



December 2, 2004

Conn's, Inc. Reports Record Third Quarter 2005 Earnings

BEAUMONT, Texas--(BUSINESS WIRE)--Dec. 2, 2004--Conn's, Inc. (NASDAQ/NM:CONN), a specialty retailer of home appliances, consumer electronics, home office products, bedding and lawn and garden products, today announced record results for the quarter and nine months ended October 31, 2004.

Net income available for common stockholders for the third quarter increased 33.3% to \$6.3 million compared to \$4.7 million for the third quarter of last year. Diluted earnings per share available for common stockholders decreased 3.6% to \$0.27 from \$0.28 in the prior year. On a pro forma basis, as though all shares issued in the initial public offering were outstanding in both periods for the full period and IPO proceeds were used to pay-off existing balance sheet debt, diluted earnings per share increased 12.5% to \$0.27 for the quarter ended October 31, 2004 from \$0.24 for the quarter ended October 31, 2003. Total revenues for the quarter ended October 31, 2004 increased 13.2% to \$132.9 million compared with \$117.4 million for the quarter ended October 31, 2003. This increase in revenue included net sales increases of \$12.1 million, or 11.8%, and increases from Finance charges and other of \$3.4 million, or 23.4%. Same store sales (revenues earned in stores operated for the entirety of both periods) increased 1.5% for the third quarter of fiscal 2005. Increased sales in bedding, computers and other new product categories included in the track accounted for much of the increase in same store sales. Seven retail locations that were not open for three consecutive months in each period, accounted for substantially all of the remainder of the net sales increase.

Total revenues for the nine months ended October 31, 2004 increased 13.8% to \$404.4 million compared with \$355.3 million for the nine months ended October 31, 2003. This increase in revenue included net sales increases of \$40.1 million, or 12.8%, and increases from Finance charges and other of \$9.0 million, or 21.0%. Same store sales increased 4.0% for the first nine months of fiscal 2005. Net income available for common stockholders for the nine months ended October 31, 2004 increased 47.3% to \$20.9 million compared to \$14.2 million for the first nine months of last year. Diluted earnings per share available for the common stockholder increased 3.5% to \$0.88 from \$0.85 in the prior year. On a pro forma basis, as though all shares issued in the initial public offering were outstanding in both periods for the full period and IPO proceeds were used to pay-off existing balance sheet debt, diluted earnings per share increased 18.9% to \$0.88 for the nine months ended October 31, 2004 from \$0.74 for the nine months ended October 31, 2003.

"We continue to be pleased with our progress since becoming a public company," said Thomas J. Frank, Conn's Chairman and Chief Executive Officer. "Our strategy is to grow profitably by (1) increasing our market share in our core categories (major appliances and home electronics) in existing markets; (2) enhancing our assortment of new product categories (digital electronics and portable electric appliances, bedding, and lawn and garden) to stimulate increases in same store sales; and (3) opening new stores in selected markets. Because of our execution of this strategy, we continue to enjoy revenue increases, both from same store sales increases and new stores, over those reported in the previous periods. New stores that were added this quarter included our sixth store in the Dallas/Fort Worth Metroplex and our first store in McAllen, Texas, in the south Texas Rio Grande Valley along the US/Mexican border."

EPS Guidance

The Company also issued guidance for the fourth quarter ended January 31, 2005 of earnings per diluted share of approximately \$0.36 to \$0.38. Guidance issued for the entire year continues to include earnings per diluted share of approximately \$1.24 to \$1.26.

Conference Call Information

Conn's, Inc. will host a conference call and audio webcast today, December 2, 2004 at 10:00 AM, CST, to discuss financial results for the quarter and nine months ended October 31, 2004. The webcast will be available at www.conns.com and will be archived for one year. The webcast is also being distributed over CCBN's Investor Distribution Network to both institutional and individual investors. Individual investors can listen to the call through CCBN's individual investor center at www.fulldisclosure.com. Institutional investors can access the call via CCBN's password protected event management site at www.streetevents.com.

