Conn's Credit	68.2%	79.9%
Synchrony Financial	17.2%	11.0%
Third-Party Rent to Own	3.5%	4.1%
Cash & Credit Card	11.1%	5.0%
	<u>100.0%</u>	<u>100.0%</u>

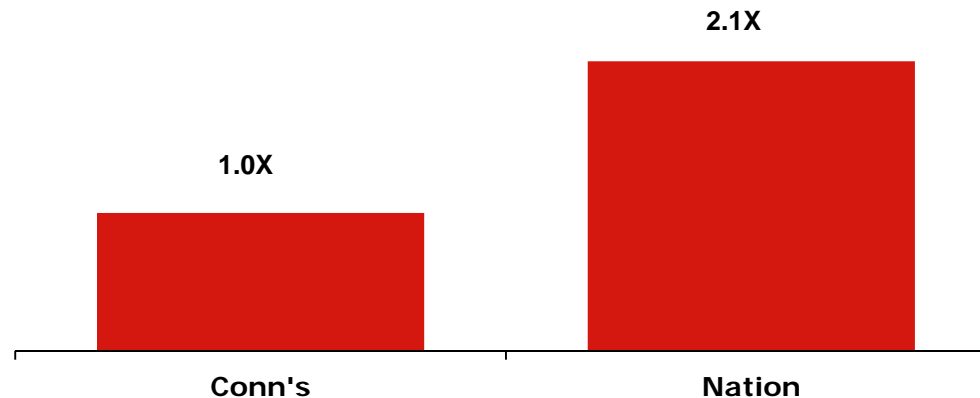


- Average three-year same store sales growth in appliances: 13.3%
- Consistently increasing market share
- Growth opportunities remain

Market Share Opportunity

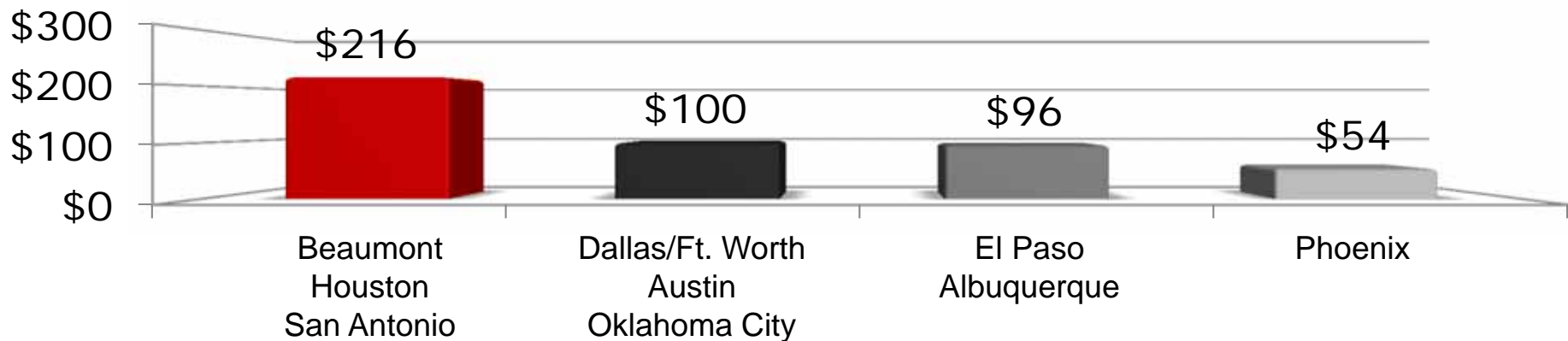
- According to the U.S Department of Commerce – Bureau of Economic Analysis, personal consumption expenditures for household furniture was \$95.4 billion in 2013 – 2.1 times expenditures for appliances (\$43.9 billion)
- During the first six months of fiscal 2015, Conn's furniture and mattress sales were \$162.3 million – comparable to sales of appliances (\$161.5 million)

Ratio of Furniture and Mattress Expenditures to Appliance Expenditures



Market Share Opportunity

Sales Per Household with Income of Less Than \$75,000

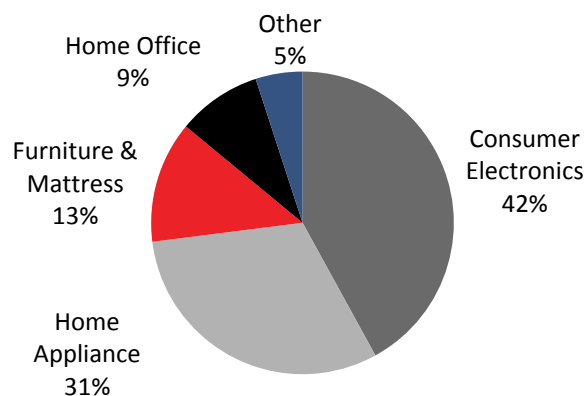


- Growing share in non-legacy markets like Dallas provides continued opportunity for same store growth
- Additional opportunities exist as newer markets mature and we expand the store base, even in Texas

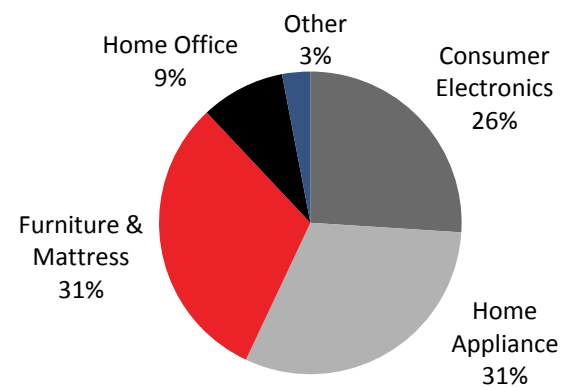
Shift in Product Sales Mix

Product Sales Mix

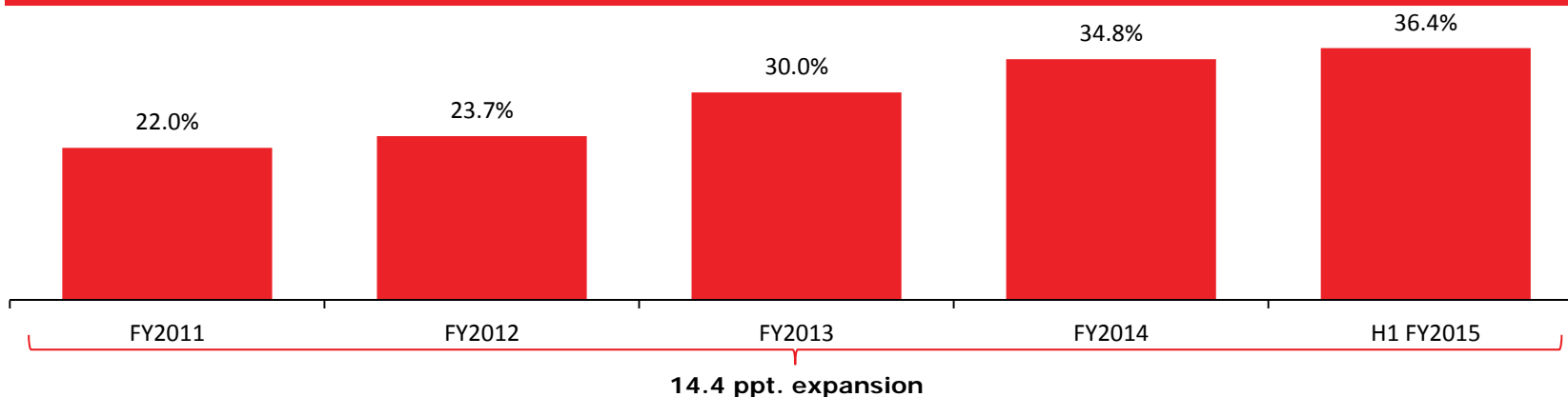
FY2011
Product Sales \$608 million



H1 FY2015
Product Sales \$518 million



Product Gross Margin



Retail operating margin equaled 11.9% during H1 FY15, an 1160 basis point over the level reported for fiscal year 2011

Product Support

- Balance remaining after 12 months of payments is approximately \$1,400 on a \$2,000, 32-month contract
- For our customers: still need the product, still owe debt, still limited disposable income
- Problem with the products or ability to pay creates a serious disruption in their lives
- Freedom from worry (customer doesn't have to be concerned about making payments if something bad happens)
- Benefits the portfolio (can extend credit to more at lower cost)



Insurance

- Average cost of property insurance through Conn's \$148
- Average monthly payment through Conn's \$6.07/mo.
- Average cost of sample of renter's insurance \$18.64/mo.
- Conn's insurance – zero deductible
- Renter's insurance – mostly \$500 deductible
- Insurance purchased through Conn's is fully cancellable
 - Approximately 60% of insurance premium written is earned
- Conn's offering is the same as others in our space

Note: Customers must provide proof of property insurance on all purchases we finance; however, we do not require that customers purchase insurance from us

Insurance Process

- Disclosed on up to 4 separate documents
- Customer signature in up to 8 locations
- Ability to cancel at any time
- Consumer-friendly brochure at the store entrance and at the cashier desk
- Follow-up after sale independently by letter and phone call to the customer
- Separate support team in call center
- Collections agents are trained to remind customer of coverage if payment is disrupted



