November 30, 2006

Conn's, Inc. Reports Earnings for the Quarter and Nine Months Ended October 31, 2006

BEAUMONT, Texas, Nov 30, 2006 (BUSINESS WIRE) -- Conn's, Inc. (NASDAQ/NM:CONN), a specialty retailer of home appliances, consumer electronics, computers, mattresses, furniture and lawn and garden products, today announced earnings results for the quarter and nine months ended October 31, 2006.

Net income for the third fiscal quarter decreased 19.2% to $7.2 million compared with $8.9 million for the restated third quarter of last year. Diluted earnings per share available for common stockholders were $0.30 compared with $0.36 for the third quarter of last year after restatement and adoption of FAS123R. Total revenues for the quarter ended October 31, 2006 increased 0.6% to $173.7 million compared with $172.6 million for the quarter ended October 31, 2005. This increase in revenue included increases in "Finance charges and other" of $1.8 million, or 9.1%, and a decrease in net sales of $0.7 million, or 0.4%. Same store sales (revenues earned in stores operated for the entirety of both periods) decreased 3.7% for the third quarter of fiscal 2007. As previously disclosed, the same store sales increase for the quarter ending October 31, 2005 of 23.3% was positively impacted 700 to 900 basis points by hurricanes Katrina and Rita.

Net income for the nine months ended October 31, 2006 decreased 2.4% to $27.6 million compared with $28.3 million for the restated nine months of the prior year. Diluted earnings per share available for common stockholders were $1.14 compared with $1.18 for the nine months of last year after restatement and adoption of FAS123R. Total revenues for the nine months ended October 31, 2006 increased 10.7% to $548.1 million compared with $495.1 million for the nine months ended October 31, 2005. This increase in revenue included net sales increases of $51.9 million, or 11.9%, and increases in "Finance charges and other" of $1.1 million, or 1.9%. Same store sales (revenues earned in stores operated for the entirety of both periods) increased 6.5% for the first nine months of fiscal 2007.

As previously disclosed, during the third quarter of fiscal 2006 a significant hurricane impacted a portion of the Company's retail market area and its credit collection operations. This resulted in higher delinquencies for receivables in the credit portfolio serviced by the Company. Those delinquencies continue at higher than expected levels and have produced loan losses greater than had been expected before the year began. The losses affect securitization income received from the credit subsidiary of the company and is reflected in the line "Finance charges and other" on the Statement of Operations. Loan losses, which were lower than in the second quarter, are in line with estimates made at the end of the second quarter when the Company recorded an impairment charge for estimated future loan losses and therefore the Company did not find it necessary to record an additional impairment this quarter. More information on the credit portfolio and its performance may be found in a table included with this press release and in the Company's filing with the Securities and Exchange Commission on Form 10-Q which will be filed later today.

During the fiscal year to date, the Company has opened four new stores, two in its Houston market, one in San Antonio and one in the Dallas/Fort Worth market, bringing the total store count to 60. By the end of January 2007, the Company expects to operate approximately 61 to 62 stores.

EPS Guidance

Today, the Company lowered its guidance for its fiscal year 2007 (the year ending January 31, 2007) of earnings per diluted share to a range of $1.55 to $1.65 from a range of $1.60 to $1.75.

Conference Call Information

Conn's, Inc. will host a conference call and audio webcast today, November 30, 2006, at 10:00 AM, CST, to discuss financial results for the quarter and nine months ended October 31, 2006. The webcast will be available live at www.conns.com and will be archived for one year. Participants can join the call by dialing (800) 289-0572 or (913) 981-5543.

About Conn's, Inc.

The Company is a specialty retailer currently operating 60 retail locations in Texas and Louisiana: twenty stores in the Houston area, thirteen in the Dallas/Fort Worth Metroplex, nine in San Antonio, five in Austin, four in Southeast Texas, one in Corpus Christi, two in South Texas and six stores in Louisiana. It sells major home appliances, including refrigerators, freezers, washers, dryers and ranges, and a variety of consumer electronics, including projection, plasma, DLP and LCD televisions, camcorders, computers and computer peripherals, DVD players, portable audio and home theater products. The Company also sells lawn and garden products, furniture and mattresses, and continues to introduce additional product categories for the home to help respond to its customers' product needs and to increase same store sales.

