

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2008 Commission File Number 000-50421

CONN'S, INC.
(Exact name of registrant as specified in its charter)

A Delaware Corporation
(State or other jurisdiction of
incorporation or organization)

06-1672840
(I.R.S. Employer
Identification Number)

3295 College Street
Beaumont, Texas 77701
(409) 832-1696
(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive offices)

NONE
(Former name, former address and former
fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):
Large accelerated filer [] Accelerated filer [x] Non-accelerated filer []
smaller reporting company []
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes [] No [x]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 26, 2008:

Class	Outstanding
-----	-----
Common stock, \$.01 par value per share	22,410,400

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	Page No.
	-----	-----
Item 1.	Financial Statements.....	1

	Consolidated Balance Sheets as of January 31, 2008 and July 31, 2008.....	1
	Consolidated Statements of Operations for the three and six months ended July 31, 2007 and 2008.....	2
	Consolidated Statement of Stockholders' Equity for the six months ended July 31, 2008.....	3

Consolidated Statements of Cash Flows for the six months ended July 31, 2007 and 2008.....	4
---	---

Notes to Consolidated Financial Statements.....	5
---	---

Item 2. ----- Management's Discussion and Analysis of Financial Condition and Results of Operations.....	13
---	----

Item 3. ----- Quantitative and Qualitative Disclosures About Market Risk.....	31
---	----

Item 4. ----- Controls and Procedures.....	31
--	----

PART II. OTHER INFORMATION

Item 1. ----- Legal Proceedings.....	31
--	----

Item 1A. ----- Risk Factors.....	31
--	----

Item 2. ----- Unregistered Sales of Equity Securities and Use of Proceeds.....	31
--	----

Item 4. ----- Submission of Matters to a Vote of Security Holders.....	32
--	----

Item 5. ----- Other Information.....	32
--	----

Item 6. ----- Exhibits.....	32
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SIGNATURE	33
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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

Conn's, Inc.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

Assets	January 31, 2008	July 31, 2008
	-----	-----
Current assets		(unaudited)
Cash and cash equivalents	\$ 11,015	\$ 46,766
Accounts receivable, net	36,100	29,511
Interests in securitized assets	178,150	177,648
Inventories	81,495	96,404
Deferred income taxes	2,619	5,662
Prepaid expenses and other assets	4,449	8,338
	-----	-----
Total current assets	313,828	364,329
Non-current deferred income tax asset	-	1,606
Property and equipment		
Land	8,011	8,011
Buildings	13,626	15,842
Equipment and fixtures	17,950	19,918
Transportation equipment	2,741	2,600
Leasehold improvements	74,120	79,473
	-----	-----
Subtotal	116,448	125,844
Less accumulated depreciation	(57,195)	(62,216)
	-----	-----
Total property and equipment, net	59,253	63,628
Goodwill, net	9,617	9,617
Debt issuance costs and other assets, net	154	210
	-----	-----
Total assets	\$ 382,852	\$ 439,390
	=====	=====
Liabilities and Stockholders' Equity		
Current liabilities		
Current portion of long-term debt	\$ 102	\$ 44
Accounts payable	28,179	54,704
Accrued compensation and related expenses	9,748	9,100
Accrued expenses	21,487	26,066
Income taxes payable	600	1,258
Deferred revenues and allowances	16,949	19,829
	-----	-----
Total current liabilities	77,065	111,001
Long-term debt	17	14
Non-current deferred income tax liability	131	-
Deferred gains on sales of property	1,221	1,037
Stockholders' equity		
Preferred stock (\$0.01 par value, 1,000,000 shares authorized; none issued or outstanding)	-	-
Common stock (\$0.01 par value, 40,000,000 shares authorized; 24,098,171 and 24,133,605 shares issued at January 31, 2008 and July 31, 2008, respectively)	241	241
Additional paid-in capital	99,514	101,626
Retained earnings	241,734	262,542
Treasury stock, at cost, 1,723,205 and 1,723,205 shares, respectively	(37,071)	(37,071)
	-----	-----
Total stockholders' equity	304,418	327,338
	-----	-----
Total liabilities and stockholders' equity	\$ 382,852	\$ 439,390
	=====	=====

See notes to consolidated financial statements.