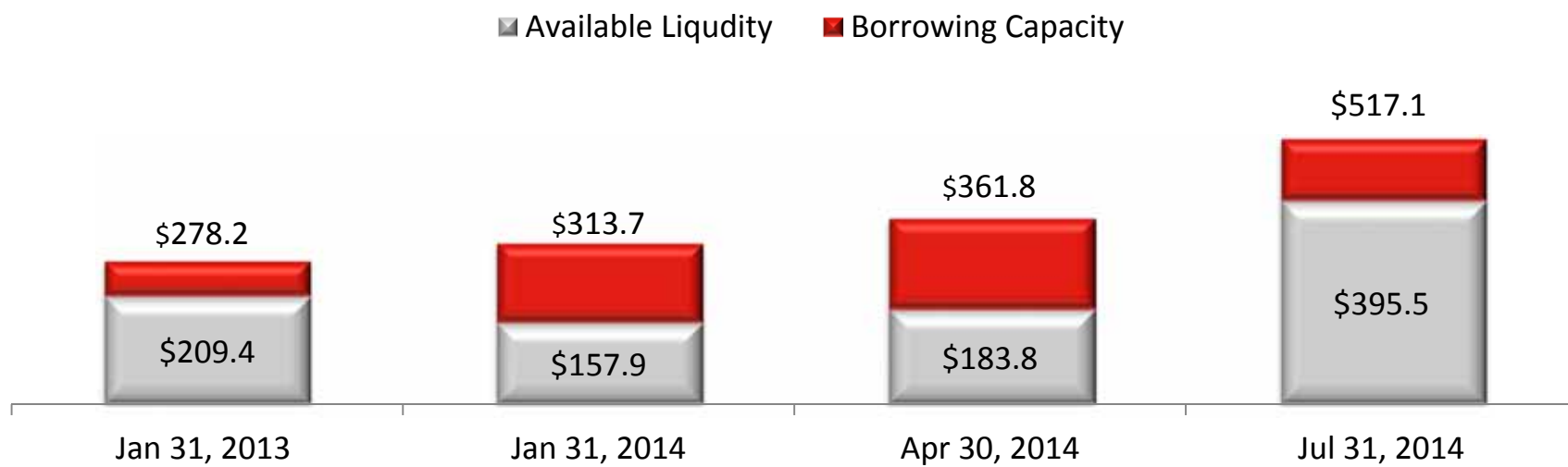
Financing Strategy



- Portfolio growth rate slowing and related incremental capital needs declining
- Store opening plan aligned with return on equity
- Access the high-yield market and potential for future expansion of asset-based revolving credit facility (accordion provisions)
- ABS viable financing alternative – peers are active issuers

Access to Capital

Asset-Based Revolving Credit Facility



Debt to Stockholders' Equity:	0.6x	0.9x	0.8x	1.0x
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Debt as a % of Portfolio Balance:	40%	50%	47%	52%
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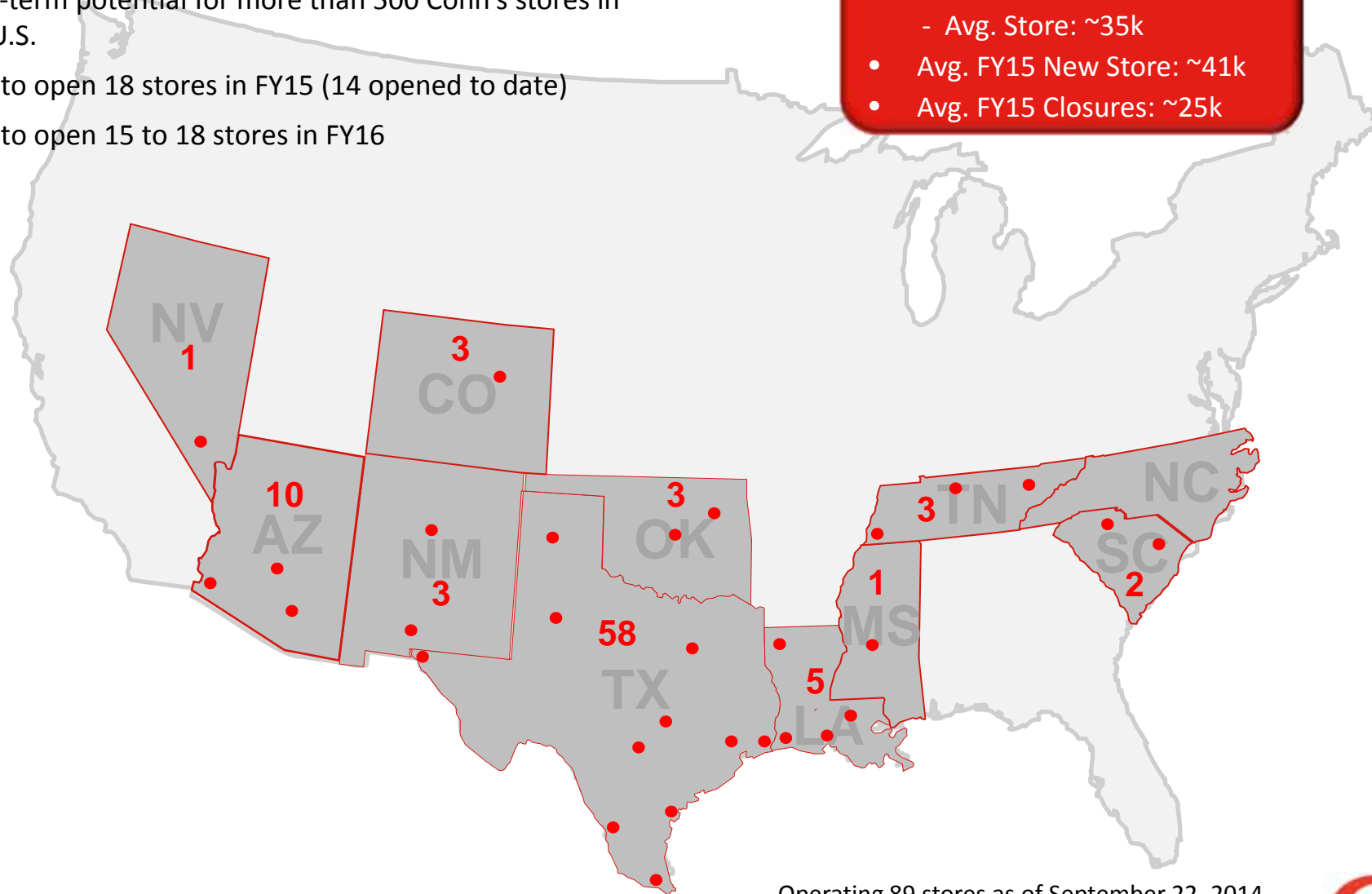
(\$ in millions)

Store Opening Plan

- New store expansion
 - Long-term potential for more than 500 Conn's stores in the U.S.
 - Plan to open 18 stores in FY15 (14 opened to date)
 - Plan to open 15 to 18 stores in FY16

Total Square Footage:

- As of Jan. 31: 2.8 million
 - Avg. Store: ~35k
- Avg. FY15 New Store: ~41k
- Avg. FY15 Closures: ~25k

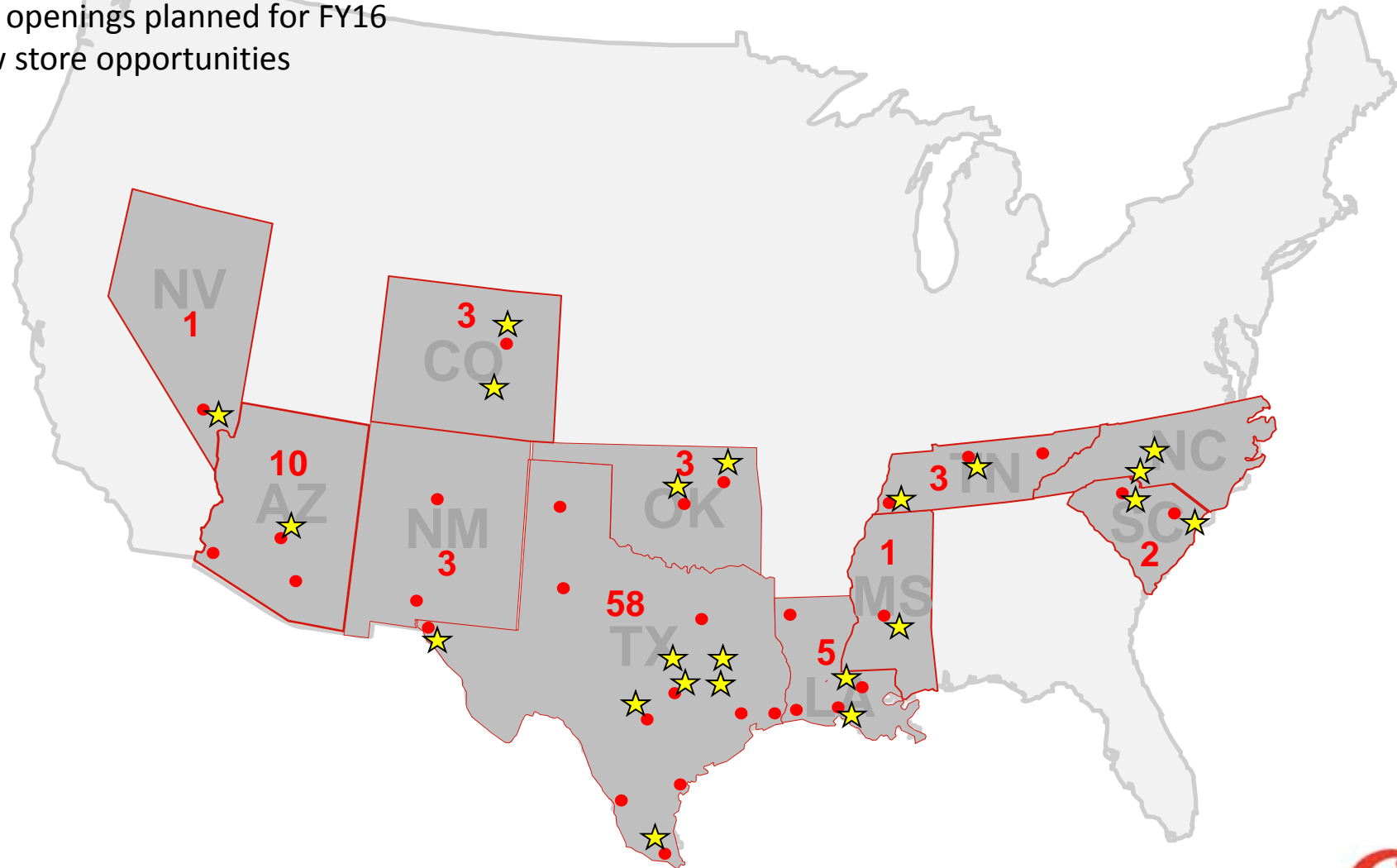


Note: Shaded states indicate current and developing footprint

Operating 89 stores as of September 22, 2014

Store Base Expansion

- New store openings will focus on markets with existing distribution and/or marketing – 31 potential store location opportunities identified
 - Plan to open stores before expanding distribution in other markets
 - 15-18 openings planned for FY16
- ★ = New store opportunities



