March 29, 2007

Conn's, Inc. Reports Earnings for the Quarter and Year Ended January 31, 2007

BEAUMONT, Texas, Mar 29, 2007 (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 year ended January 31, 2007.

Net income for the fourth fiscal quarter decreased 1.0% to $12.7 million compared with $12.8 million for the fourth quarter of last year. Diluted earnings per share available for common stockholders were $0.52 compared with $0.52 for the fourth quarter of last year. Total revenues for the quarter ended January 31, 2007 increased 3.2% to $212.6 million compared with $206.1 million for the quarter ended January 31, 2006. This increase in revenue included increases in "Finance charges and other" of $2.2 million, or 10.3%, and an increase in net sales of $4.3 million, or 2.3%. Same store sales (revenues earned in stores operated for the entirety of both periods) decreased 2.2% for the fourth quarter of fiscal 2007. As previously disclosed, the same store sales increase for the quarter ending January 31, 2006 of 22.6% was positively impacted 700 to 900 basis points by hurricanes Katrina and Rita.

Net income for the year ended January 31, 2007 decreased 1.9% to $40.3 million compared with $41.1 million for the prior year. Diluted earnings per share available for common stockholders for the year ended January 31, 2007 were $1.66 compared with $1.71 for last year. Total revenues for the year ended January 31, 2007 increased 8.5% to $760.7 million compared with $701.1 million for the year ended January 31, 2006. This increase in revenue included net sales increases of $56.2 million, or 9.1%, and increases in "Finance charges and other" of $3.3 million, or 4.1%. Same store sales (revenues earned in stores operated for the entirety of both periods) increased 3.6% for fiscal 2007.

Credit portfolio performance improved as delinquencies and credit loss rates were lower as compared to the third quarter of this year and continued to show improvement in the first month of fiscal 2008. Delinquencies also improved relative to year over year results. The credit loss rate was consistent for the quarter and higher for the year when compared to corresponding periods of the prior year. 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-K which will be filed later today.

"Considering the tough comps and the challenge to our credit operations, both of which were brought on by the effects of the storms in 2005, we really had a good year," said Thomas J. Frank, Sr., the Company's Chairman and CEO. "The storms affected overall operating results last year positively and this year negatively. If you averaged the performance of the two years together, you get same store sales growth of over 10% a year and earnings growth of over 15% a year. And we finished the year strong."

As part of the previously announced stock repurchase plan, the company repurchased 168,000 shares of common stock during the year ended January 31, 2007 and an additional 101,000 shares through March 26, 2007. The Company intends to continue repurchasing shares up to the authorized limit of $50 million dependent upon market conditions and share price.

During the fiscal year ended January 31, 2007, the Company opened six new stores, three in its Houston market, one in San Antonio and two in the Dallas/Fort Worth market, bringing the total store count to 62. The Company expects to open 6 to 8 new stores in the coming year.

EPS Guidance

Today, the Company announced its guidance for its fiscal year 2008 (the year ending January 31, 2008) of earnings per diluted share in a range of $1.75 to $1.85.

Conference Call Information

Conn's, Inc. will host a conference call and audio webcast today, March 29, 2007, at 10:00 AM, CDT, to discuss financial results for the quarter and year ended January 31, 2007. The webcast will be available live at www.conns.com and will be archived for one year. Participants can join the call by dialing 800-811-8824 or 913-981-4903.

About Conn's, Inc.

The Company is a specialty retailer currently operating 62 retail locations in Texas and Louisiana: twenty one stores in the Houston area, fourteen 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 (both standard and high definition), 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 58% 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 annual report on Form 10-K which will be filed later today. 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

(in thousands, except earnings per share)

	Three Months Ended January 31,		Year Ended January 31,	
	2006	2007	2006	2007
Revenues				
Total net sales	$184,887	$189,205	$620,738	$676,937
Finance charges and other	21,193	23,367	80,410	83,720
Total revenues	206,080	212,572	701,148	760,657
Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	133,544	139,238	448,064	495,350
Cost of parts sold, including warehousing and occupancy costs	1,515	1,997	5,310	6,785
Selling, general and administrative expense	50,887	51,118	182,728	195,908