Conn's, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)
(in thousands, except earnings per share)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2007	2008	2007	2008
Revenues				
Product sales	\$163,793	\$175,240	\$330,432	\$355,151
Service maintenance agreement commissions, net	9,071	9,911	18,352	19,881
Service revenues	6,137	5,488	11,582	10,680
Total net sales	179,001	190,639	360,366	385,712
Finance charges and other	24,997	29,105	48,877	55,657
Net decrease in fair value	(471)	(1,212)	(406)	(4,279)
Total finance charges and other	24,526	27,893	48,471	51,378
Total revenues	203,527	218,532	408,837	437,090
Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	125,297	136,787	249,690	275,845
Cost of parts sold, including warehousing and occupancy costs	2,123	2,264	3,989	4,594
Selling, general and administrative expense	62,113	62,900	121,327	123,268
Provision for bad debts	348	333	908	592
Total cost and expenses	189,881	202,284	375,914	404,299
Operating income	13,646	16,248	32,923	32,791
Interest income, net	(251)	(85)	(491)	(100)
Other (income) expense, net	(55)	128	(886)	106
Income before income taxes	13,952	16,205	34,300	32,785
Provision for income taxes	4,295	5,993	11,697	11,977
Net income	\$ 9,657	\$ 10,212	\$ 22,603	\$ 20,808
Earnings per share				
Basic	\$ 0.41	\$ 0.46	\$ 0.96	\$ 0.93
Diluted	\$ 0.40	\$ 0.45	\$ 0.94	\$ 0.92
Average common shares outstanding				
Basic	23,489	22,407	23,527	22,395
Diluted	24,058	22,620	24,089	22,591

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
 Six Months Ended July 31, 2008
 (unaudited)
 (in thousands, except descriptive shares)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
	Shares	Amount				
Balance January 31, 2008	24,098	\$241	\$ 99,514	\$241,734	\$ (37,071)	\$304,418
Exercise of options to acquire shares of common stock, incl. tax benefit	27		267			267
Issuance of shares of common stock under Employee Stock Purchase Plan	9		124			124
Stock-based compensation			1,721			1,721
Net income				20,808		20,808
Balance July 31, 2008	24,134	\$241	\$101,626	\$262,542	\$ (37,071)	\$327,338

See notes to consolidated financial statements.

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

	Six Months Ended July 31,	
	2007	2008
Cash flows from operating activities		
Net income	\$ 22,603	\$ 20,808
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	6,321	6,286
Accretion, net	(351)	(481)
Provision for bad debts	908	592
Stock-based compensation	1,056	1,721
Discounts on promotional credit	3,524	2,900
Gains recognized on sales of receivables	(14,769)	(15,408)
Decrease in fair value of securitized assets due to assumption changes	878	4,364
Provision for deferred income taxes	579	(3,904)
(Gains) / losses from sales of property and equipment	(886)	106
Changes in operating assets and liabilities:		
Accounts receivable	(15,496)	14,549
Inventory	2,228	(14,909)
Prepaid expenses and other assets	(95)	(3,889)
Accounts payable	(15,150)	26,525
Accrued expenses	1,275	3,932
Income taxes payable	(1,904)	(218)
Deferred revenue and allowances	2,438	3,214
Net cash provided by (used in) operating activities	(6,841)	46,188
Cash flows from investing activities		
Purchases of property and equipment	(8,203)	(10,825)
Proceeds from sales of property	8,860	57
Net cash provided by (used in) investing activities	657	(10,768)
Cash flows from financing activities		
Proceeds from stock issued under employee benefit plans	1,963	391
Purchases of treasury stock	(8,707)	-
Excess tax benefits from stock-based compensation	2	-
Borrowings under lines of credit	800	600
Payments on lines of credit	(800)	(600)
Payment of promissory notes	(45)	(60)
Net cash provided by (used in) financing activities	(6,787)	331
Net change in cash	(12,971)	35,751
Cash and cash equivalents		
Beginning of the year	56,570	11,015
End of period	\$ 43,599	\$ 46,766

See notes to consolidated financial statements.

Conn's , Inc.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
July 31, 2008

1. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying unaudited, condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The accompanying financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Operating results for the three and six month period ended July 31, 2008, are not necessarily indicative of the results that may be expected for the year ending January 31, 2009. The financial statements should be read in conjunction with the Company's (as defined below) audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K filed on March 27, 2008.

The Company's balance sheet at January 31, 2008, has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial presentation. Please see the Company's Form 10-K for the fiscal year ended January 31, 2008, for a complete presentation of the audited financial statements at that date, together with all required footnotes, and for a complete presentation and explanation of the components and presentations of the financial statements.

Principles of Consolidation. The consolidated financial statements include the accounts of Conn's, Inc. and all of its wholly-owned subsidiaries (the Company). All material intercompany transactions and balances have been eliminated in consolidation.