Note: Shaded states indicate current and developing footprint

Long-Term Goals

- Double appliance business in three years
- Grow furniture and mattresses to 35% of sales
- Retail gross margin over 40%
- Static loss of 8%
- Return on equity 20%



Summary of Proven Growth Strategies

- Store Openings
- Appliance Strategy
- Furniture Expansion
- Market Share Growth with Maturity
- Increased Purchasing Power
- New Customer Relationships Should Lead to Repeat Purchases Over Time



Summary

- Unparalleled value to core customer, high rate of repeat purchases
- Great customer experience
- Defensible business model
- Vendor alignment
- High returns on capital
- Proven opportunities for long-term growth

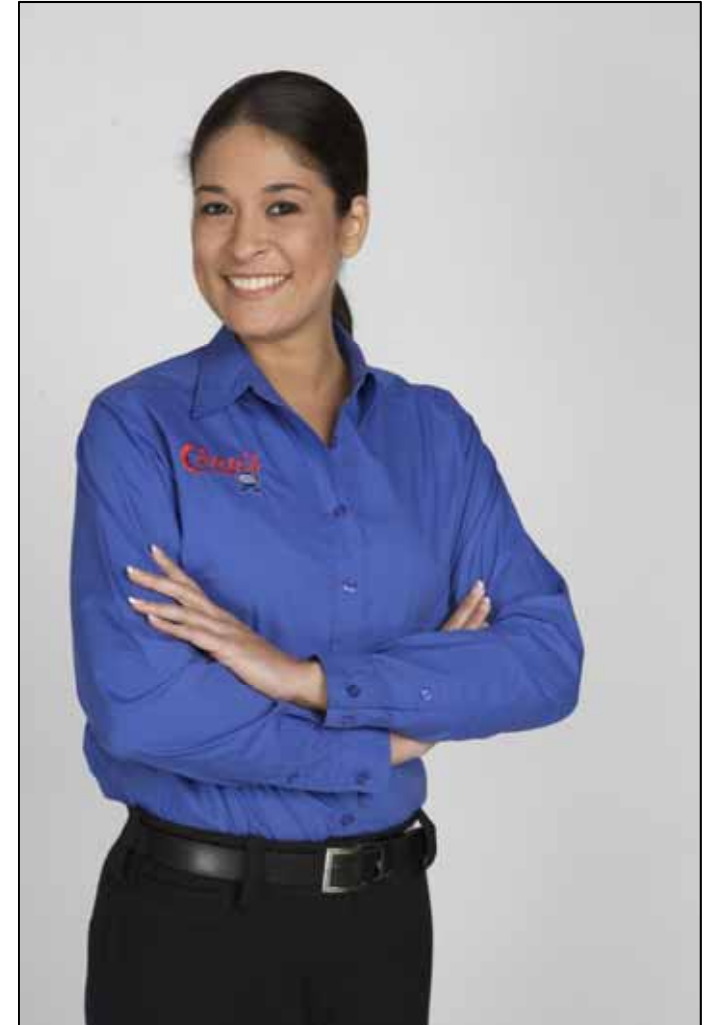


Sales Associate Compensation

Average compensation for sales associates employed for the full period:

Twelve months ended July 31, 2011 \$33,100

Twelve months ended July 31, 2014 \$49,000



Customer & Sales Associate Testimonials





Credit Review
Mike Poppe, COO

Underwriting Overview

- Custom scoring model – developed by FICO
 - Improves ability to monitor performance and adjust underwriting rules
- Have maintained consistent standards over time – evidenced by trend in FICO score of portfolio balance over time
 - Ensures consistent message to consumers about availability of credit
 - Do not adjust algorithm to meet sales expectations
- Credit limit approved is available for 60 days – full underwriting performed for any subsequent purchase request
- Customer must be current on existing Conn's accounts to be considered for additional credit purchases

Underwriting Changes

Goal – reduce first payment default, and thus total delinquency and charge-off

October/November 2013

- Raised minimum FICO required to be underwritten in certain markets
- Reduced limits for certain customer segments
- Began declining certain additional customer segments

February/March 2014

- Increased down payment requirement for certain customer segments
- Raised minimum FICO required to be underwritten in additional markets
- All stores and markets, including Arizona, New Mexico and Nevada, have the same rules

August/September 2014

- Reduced limits for certain customer segments
- Eliminated use of 6-month cash option
- Eliminated use of 12-month cash option for a small segment of customers

Impact of Underwriting Changes

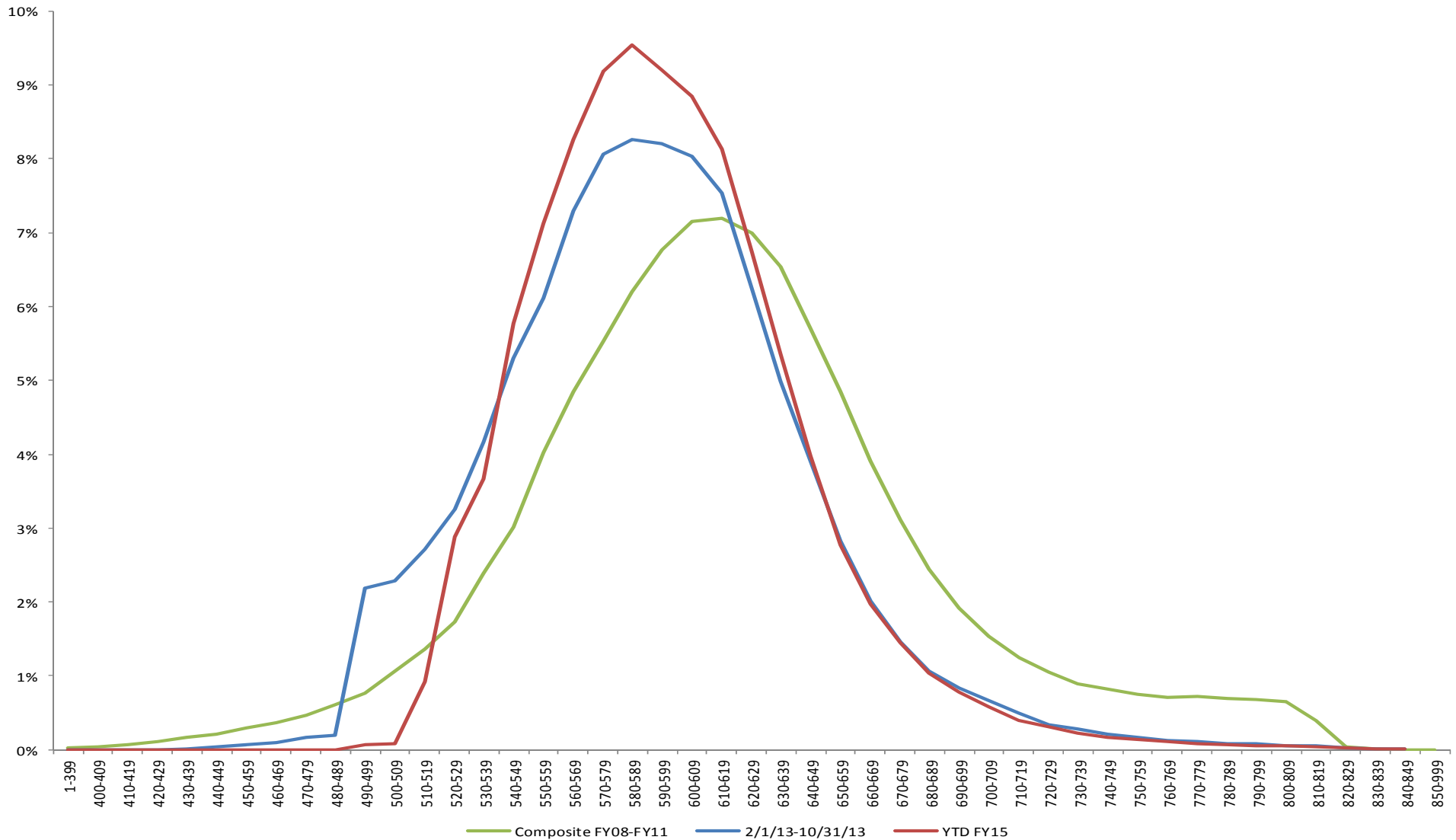
Second Quarter Fiscal 2015 vs. 2014

- 8% to 10% reduction in retail sales
- Sales to no-score customers reduced by 47%
- Sales to customers with FICO score below 550 reduced by 55%
 - No originations with a FICO score below 525 beginning in March 2014
- Average origination score increased to 607, excluding no-score accounts

Other Impacts

- Down payment percentage increased year-over-year for 5 consecutive quarters
- First payment default balance as percent of total portfolio down roughly 25% since January 31st

Impact of Underwriting Changes – Distribution of Originations by FICO Score



Graph excludes no-score originations

Portfolio FICO Score Trend

Weighted Average Credit Score of Outstanding Balances:

January 31:

2008 587

2009 585

2010 586

2011 591

2012 602

2013 600

2014 594

July 31, 2014 592

Credit Scores are updated three times each year. Excludes no-score accounts.