About Conn's, Inc.

The Company is a specialty retailer currently operating (49) retail locations in Texas and Louisiana. It sells major home appliances, including refrigerators, freezers, washers, dryers and ranges, and a variety of consumer electronics, including

projection, plasma and LCD televisions, camcorders, VCRs, DVD players and home theater products. The Company also sells home office equipment, lawn and garden products and bedding, and continues to introduce additional product categories for the home to help increase same store sales and to respond to our customers' product needs.

Unlike many of its competitors, the Company provides in-house credit options for its customers. Historically, it has financed over 56% of retail sales. Customer receivables are financed substantially through an asset-backed securitization facility, from which the Company derives servicing fee income and interest income from these assets. The Company transfers receivables, consisting of retail installment contracts and revolving accounts extended to its customers, to a qualifying special purpose entity, or the issuer, in exchange for cash and subordinated securities represented by asset-backed and variable funding notes issued to third parties.

This press release contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "should," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to have been correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: the Company's growth strategy and plans regarding opening new stores and entering new markets; the Company's intention to update or expand existing stores; the Company's estimated capital expenditures and costs related to the opening of new stores or the update or expansion of existing stores; the Company's cash flow from operations, borrowings from its revolving line of credit and proceeds from securitizations to fund operations, debt repayment and expansion; growth trends and projected sales in the home appliance and consumer electronics industry and the Company's ability to capitalize on such growth; relationships with the Company's key suppliers; the results of the Company's litigation; interest rates; weather conditions in the Company's markets; changes in the Company's stock price; and the actual number of shares of common stock outstanding. Further information on these risk factors is included in the Company's filings with the Securities and Exchange Commission, including the Company's Form 10-K filed on April 16, 2004. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

Conn's, Inc.
CONDENSED, CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except earnings per share)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2003	2004	2003	2004
Revenues				
Total net sales	\$102,977	\$115,121	\$312,419	\$352,514
Finance charges and other	14,413	17,789	42,887	51,874
Total revenues	117,390	132,910	355,306	404,388
Cost and Expenses				
Cost of goods sold, including warehousing and occupancy costs	72,687	82,523	222,558	253,002
Cost of parts sold, including warehousing and occupancy costs	1,038	1,159	3,091	3,354
Selling, general and administrative expense	33,405	37,738	97,559	110,121
Provision for bad debts	1,215	1,373	3,403	4,022
Total cost and expenses	108,345	122,793	326,611	370,499
Operating income	9,045	10,117	28,695	33,889
Interest expense	789	615	4,004	1,764
Income before minority interest and income taxes	8,256	9,502	24,691	32,125

Minority interest in limited partnership	-	113	-	359
Income before income taxes	8,256	9,389	24,691	31,766
Total provision for income taxes	2,933	3,074	8,761	10,888
Net income	5,323	6,315	15,930	20,878
Less preferred dividends	587	-	1,759	-
Net income available for common shareholders	\$4,736	\$6,315	\$14,171	\$20,878
Earnings per share				
Basic	\$0.28	\$0.27	\$0.85	\$0.90
Diluted	\$0.28	\$0.27	\$0.85	\$0.88
Average common shares outstanding				
Basic	16,720	23,206	16,720	23,175
Diluted	16,720	23,681	16,720	23,716

Conn's, Inc.
CONDENSED, CONSOLIDATED BALANCE SHEETS
(in thousands)