Unlike many of its competitors, the Company provides flexible in-house credit options for its customers. Historically, it has financed, on average, approximately 57% 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. The Company transfers receivables, consisting of retail installment contracts and revolving accounts for credit extended to its customers, to a qualifying special purpose entity 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 be 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; delinquency and loss trends in the sold receivables portfolio; 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 amended annual report on Form 10-K/A filed September 15, 2006. 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,	
	2005	2006	2005	2006
Revenues	As Restated		As Restated	
Total net sales	$153,068	$152,390	$435,851	$487,732
Finance charges and other	19,521	21,303	59,217	60,353
Total revenues	172,589	173,693	495,068	548,085
Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	110,024	110,627	314,520	356,112
Cost of parts sold, including warehousing and occupancy costs	1,334	1,834	3,795	4,788
Selling, general and administrative expense	47,152	49,701	131,841	144,790
Provision for bad				

debts	331	526	662	959
Total cost and expenses	158,841	162,688	450,818	506,649
Operating income	13,748	11,005	44,250	41,436
Interest (income) expense, net	74	(141)	488	(512)
Other (income) expense, net	(27)	(19)	7	(773)
Income before income taxes	13,701	11,165	43,755	42,721
Total provision for income taxes	4,846	4,011	15,439	15,074
Net income	$8,855	$7,154	$28,316	$27,647
Earnings per share				
Basic	$0.38	$0.30	$1.21	$1.17
Diluted	$0.36	$0.30	$1.18	$1.14
Average common shares outstanding				
Basic	23,458	23,698	23,378	23,658
Diluted	24,265	24,165	24,020	24,318

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

	January 31, 2006	October 31, 2006
Assets	As Restated	
Current assets		
Cash and cash equivalents	$45,176	$44,127
Interests in securitized assets and accounts receivable, net	162,824	153,674
Inventories	73,987	77,224
Prepaid expenses and other assets	4,004	5,626
Total current assets	285,991	280,651
Non-current deferred income tax asset	1,561	2,016
Total property and equipment, net	54,826	59,716
Goodwill and other assets, net	9,877	9,838
Total assets	$352,255	$352,221
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	$-	$-
Current portion of long-term debt	136	83
Accounts payable	40,920	32,286
Accrued compensation and related expenses	18,847	7,519

Accrued expenses	17,380	20,316
Other current liabilities	18,635	9,999
Total current liabilities	95,918	70,203
Long-term debt	-	116
Deferred gain on sale of property	476	351
Total stockholders' equity	255,861	281,551
Total liabilities and stockholders' equity	$352,255	$352,221

Conn's, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Nine Months Ended October 31,	
	2005	2006
	As Restated	
Net cash provided by operating activities	$51,829	$11,090
Cash flows from investing activities		
Purchase of property and equipment	(14,107)	(15,681)
Proceeds from sale of property	22	2,272
Net cash used in investing activities	(14,085)	(13,409)
Cash flows from financing activities		
Net borrowings (payments) under bank credit facilities	(10,500)	-
Purchase of treasury stock	-	(684)
Proceeds from stock issued under employee benefit plans	2,022	1,695
Excess tax benefits from stock-based compensation	23	196
Increase in debt issuance costs	(130)	-
Borrowings on promissory notes	-	208
Payment of promissory notes	(21)	(145)
Net cash provided by (used in) financing activities	(8,606)	1,270
Net change in cash	29,138	(1,049)
Cash and cash equivalents		
Beginning of the year	7,027	45,176
End of period	$36,165	$44,127

CALCULATION OF GROSS MARGIN PERCENTAGE
(dollars in thousands)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2005	2006	2005	2006

A Product sales	$140,405	$139,594	$398,547	$448,750
B Service maintenance agreement commissions, net	7,506	6,845	22,238	21,875
C Service revenues	5,157	5,951	15,066	17,107
D Total net sales	153,068	152,390	435,851	487,732
E Finance charges and other	19,521	21,303	59,217	60,353
F Total revenues	172,589	173,693	495,068	548,085
G Cost of goods sold, including warehousing and occupancy cost	(110,024)	(110,627)	(314,520)	(356,112)
H Cost of parts sold, including warehousing and occupancy cost	(1,334)	(1,834)	(3,795)	(4,788)
I Gross margin dollars (F+G+H)	$61,231	$61,232	$176,753	$187,185
Gross margin percentage (I/F)	35.5%	35.3%	35.7%	34.2%
J Product margin dollars (A+G)	$30,381	$28,967	$84,027	$92,638
K Product margin percentage (J/A)	21.6%	20.8%	21.1%	20.6%

PORTFOLIO STATISTICS
For the periods ended January 31, 2004, 2005 and 2006
and October 31, 2005 and 2006
(dollars in thousands, except average outstanding balance per account)

	January 31,			October 31,	
	2004	2005	2006	2005	2006
Total accounts	299,717	350,251	415,338	396,506	433,719
Total outstanding balance	$349,470	$428,700	$519,721	$490,597	$535,688
Average outstanding balance per account	$1,166	$1,224	$1,251	$1,237	$1,235
60 day delinquency	$18,267	$23,143	$35,537	$33,399	$37,800
Percent delinquency	5.2%	5.4%	6.8%	6.8%	7.1%
Charge-off ratio, annualized	2.9%	2.4%	2.6%	2.4%	3.4%

SOURCE: Conn's, Inc.

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