No-Interest Programs

- Long-term, no-interest programs through Synchrony presented to customer in advertising
- Conn's no-interest program is not advertised - offered after customer is already in the store
- How does the Conn's program work?
 - Customer signs a standard, interest-bearing retail installment contract
 - This determines the minimum monthly payment requirement for standard contract and no-interest option
 - Contract addendum provides terms of no-interest option
 - If minimum monthly payments are made timely, and
 - If the invoice amount is repaid within the no-interest period (balloon payment due if customer pays only minimum monthly payments), then all interest accrued is waived
 - If the customer does not payoff the invoice amount by the expiration of the no-interest period, or becomes delinquent
 - The interest accrued on the account stays in the total balance due
 - The monthly payment amount does not change
 - The interest rate does not change
 - There are no fees or assessments related to failing to satisfy the no-interest program

Conn's No-Interest Program Changes

- Original rationale for increased offering of no-interest programs
 - Accelerate repayment of balances due to reduce capital invested in receivables
 - Reduce loss severity
 - Put customer in position to shop again sooner
- August – ceased offering 6-month no-interest option
 - Did not see any meaningful impact to sales rate
- September – ceased offering 12-month no-interest option to certain credit customers (~4% of originations) – further modest reductions are likely
- Expect the portfolio delinquency rate will not be meaningfully impacted
 - Accounts eliminated from program, to date, are less likely to achieve no-interest benefit and have higher delinquency rate than total portfolio
 - Expect any increase in amount delinquent will be offset by increased portfolio balance due to slower repayment
- Expect increased yield to offset impact of any delinquency balance or charge-off increase

Recent Portfolio Trends

- First payment default as a percent of the portfolio declining since January 31st
 - First payment defaults as percent of originations – 3-months after month of origination:
 - 3Q FY14 Originations Average = 5.0%
 - 4Q FY14 Originations Average = 3.6%
 - 1Q FY15 Originations Average = 3.3%
- 1 to 60 day delinquency rate down year-over-year at July 31st
- 60-plus day delinquency rate increased year-over-year at July 31st
 - Deterioration in customers' ability to resolve delinquency
- Percent of portfolio re-aged increased year-over-year at July 31st
 - Increased delinquency increases potential
 - Improved collector execution
 - Despite stricter rules to qualify, since late FY12
 - About 20% of re-aged accounts have been re-aged more than 6 months
- Seasonality of portfolio performance

Portfolio Performance Expectations

- Expect improved performance in static loss rates from FY14 levels
 - Tighter underwriting – FICO score underwritten is up and down payments are up
 - Mix shifts
 - Expect an increase in percentage of originations for appliances and furniture
 - Expect percentage of sales to existing customers to increase
 - 60-plus day delinquency rate at July 31, 2014:

Existing customer	8.3%
New Customer	9.4%
Total portfolio	8.7%
 - Historical static loss rate for new customers about 2-times rate for existing customers
 - Agent tenure and effectiveness improving
 - Collection system performance has been stable
 - Enhancements delivered to improve efficiency and effectiveness
- Could originate long-term, no-interest programs at high credit scores on Conn's credit

Impact of Product Mix

	60+ Day Delinquency Rate as of July 31, 2014
Furniture and Mattress	7.9%
Home Appliance	5.9%
Consumer Electronics	9.9%
Home Office	12.6%
Total Portfolio	8.7%

- Product purchased is not considered in approval decision or setting credit limits
 - Certain products receive shorter contract terms – primarily small electronics
 - Product and price determines no-interest program eligibility, only high-margin products

Static Loss, Charge-off, Provision and Allowance for Bad Debts

Portfolio Metrics:

- **Static Loss** – Accumulated losses as a percentage of the amount originated, for originations during a specific time period
- **Charge-off** – Annualized realized losses during a specific time period as a percentage of the average outstanding portfolio balance during that time period

Financial Statement Presentation:

- **Provision** – Annualized expense recorded in income statement for future estimated losses, as a percentage of the average outstanding portfolio balance during the time period the expense is recorded
- **Allowance for Bad Debts** – Reserve on balance sheet for future estimated losses, as a percentage of the outstanding portfolio balance at the balance sheet date

Impact of Changes in Static Loss

- Since FY11, retail gross margins have increased 1460 basis points, while long-term static loss rates are expected to increase an estimated 200 basis points (92% of all amounts originated are ultimately collected)
- Estimate credit segment at breakeven in FY13 and FY14 if lifetime static loss rate of 11% for those origination years
- Retail segment generated 90% of FY14 pretax income
- Estimate that for the company to have been at breakeven in FY14, the provision rate would have been 28%

Impact of Changes in Provision

	<u>As Reported</u>		
	<u>Total</u>	<u>Adjustment</u>	<u>As Adjusted</u>
Total Revenues	1,193,769	-	1,193,769
Costs and Expenses:			
Cost of goods sold	594,048	-	594,048
Selling, general and administrative expense	341,645	-	341,645
Provision for bad debts	96,224	146,519	242,743
Operating income	161,852	(146,519)	15,333
Interest and other expense	15,333	-	15,333
Income before income taxes	146,519	(146,519)	-
Provision for income taxes	53,070	(53,070)	-
Net income	<u>\$ 93,449</u>	<u>\$ (93,449)</u>	<u>\$ -</u>

Credit Segment Bad Debt Provision	\$ 95,756	\$ 146,519	\$ 242,275
Average Portfolio Balance	\$ 869,561		\$ 869,561
	11.0%		27.9%

Proven Ability to Generate Cash in Challenging Environment

(\$ in Millions)

	FY2009	FY2010	FY2011	FY2012	CHANGE
<u>End of Period</u>					
Customer receivables balance	\$754	\$736	\$676	\$643	(\$111)
Total debt, including current maturities	\$505	\$452	\$374	\$322	(\$183)
<u>Fiscal Year Ended Jan. 31:</u>					
Net income (loss)		(\$4)	(\$1)	(\$4)	
Cash flow from operations		\$64	\$63	\$65	

Covenant Cushion Analysis at July 31, 2014

(\$ in millions)

Fixed Charge Coverage Ratio-

Twelve months ended July 31, 2014:

	Actual	Pro Forma Adjustment	As Adjusted
EBITDAR (as defined)	\$ 221.4	\$ (52.4)	\$ 169.0
Less: Net capital expenditures (as defined)	(41.0)		(41.0)
Amount available to cover fixed charges	\$ 180.4	\$ (52.4)	\$ 128.0
Fixed charges (as defined)	\$ 116.4		\$ 116.4
Fixed charge coverage ratio	1.55 to 1.00		1.10 to 1.00
Allowed minimum fixed charge coverage ratio	1.10 to 1.00		1.10 to 1.00

Payment Rate

Three months ended July 31, 2014:

Cash collections	\$ 202.4	\$ (20.0)	\$ 182.4
Gross contract payments (as defined)	\$ 4,045.4		\$ 4,045.4
Payment rate	5.00%		4.51%
Minimum allowed trailing three-month payment rate	4.51%		4.51%
July 31, 2014 portfolio balance 30+ days past due	\$ 145.2	\$ 113.0	\$ 258.2
30+ delinquency rate	12.3%	9.6%	21.9%

Leverage Ratio (July 2014)-

As of July 31, 2014:

Total liabilities	\$ 810.9	\$ 466.0	\$ 1,276.9
Total stockholders' equity (tangible net worth)	\$ 638.3	\$ -	\$ 638.3
Total liabilities to tangible net worth ratio	1.27 to 1.00		2.00 to 1.00
Maximum allowed total liabilities to tangible net worth ratio	2.00 to 1.00		2.00 to 1.00

Compliance

- Conn's is not currently under CFPB oversight
 - Expect to be in the future
 - CFPB can initiate a review at any time
- CFPB currently gathering information for proposed rule-making
 - No indication of specific plans at this time
 - Conn's would welcome consistent standards for all collections
 - To date, guidance has been provided through communication of findings from reviews
 - Fair lending practices have also been addressed, focused on disparate impact
 - Well-defined and documented Compliance Management System expected

Compliance – Conn's Actions



- Working to ensure documentation of compliance and compliance management system meets expectations
 - Adding Compliance Officer – will report to Audit Committee
 - Engaged third-party advisor experienced with CFPB reviews

- Existing controls include:
 - Internal Credit Compliance team
 - Record all calls and review samples
 - Call quality monitoring by credit compliance team, as well as operations management, based on standardized scoring model
 - Dialer systems include built-in controls over call frequency
 - Monthly reporting and review by executive team of customer issues, with goal to revise processes to improve customer experience



Marketing
Jamie Piper, CMO

Conn's Branding

Tagline:

“You Deserve It.”

Tone of Voice:

Empathetic & Aspirational

What that Means:

You deserve the best for your family – the best products, the best brands, the best price, the best life.

- Tells our customers that they are worthy.
- Gives our customers permission to buy today.
- Gives them credit for the hard work they do.
- Let's them know that we care about them.

Conn's makes the “aspirational” attainable.



How Do We Make the “Aspirational” Attainable?