	January 31, 2004	October 31, 2004
Assets	(unaudited)	
Current assets		
Cash and cash equivalents	\$12,942	\$10,374
Interests in securitized assets and accounts receivable, net	93,940	117,366
Inventories	53,742	60,906
Deferred income taxes	4,148	4,859
Prepaid expenses and other assets	3,031	3,515
Total current assets	167,803	197,020
Non-current deferred tax asset	3,945	4,386
Total property and equipment, net	54,825	62,363
Goodwill and other assets, net	8,187	8,209
Total assets	\$234,760	\$271,978
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	\$-	\$2,584
Current portion of long-term debt	338	307
Accounts payable	26,412	29,936
Fair value of derivatives	1,121	439
Other current liabilities	22,866	24,053
Total current liabilities	50,737	57,319
Long-term debt	14,174	21,207
Non-current deferred tax liability	477	650
Deferred gain on sale of property	811	686
Fair value of derivatives	202	-
Minority interest	1,769	2,053
Total stockholders' equity	166,590	190,063

Total liabilities and stockholders' equity	\$234,760	\$271,978
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CONN'S, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Nine Months Ended October 31,	
	2003	2004
	(unaudited)	(unaudited)
Net cash provided by operating activities	\$11,661	\$881
Cash flows from investing activities		
Purchase of property and equipment	(6,260)	(14,957)
Proceeds from sale of property	1,289	1,072
Net cash used by investing activities	(4,971)	(13,885)
Cash flows from financing activities		
Net borrowings (payments) under bank credit facilities	(5,192)	9,638
Net proceeds from stock issued under employee benefit plans	-	925
Debt issuance costs	(203)	(75)
Payment of promissory notes	(1,457)	(52)
Net cash provided (used) by financing activities	(6,852)	10,436
Net change in cash	(162)	(2,568)
Cash and cash equivalents		
Beginning of the year	2,448	12,942
End of the year	\$2,286	\$10,374
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CONN'S, INC
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION
PRO FORMA EARNINGS PER SHARE
(in thousands, except earnings per share)

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2003	2004	2003	2004
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Net income available for common stockholders	\$4,736	\$6,315	\$14,171	\$20,878
Add interest savings, net of tax, due to debt payoff	309	-	1,098	-
Add preferred dividends	587	-	1,759	-
Pro forma net income	\$5,632	\$6,315	\$17,028	\$20,878
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Total shares outstanding pre-IPO	16,720	16,720	16,720	16,720
Shares issued in IPO, including				

over-allotment	4,622	4,622	4,622	4,622
Conversion of preferred stock into common	1,712	1,712	1,712	1,712
Weighted issuance of shares to benefit plans	-	152	-	121
Dilution due to outstanding options	-	475	-	541
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Pro forma shares outstanding	23,054	23,681	23,054	23,716
	=====	=====	=====	=====
Pro forma diluted earnings per share	\$0.24	\$0.27	\$0.74	\$0.88
	=====	=====	=====	=====
Reconciliation of pro forma shares outstanding to presentation according to GAAP:				
Pro forma shares outstanding	23,054	23,681	23,054	23,716
Adjustment since shares were not outstanding for the full year	(6,334)	-	(6,334)	-
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Weighted diluted outstanding shares according to GAAP	16,720	23,681	16,720	23,716
	=====	=====	=====	=====

The use of pro forma information is considered necessary to provide the reader with more comparable earnings per share information year over year. As a result of the IPO transaction, the additional shares issued were significant relative to the shares outstanding in the prior year, the retirement of debt substantially reduced interest expense, and preferred dividends are no longer accrued or paid. Consequently, the shares outstanding have been adjusted to reflect the IPO transaction as though it took place on February 1, 2003, interest expense associated with the debt that would have been paid-off has been reduced, and preferred dividends have been eliminated in all periods in order to compute earnings per share on a more comparable basis.

CALCULATION OF GROSS MARGIN PERCENTAGE
(dollars in thousands)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2003	2004	2003	2004
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Total revenues	\$117,390	\$132,910	\$355,306	\$404,388
Less cost of goods and parts sold, including warehousing and occupancy cost	(73,725)	(83,682)	(225,649)	(256,356)
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Gross margin dollars	\$43,665	\$49,228	\$129,657	\$148,032
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Gross margin percentage	37.2%	37.0%	36.5%	36.6%