Provision for bad debts	471	517	1,133	1,476
Total cost and expenses	186,417	192,870	637,235	699,519
Operating income	19,663	19,702	63,913	61,138
Interest (income) expense, net	(88)	(164)	400	(676)
Other (income) expense, net	62	1	69	(772)
Income before income taxes	19,689	19,865	63,444	62,586
Total provision for income taxes	6,902	7,201	22,341	22,275
Net income	$12,787	$12,664	$41,103	$40,311
Earnings per share				
Basic	$0.54	$0.53	$1.76	$1.70
Diluted	$0.52	$0.52	$1.71	$1.66
Average common shares outstanding				
Basic	23,523	23,680	23,412	23,663
Diluted	24,532	24,204	24,088	24,289

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

	January 31, 2006	January 31, 2007
Assets		
Current assets		
Cash and cash equivalents	$45,176	$56,570
Interests in securitized assets and accounts receivable, net	166,186	168,296
Inventories	73,987	87,098
Deferred income taxes	-	551
Prepaid expenses and other assets	4,004	5,247
Total current assets	289,353	317,762
Non-current deferred income tax asset	1,561	2,920
Total property and equipment, net	54,826	59,440
Goodwill and other assets, net	9,877	9,825
Total assets	$355,617	$389,947
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	$-	$-
Current portion of long-term debt	136	110
Accounts payable	44,282	54,045
Accrued compensation and related expenses	18,847	9,234
Accrued expenses	17,380	20,424

Other current liabilities	18,635	13,209
Total current liabilities	99,280	97,022
Long-term debt	-	88
Deferred gain on sale of property	476	309
Total stockholders' equity	255,861	292,528
Total liabilities and stockholders' equity	$355,617	$389,947

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

	Year Ended January 31,	
	2006	2007
Net cash provided by operating activities	$64,184	$28,664
Cash flows from investing activities		
Purchase of property and equipment	(18,490)	(18,425)
Proceeds from sale of property	34	2,278
Net cash used in investing activities	(18,456)	(16,147)
Cash flows from financing activities		
Net borrowings (payments) under bank credit facilities	(10,500)	-
Purchase of treasury stock	-	(3,797)
Proceeds from stock issued under employee benefit plans	2,813	2,617
Excess tax benefits from stock-based compensation	134	210
Increase in debt issuance costs	(130)	-
Borrowings on promissory notes	136	-
Payment of promissory notes	(32)	(153)
Net cash used in financing activities	(7,579)	(1,123)
Net change in cash	38,149	11,394
Cash and cash equivalents		
Beginning of the year	7,027	45,176
End of period	$45,176	$56,570

CALCULATION OF GROSS MARGIN PERCENTAGE
(dollars in thousands)

	Three Months Ended January 31,		Year Ended January 31,	
	2006	2007	2006	2007

A Product sales	$171,330	$175,209	$569,877	$623,959
B Service maintenance agreement commissions, net	8,345	8,692	30,583	30,567
C Service revenues	5,212	5,304	20,278	22,411
D Total net sales	184,887	189,205	620,738	676,937
E Finance charges and other	21,193	23,367	80,410	83,720
F Total revenues	206,080	212,572	701,148	760,657
G Cost of goods sold, including warehousing and occupancy cost	(133,544)	(139,238)	(448,064)	(495,350)
H Cost of parts sold, including warehousing and occupancy cost	(1,515)	(1,997)	(5,310)	(6,785)
I Gross margin dollars (F+G+H)	$71,021	$71,337	$247,774	$258,522
Gross margin percentage (I/F)	34.5%	33.6%	35.3%	34.0%
J Product margin dollars (A+G)	$37,786	$35,971	$121,813	$128,609
K Product margin percentage (J/A)	22.1%	20.5%	21.4%	20.6%

PORTFOLIO STATISTICS
For the periods ended January 31, 2004, 2005, 2006 and 2007
(dollars in thousands, except average outstanding balance per account)

	January 31,			
	2004	2005	2006	2007
Total accounts	299,717	350,251	415,338	459,065
Total outstanding balance	$349,470	$428,700	$519,721	$569,551
Average outstanding balance per account	$1,166	$1,224	$1,251	$1,241
60 day delinquency	$18,267	$23,143	$35,537	$37,662
Percent delinquency	5.2%	5.4%	6.8%	6.6%
Charge-off ratio (annual)	2.9%	2.4%	2.5%	3.3%

SOURCE: Conn's, Inc.

Conn's, Inc., Beaumont
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Chairman and CEO