Through our proprietary, in-house credit program marketed as YES MONEY®



- “YES MONEY” branding helps differentiate Conn’s credit offering from all the other financing programs out there (typically only for prime credit consumers)
- Tells consumers how we are different - we say “yes” even if you’ve been turned down other places*
- Makes the idea of financing more approachable

**subject to credit approval*

Advertising Strategy Delivering Growth

**Traditional
Retailer**
(our competitors)



Product & Price



**Drives
Call to Action**

**Conn's
HomePlus**



Product & Price

&



**Drives
Call to Action**

2014 Campaign: “Yes Feeling”



Captures the raw emotion of people when they are told “yes” to credit

TV Spot – YES MONEY®



2

TV Spot - Appliances

2

Advertising Strategy Delivering Growth

Direct Mail



Television



Digital



Changes in Advertising

- **Direct Mail Program**

- Has always been a core part of our marketing
- Broadened targeting on the high end: new mailers to individuals with credit scores of 650+ (but are still credit needy) and to customers in close proximity to the stores without any credit pre-approval message
- Increasing ad spend to existing customer base (in 2Q15, almost two-thirds of sales related to our direct mailers were to our existing, good standing customers)

- **Advertising Messages to Highlight Other Competitive Advantages**

- Appliance category leadership
- Next-day delivery (especially in furniture)

**excludes grand opening mailers, which vary month-to-month depending on store openings*

Advertising Strategy Driving Growth



- ✓ Low monthly payments you can afford
- ✓ Even if you've been turned down other places
- ✓ Get approved within 24 hours

THREE EASY WAYS TO APPLY



Visit connss.com



Call 1 (855) 354-8840

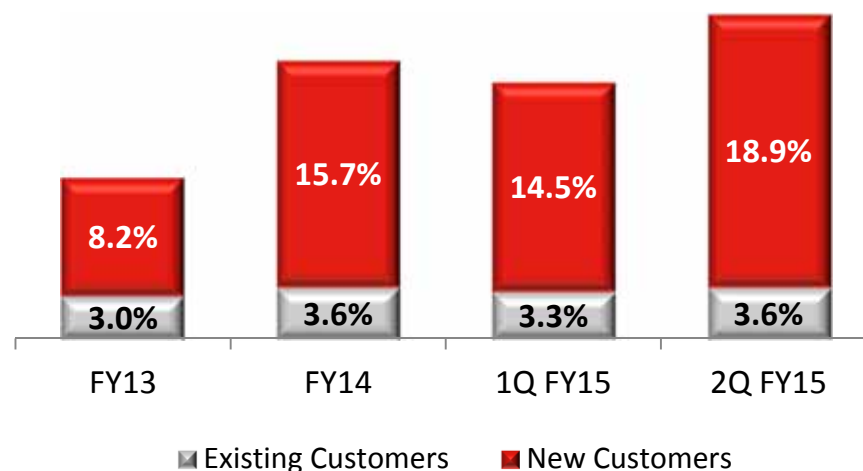


Stop by our Store

2Q Application Volume

	FY 15	FY 14	% Change
Web	92,494	44,147	110%
Phone	4,529	3,717	22%
Mail	12,399	2,106	489%
Store	186,561	165,880	12%
	295,983	215,850	37%

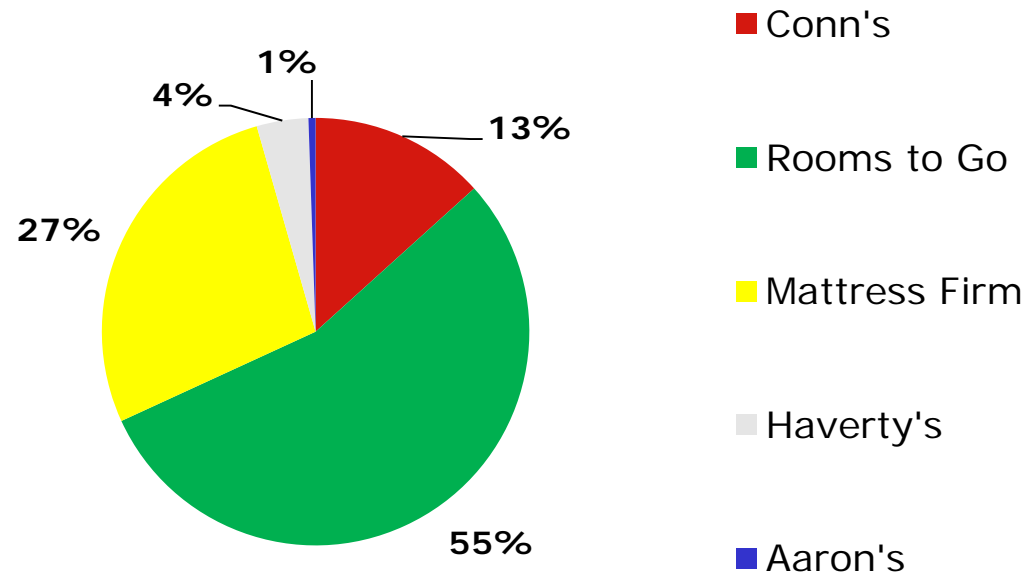
% of Sales from Online Credit Applications ⁽¹⁾



(1) % of sales generated by online credit applications based on purchases within 30-days of application date using any payment method

Furniture Opportunity with Advertising

Share-of-Voice – Marketing Spend Across Conn's Footprint



Source: 2014 Kantar Media; based on media spend between January 2013-June 2014; only includes Conn's current market footprint

Digital Strategy

Goals

Strategy

Drive credit applications through the digital channel

- Increase qualified web traffic to conns.com
- Optimize credit application conversion of web traffic

Provide superior online consumer experience at every touch point in the Conn's digital ecosystem

- Continuously assess online customers' needs
- Enhance online (desktop/mobile) capabilities to provide best-in-class digital experience

Leverage digital channel to further establish Conn's brand and reputation

- Actively listen to voice of customer online and manage online reputation

Website Current State

1-877-358-1252

Get Credit Today! **APPLY NOW >** **YES MONEY** YOU'RE APPROVED.

My Account | Pay Your Bill | Order Status | En Español | Cart (no items) | Welcome Guest Sign In

Weekly Ad | Get Email Deals | Store Locator

Conn's HomePlus Electronics Appliances Furniture Mattresses Computers Credit

0% INTEREST FOR 24 MONTHS¹
ON APPLIANCES \$799 OR MORE WITH YOUR CONN'S CREDIT CARD MADE BETWEEN 8/24/14 TO 8/30/14. EQUAL MONTHLY PAYMENTS REQUIRED FOR 24 MONTHS.
+100% FREE NEXT DAY DELIVERY²
NO REBATES, NO STRINGS, NO WORRIES!
ON ALL WASHER/DRYER PAIRS & SINGLE ITEM APPLIANCES \$799 OR MORE!

SAMSUNG
28 Cu. Ft. Stainless Steel French Door Refrigerator
RF28HMEDSR
SAVE \$1050
2249⁹⁹
AFTER SAVINGS
SHOP NOW

TEMPERATURE CONTROLLED FLEXZONE™ DRAWER

SAVE BIG with Conn's Latest Deals

WEBER GRILLS
Say YES to a new Weber Grill this Summer

SAMSUNG GALAXY NOTE 8" BUNDLE
+ Book Cover + Android™ 4.1

Browse Categories

Electronics [view all](#)
TV & Video
Audio
Smartphones

Appliances [view all](#)
Refrigerators
Washers
Dryers
Air Conditioners


Furniture [view all](#)
Dining Room Furniture
Living Room Furniture
Bedroom Furniture


Mattresses [view all](#)
Mattresses
Adjustable Bases
Bed Frames


YES MONEY YOU'RE APPROVED.
WE SAY "YES" SO YOU CAN TOO!
APPLY NOW
Yes to low monthly payments you can afford


Website Future State

[EN ESPAÑOL](#)[Questions? Call 1-877-358-1252](#)[Sign In or Create an Account](#)

[Store Locator](#)[Pay Your Bill](#)[Weekly Ad](#)




[Get Credit Today! APPLY NOW >](#)

[Your Cart ▾](#)

[CHECKOUT](#)

[Furniture & Mattresses](#) | [Appliances](#) | [TV, Audio & Electronics](#) | [Tablets, Smartphones & Computers](#) | [Promotions](#) | [Get Credit Today](#)




BEDROOM FURNITURE

0% INTEREST FOR 24 MONTHS*

On all furniture set purchases of \$999 or more with your Conn's Card made between 6/29/14 to 7/5/14. Equal monthly payments required for 24 months.

[GET CREDIT](#)[SHOP NOW](#)


* See credit terms.



NEXT DAY DELIVERY

Our pros will bring your new merchandise and even haul away* your old item seven days a week [More Info >](#)

*Haul-away excludes furniture and mattresses



WE SAY "YES" SO YOU CAN TOO!

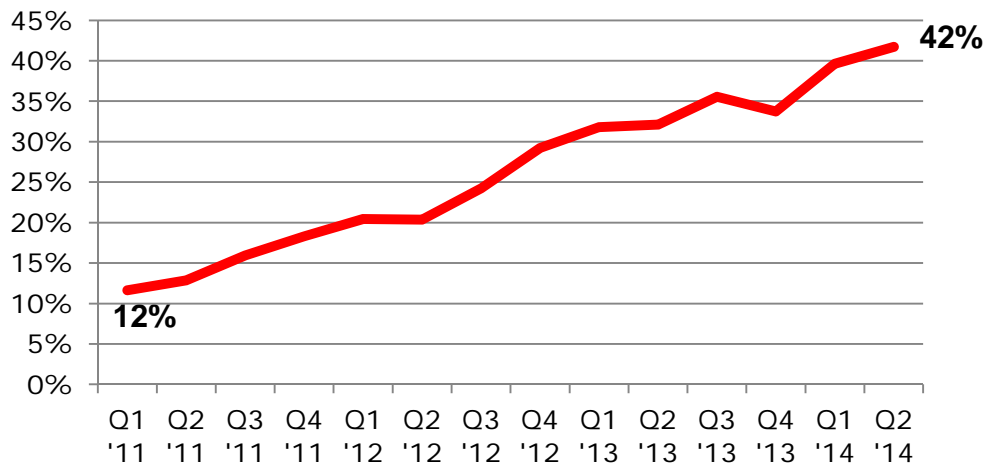
Credit is just a click away. You can apply and get approved for your YES MONEY® within minutes. [Apply Now >](#)

[SAVE BIG with Conn's Latest Deals](#)

[View the Weekly Ad](#) for your local Conn's HomePlus store

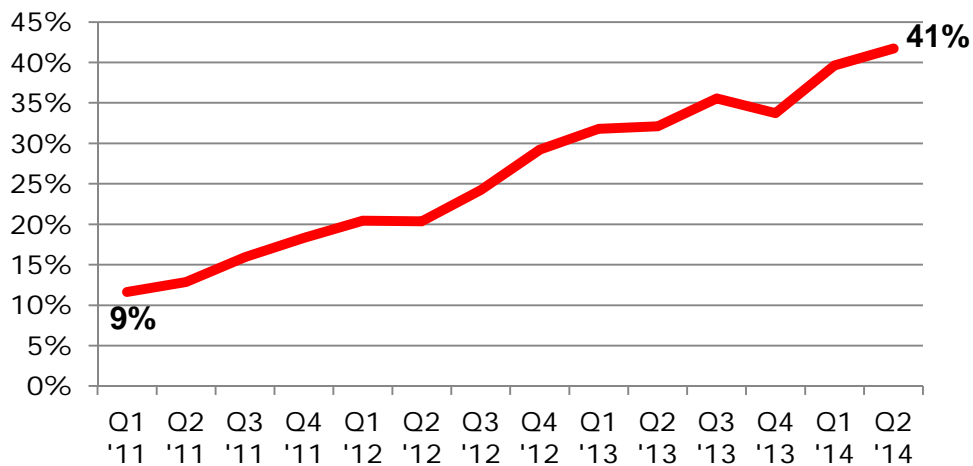
Importance of Mobile

% of Mobile Traffic by Quarter

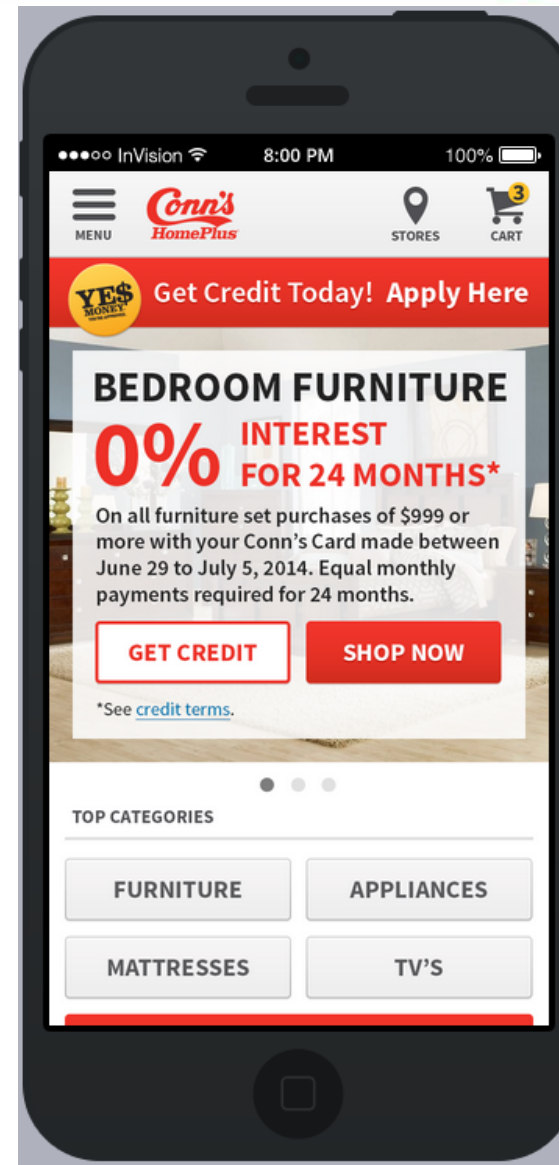
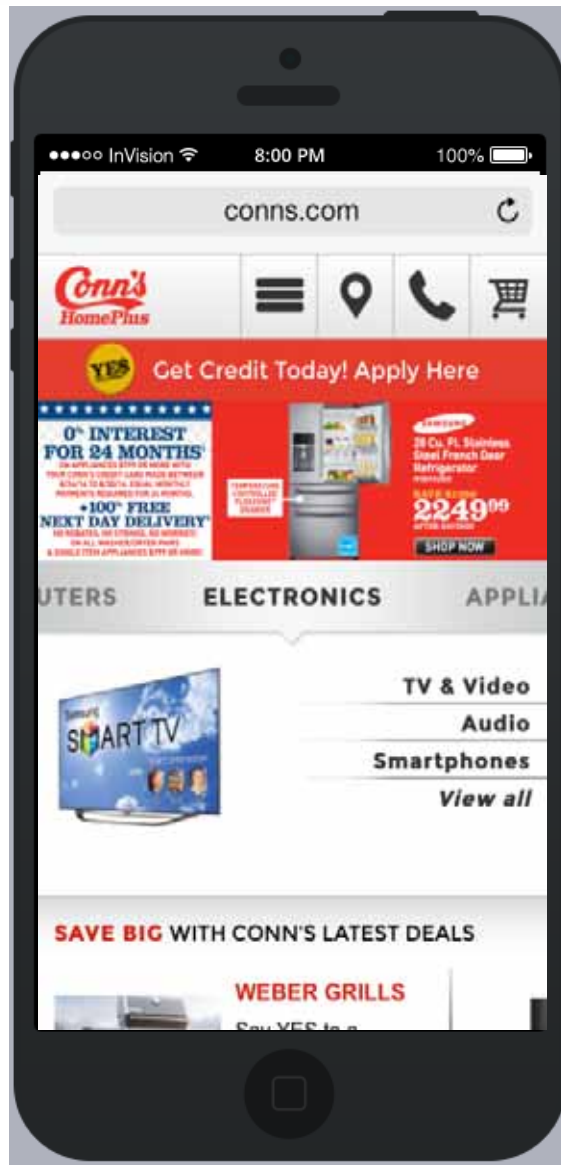


- The first Conn's mobile optimized website launched in November 2013
- Mobile traffic now represents almost half of all traffic to Conns.com
- Similarly, almost half of all web credit applications come from mobile
- August represented our largest month in mobile applications ever

% of Mobile Applications by Quarter



The Future State of Mobile





Merchandising
Aaron Trahan, VP of Merchandising

TV ASP Comparison

2Q FY15 Conn's & NPD TV Industry Data

	Conn's	NPD (Remaining Retail)	Conn's vs NPD
2Q FY15	\$1,071	\$445	140.7%



NPD data collected from NPD Group / Retail Tracking Service

Major Appliances ASP

2Q FY15 Conn's Major Appliances ASP Analysis

Category	2Q FY15 ASP	2Q FY14 ASP	YOY Change
Refrigerators	\$1,354	\$1,238	9.4%
Washers	\$706	\$694	1.7%
Dryers	\$718	\$709	1.2%
Gas Ranges	\$815	\$758	7.4%
Electric Ranges	\$726	\$652	11.4%
Dishwashers	\$562	\$513	9.7%

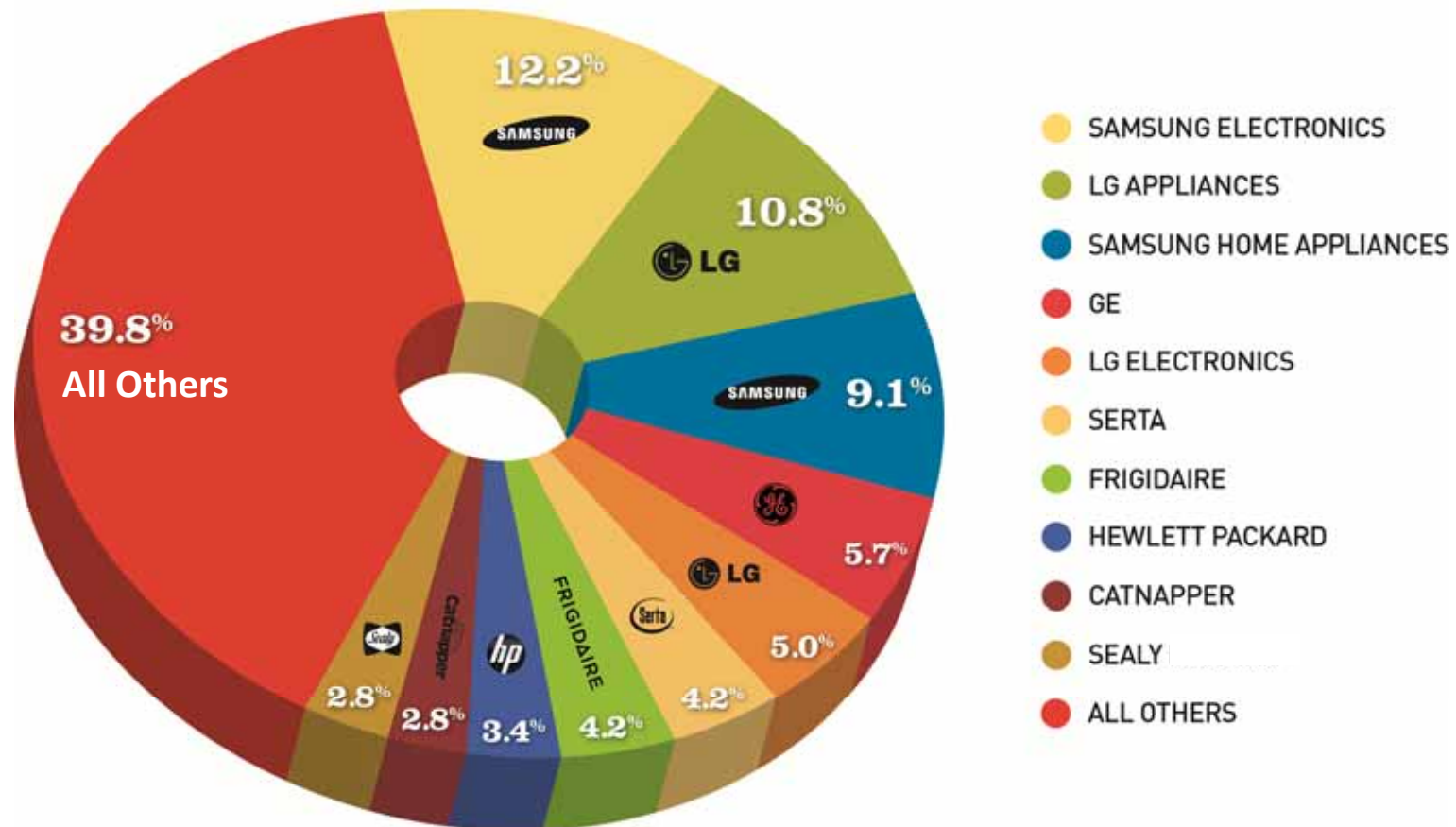
Inventory Turns by Category

FY14 Inventory Turn Rate by Product Category

Category	FY14
Electronics	6.7
Appliances	6.9
Furniture	3.1
Home Office	10.1
Bedding	6.0
Total	6.2

Top Vendor Overview

Fiscal Year-to-Date 2015



Long-Term Electronics Strategy

Assortment

- Continued realignment of our TV mix into the higher-growth, premium segments.
- Drive larger percentage of sales into manufactures unilaterally price series, allowing us to be competitively priced with both brick and mortar and on-line retailers.

Share Growth Strategy

- Leverage next-day delivery, in-house financing and highly-trained, commission-based sales floor to offer first class selection in large screen TV and emerging feature technologies.

Mobile Strategy

- Offer latest generation handsets from leading manufactures pre-bundled with unlimited calling plans that can be financed, lowering the initial out of pocket expense to the consumer for unsubsidized hardware.

4K Television Market Overview

Trend

- TV manufacturers are forecasting sales mix of 4K to total LED sales to be 15% - 20% of the total by the end of calendar 2014.
- Conn's has achieved a 30% 4K mix of LED sales with a goal to reach 40% by end of year.

Pricing Roadmap

- Labor Day time period pricing from tier 1 manufacturers featured 55" 4K curved screen under \$2,000 and 65" curved screen under \$3,000.
- We anticipate during major holiday time frames for current pricing programs to be discounted by up to another 20%.



Furniture Strategy

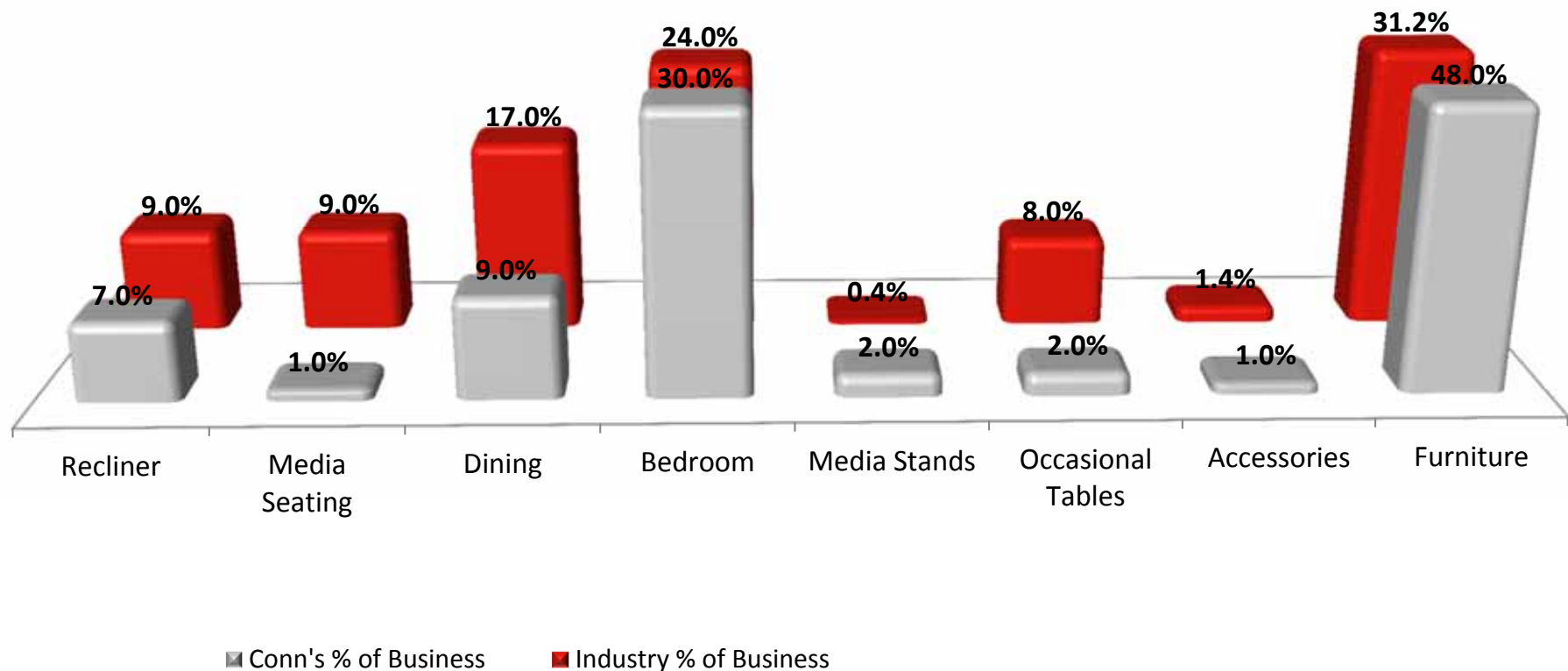


Opportunities:

- Enhance our offering to become a full line furniture and mattress retailer by driving attachment sales with a more specialized focus in accessory categories.
- Enter the outdoor seating category with a full year assortment that allows us to offer exclusive products at price points suitable for our delivery and credit model.
- Continue to optimize the premium segment of our mattress category through expanded floor assortment, interactive in store experiences, and more closely partner with key suppliers for Conn's exclusive marketing opportunities.

Furniture Strategy

Conn's Furniture Business vs. Industry—April, May, June 2014



Appliance Strategy

Opportunities:

- Expand the assortment in the “mass premium” appliance segment.
- The “mass premium segment” includes higher than industry average selling prices and gross margins, with more limited distribution to national retailers. Recently launched products in this segment include Chef Collection by Samsung and the Studio Series from LG.
- Improve productivity and relative sales performance of appliance peripheral categories such as cooking, dishwasher, and built-in appliances.

Competitive Enhancements for Built-Ins:

- Improve in-store merchandising and product availability.
- Develop and maintain kitchen package offerings.

In-Store Experience



Q&A



Conn's

Appendix



Conn's



Selected Credit Portfolio Data

	Fiscal Quarters Ended													Fiscal Years Ended		
	7/31/2011	10/31/2011	1/31/2012	4/30/2012	7/31/2012	10/31/2012	1/31/2013	4/30/2013	7/31/2013	10/31/2013	1/31/2014	4/30/2014	7/31/2014	1/31/2012	1/31/2013	1/31/2014
Data as of period end:																
Total outstanding balance	\$ 599,706	\$ 605,650	\$ 643,301	\$ 635,233	\$ 661,740	\$ 683,744	\$ 741,544	\$ 773,436	\$ 843,071	\$ 944,826	\$ 1,068,270	\$ 1,103,880	\$ 1,179,314	\$ 643,301	\$ 741,544	\$ 1,068,270
Number of active accounts	473,386	472,791	484,169	458,493	460,675	462,200	483,219	486,988	519,867	563,573	621,229	631,795	666,099	484,169	483,219	621,229
Average outstanding account balance	\$ 1,267	\$ 1,281	\$ 1,329	\$ 1,385	\$ 1,436	\$ 1,479	\$ 1,535	\$ 1,588	\$ 1,622	\$ 1,676	\$ 1,720	\$ 1,747	\$ 1,770	\$ 1,329	\$ 1,535	\$ 1,720
Account balances 60+ days past due (1)	\$ 36,706	\$ 47,653	\$ 55,190	\$ 46,438	\$ 49,763	\$ 47,691	\$ 52,879	\$ 51,543	\$ 69,158	\$ 80,505	\$ 94,403	\$ 87,863	\$ 102,063	\$ 55,190	\$ 52,839	\$ 94,403
Percent of balances 60+ days past due to total outstanding balance (1)	6.1%	7.9%	8.6%	7.3%	7.5%	7.0%	7.1%	6.7%	8.2%	8.5%	8.8%	8.0%	8.7%	8.6%	7.1%	8.8%
Total account balances re-aged (1)	\$ 103,173	\$ 97,149	\$ 88,863	\$ 73,737	\$ 70,969	\$ 77,837	\$ 86,428	\$ 86,693	\$ 91,067	\$ 102,802	\$ 120,770	\$ 128,329	\$ 142,917	\$ 88,863	\$ 86,428	\$ 120,770
Percent of re-aged balances to total outstanding balance	17.2%	16.0%	13.8%	11.6%	10.7%	11.4%	11.7%	11.2%	10.8%	10.9%	11.3%	11.6%	12.1%	13.8%	11.7%	11.3%
Account balances re-aged more than six months	\$ 48,802	\$ 44,926	\$ 38,182	\$ 27,052	\$ 21,475	\$ 20,225	\$ 19,071	\$ 19,172	\$ 19,891	\$ 20,738	\$ 21,168	\$ 23,633	\$ 28,224	\$ 38,182	\$ 19,071	\$ 21,168
Percent of total outstanding balances represented by balances over 36 months from origination (2)	3.0%	2.8%	2.6%	1.8%	1.4%	1.1%	0.9%	0.8%	0.7%	0.5%	0.5%	0.4%	0.4%	2.6%	0.9%	0.5%
Percent of total outstanding balances represented by balances over 48 months from origination (2)	0.7%	0.6%	0.5%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.5%	0.3%	0.1%
Weighted average credit score of outstanding balances	594	602	602	601	602	603	600	596	595	591	594	591	592	602	600	594
Weighted average months since origination of outstanding balances (2)	11.9	11.7	10.7	10.1	9.7	9.7	9.3	9.0	8.9	8.6	8.4	8.3	8.5	10.7	9.3	8.4
Percent of total outstanding balance represented by no-interest receivables	9.2%	11.2%	14.8%	17.7%	21.0%	23.5%	27.3%	30.6%	31.9%	33.4%	35.6%	37.0%	36.6%	14.8%	27.3%	35.6%
Data for the period:																
Average total outstanding balance	\$ 613,355	\$ 603,975	\$ 628,549	\$ 634,743	\$ 647,154	\$ 674,517	\$ 713,108	\$ 753,221	\$ 806,653	\$ 895,087	\$ 1,011,517	\$ 1,081,456	\$ 1,137,890	\$ 626,438	\$ 669,029	\$ 869,561
Interest income and fee yield %	19.3%	18.0%	18.8%	18.0%	18.4%	19.2%	18.7%	18.0%	17.9%	17.8%	18.2%	17.6%	18.2%	18.7%	18.6%	17.9%
Total applications processed (3)	173,308	166,257	219,422	178,514	184,898	178,008	209,019	199,045	215,850	267,558	307,409	265,265	295,983	734,748	750,439	989,862
Percent of applications approved (3)	46.0%	46.8%	48.5%	46.1%	49.1%	46.8%	51.4%	50.2%	51.7%	48.5%	49.9%	48.0%	45.3%	46.4%	48.6%	50.3%
Average down payment	5.7%	4.6%	3.8%	4.5%	3.0%	2.8%	2.6%	3.9%	3.1%	3.4%	3.1%	4.2%	3.6%	5.3%	3.2%	3.5%
Weighted average origination credit score of sales financed	625	619	617	615	615	616	611	602	601	599	605	605	607	621	614	602
Payment rate (4)	5.5%	5.4%	5.2%	6.1%	5.2%	5.3%	5.1%	6.2%	5.2%	5.1%	4.8%	5.8%	5.0%	5.6%	5.4%	5.3%
Bad debt charge-offs (net of recoveries) (5)	\$ 15,961	\$ 7,466	\$ 12,503	\$ 13,529	\$ 13,629	\$ 12,866	\$ 13,239	\$ 11,555	\$ 14,176	\$ 16,922	\$ 26,777	\$ 21,192	\$ 28,556	\$ 46,939	\$ 53,389	\$ 69,430
Percent of bad debt charge-offs (net of recoveries) to average outstanding balance, annualized (5)	10.4%	4.9%	8.0%	8.5%	8.4%	7.6%	7.4%	6.1%	7.0%	7.6%	10.6%	7.8%	10.0%	7.5%	8.0%	8.0%
Percent of retail sales paid for by:																
In-house financing, including down payment received	56.4%	62.1%	66.5%	66.9%	69.4%	72.3%	74.6%	74.0%	76.8%	79.5%	78.1%	77.5%	77.0%	60.4%	70.9%	77.3%
Third-party financing plans	13.8%	14.1%	15.2%	12.5%	15.8%	14.5%	16.1%	11.8%	12.2%	11.5%	12.7%	11.1%	13.0%	12.5%	14.8%	12.0%
Third-party rent-to-own plans	4.3%	3.8%	2.6%	3.7%	3.2%	3.7%	3.3%	3.8%	2.5%	2.5%	3.6%	4.2%	3.9%	3.5%	3.5%	3.1%
Total	74.5%	80.0%	84.3%	83.1%	88.4%	90.5%	94.0%	89.6%	91.5%	93.5%	94.4%	92.8%	93.9%	76.4%	89.2%	92.4%

Dollars in thousands except average outstanding customer balance

(1) Accounts that become delinquent after being re-aged are included in both the delinquency and re-aged amounts. re-aged portfolio data was adjusted to include certain refinanced account balances not previously included.

(2) Includes installment accounts only. Balances included in over 48 month totals are also included in balances over 36 months old totals.

(3) Application data revised to conform calculation of approval status.

(4) Three month rolling average of gross cash payments as a percentage of gross balances outstanding at the beginning of each month in the period.

(5) On July 31, 2011, we revised our charge-off policy to require an account that is delinquent more than 209 days at month end to be charged-off. The change in policy had the impact of accelerating charge-offs which were charged against previously provided bad debt reserves.





Static Loss Data by Quarter
As of July 31, 2014

Static Loss Analysis																				
	<i>Cumulative Net Charge-off¹</i>	<i>Year of Origination</i>	<i>Number of Quarters After Year of Origination</i>																	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	T
FY06	\$29.4	0.3%	0.7%	1.1%	1.5%	1.9%	2.3%	2.7%	3.2%	3.6%	3.9%	4.2%	4.5%	4.8%	4.9%	5.1%	5.2%	5.4%	5.5%	5.8%
FY07	\$29.3	0.2%	0.6%	1.0%	1.3%	1.7%	2.1%	2.6%	3.0%	3.5%	3.8%	4.1%	4.4%	4.8%	4.8%	5.0%	5.2%	5.4%	5.5%	5.7%
FY08	\$36.2	0.2%	0.6%	1.0%	1.4%	1.8%	2.2%	2.7%	3.1%	3.6%	3.9%	4.3%	4.7%	5.1%	5.2%	5.4%	5.6%	5.7%	5.8%	5.9%
FY09	\$50.0	0.2%	0.7%	1.1%	1.6%	2.1%	2.7%	3.3%	3.9%	4.6%	4.9%	5.3%	5.7%	6.1%	6.3%	6.5%	6.6%	6.6%	6.6%	6.6%
FY10	\$38.5	0.2%	0.8%	1.3%	1.8%	2.4%	2.9%	3.4%	4.0%	4.6%	5.1%	5.5%	5.8%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
FY11	\$36.8	0.4%	0.9%	1.5%	2.0%	2.6%	3.4%	4.2%	4.8%	5.2%	5.5%	5.7%	5.8%	5.8%	6.0%	6.0%				
FY12	\$35.9	0.2%	0.4%	1.1%	2.3%	3.1%	3.8%	4.5%	4.9%	5.5%	5.7%	5.9%								
FY13	\$50.1	0.4%	0.6%	2.1%	3.4%	5.2%	6.0%	6.7%												
FY14	\$40.1	0.8%	1.9%	3.7%																

% Remaining of Originations																				
	<i>Origination Amount¹</i>	<i>Year of Origination</i>	<i>Number of Quarters After Year of Origination</i>																	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	T
FY06	\$506.1	70.2%	54.2%	42.9%	34.6%	27.5%	21.7%	17.1%	13.4%	10.3%	7.4%	5.5%	4.2%	3.2%	2.5%	2.0%	1.5%	1.2%	0.9%	0.0%
FY07	\$511.7	72.2%	57.0%	45.0%	35.8%	28.1%	21.7%	16.9%	13.2%	10.0%	7.4%	5.5%	4.1%	3.1%	2.3%	1.8%	1.3%	1.0%	0.7%	0.0%
FY08	\$617.1	70.3%	54.5%	42.4%	33.7%	26.2%	20.5%	16.1%	12.6%	9.6%	6.9%	5.0%	3.6%	2.6%	1.8%	1.1%	0.8%	0.5%	0.3%	0.0%
FY09	\$756.3	67.3%	53.8%	42.6%	34.5%	27.6%	21.3%	16.7%	12.9%	9.5%	6.6%	4.3%	2.9%	1.8%	1.0%	0.5%	0.3%	0.2%	0.2%	0.0%
FY10	\$635.8	68.5%	53.8%	42.4%	33.8%	26.4%	20.1%	15.1%	11.5%	8.1%	4.9%	2.8%	1.5%	0.8%	0.4%	0.3%	0.2%	0.1%	0.1%	0.1%
FY11	\$613.2	66.3%	51.2%	39.9%	31.9%	24.7%	18.5%	13.8%	10.0%	6.8%	4.2%	2.4%	1.2%	0.6%	0.3%	0.2%				
FY12	\$599.0	69.5%	55.2%	44.1%	34.4%	26.4%	20.0%	15.1%	10.8%	7.2%	4.2%	2.4%								
FY13	\$735.4	72.2%	57.9%	46.2%	35.4%	25.9%	18.5%	13.0%												
FY14	\$1,075.1	77.0%	62.6%	50.0%																

¹ in millions

- The static loss analysis presents the percentage of balances charged off, based on the fiscal year the credit account was originated and the period the balance was charged off. The percentage computed is calculated by dividing the cumulative amount charged off since origination, net of recoveries, by the original balance of accounts originated during the applicable fiscal year. Period 0 is the year of origination.

- T represents the terminal loss percentage - the point at which that pool of loans has reached its maximum loss rate.

- The origination amount includes sales taxes and other amounts that are not included in retail net sales.





Fiscal 2012, 2013, and 2014 Static Loss Data by Quarter
As of July 31, 2014

<i>Period of Origination</i>	<i>Originations ¹</i>	<i>Cumulative Net Charge-off</i>	<i>% of Balance Remaining</i>	<i>Balance Outstanding ¹</i>
FY2012				
Q1	\$128.6	5.9%	0.6%	\$0.8
Q2	\$134.2	5.5%	1.2%	\$1.6
Q3	\$144.3	6.1%	2.6%	\$3.7
Q4	\$191.9	6.3%	4.2%	\$8.1
Totals	\$599.0	5.9%	2.4%	\$14.2
FY2013				
Q1	\$164.2	7.2%	7.3%	\$11.9
Q2	\$179.3	6.6%	9.1%	\$16.4
Q3	\$173.1	6.1%	14.1%	\$24.4
Q4	\$218.8	6.7%	19.8%	\$43.2
Totals	\$735.4	6.7%	13.0%	\$95.8
FY2014				
Q1	\$217.0	7.1%	29.1%	\$63.3
Q2	\$240.6	5.6%	38.9%	\$93.5
Q3	\$285.8	3.6%	53.8%	\$153.7
Q4	\$331.7	0.1%	68.6%	\$227.5
Totals	\$1,075.1	3.7%	50.0%	\$537.9

¹ in millions

- The static loss analysis presents the percentage of balances charged off, based on the period the credit account was originated.
- The origination amount includes sales taxes and other amounts that are not included in retail net sales.



Capital Expenditures

Fiscal 2013:

Capital expenditures	\$32.4
Proceeds from sales	<u>(22.9)</u>
Capital expenditures, net	<u>\$9.5</u>
Subsequently refunded by landlords	<u>\$(5.3)</u>

Fiscal 2014:

Capital expenditures	\$52.1
Subsequently refunded by sale leaseback or landlords	\$(21.3)
Pending payments due from landlords	(4.8)
Real property to be sold	<u>(6.0)</u>
Total actual and pending proceeds	<u>\$(32.1)</u>

- Estimated maintenance capital expenditures of \$10 million per year
- Remodeling program is substantially complete

(\$ in millions)