The Company enters into securitization transactions to sell its retail installment and revolving customer receivables and retains servicing responsibilities and subordinated interests. These securitization transactions are accounted for as sales in accordance with Statement of Financial Accounting Standards (SFAS) No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, as amended by SFAS No. 155, Accounting for Certain Hybrid Financial Instruments, because the Company has relinquished control of the receivables. Additionally, the Company has transferred the receivables to a qualifying special purpose entity (QSPE). Accordingly, neither the transferred receivables nor the accounts of the QSPE are included in the consolidated financial statements of the Company. The Company's retained interest in the transferred receivables is valued under the requirements of SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities, and SFAS No. 157, Fair Value Measurements. On February 1, 2007, the Company elected the fair value option because it believes that the fair value option provides a more easily understood presentation for financial statement users. Prior to this election, the Company had valued and reported its interests in securitized assets at fair value, though most changes in the fair value were recorded in Other comprehensive income. The fair value option simplifies the treatment of changes in the fair value of the asset, by reflecting all changes in the fair value of its interests in securitized assets in current earnings, in Finance charges and other.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. See the discussion under Note 2 regarding the change in the discount rate used in the Company's valuation of its Interests in securitized assets.

Earnings Per Share. In accordance with SFAS No. 128, Earnings per Share, the Company calculates basic earnings per share by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share include the dilutive effects of any stock options granted, as calculated under the treasury-stock method. The following table sets forth the shares outstanding for the earnings per share calculations:

	Three Months Ended July 31,	
	2007	2008
Common stock outstanding, net of treasury stock, beginning of period	23,504,760	22,401,836
Weighted average common stock issued in stock option exercises	58,074	3,696
Weighted average common stock issued to employee stock purchase plan	933	1,587
Less: Weighted average treasury shares purchased	(74,789)	-
Shares used in computing basic earnings per share	23,488,978	22,407,119
Dilutive effect of stock options, net of assumed repurchase of treasury stock	569,283	213,300
Shares used in computing diluted earnings per share	24,058,261	22,620,419

	Six Months Ended July 31,	
	2007	2008
Common stock outstanding, net of treasury stock, beginning of period	23,641,522	22,374,966
Weighted average common stock issued in stock option exercises	52,871	16,170
Weighted average common stock issued to employee stock purchase plan	2,706	3,755
Weighted average number of restricted shares forfeited	-	-
Less: Weighted average treasury shares purchased	(169,991)	-
Shares used in computing basic earnings per share	23,527,108	22,394,891
Dilutive effect of stock options, net of assumed repurchase of treasury stock	561,843	195,665
Shares used in computing diluted earnings per share	24,088,951	22,590,556

Reclassifications. Certain reclassifications have been made in the prior year's financial statements to conform to the current year's presentation. In order to present the Company's results on a basis that is more comparable with others in its industry, the Company reclassified advertising expense of \$7.4 million and \$15.0 million for the three and six months ended July 31, 2007, respectively, that was previously included in costs of goods sold, to selling, general and administrative expense.

2. Interests in Securitized Assets

The Company estimates the fair value of its Interests in securitized assets using a discounted cash flow model with most of the inputs used being unobservable inputs. The primary unobservable inputs, which are derived principally from the Company's historical experience, with input from its investment bankers and financial advisors, include the estimated portfolio yield, credit loss rate, discount rate, payment rate and delinquency rate and reflect the Company's judgments about the assumptions market participants would use in determining fair value. In determining the cost of borrowings, the Company uses current actual borrowing rates, and adjusts them, as appropriate, using interest rate futures data from market sources to project interest rates over time. Changes in the assumptions over time, including varying credit portfolio performance, market interest rate changes, market participant risk premiums required, or a shift in the mix of funding sources, could result in significant volatility in the fair value of the Interest in securitized assets, and thus the earnings of the Company.

For the three and six months ended July 31, 2008, Finance charges and other included a non-cash decrease in the fair value our Interests in securitized assets of \$1.2 million and \$4.3, respectively, reflecting primarily a higher risk premium added to the discount rate assumption during the quarter ended April 30, 2008, resulting from the volatility in the financial markets, plus adjustments for other changes in the fair value assumptions. During the period ended April 30, 2008, returns required by market participants on many investments increased significantly as a result of continued volatility in the financial markets. Though the Company does not anticipate any significant variation from the current earnings and cash flow performance of the securitized credit portfolio, it increased the risk premium included in the discount rate assumption used in the determination of the fair value of its interests in securitized assets to reflect the higher estimated risk premium it believes a market participant would require if purchasing the asset. Based on a review of the changes in market risk premiums during the three months ended April 30, 2008, and discussions with its investment bankers and financial advisors, the Company estimated that a market participant would require an approximately 300 basis point increase in the required risk premium. As a result, the Company increased the weighted average discount rate assumption from 16.5% at January 31, 2008, to 19.3% at April 30, 2008, after reflecting a 26 basis point decrease in the risk-free interest rate included in the discount rate assumption. Based on its review of available information at July 31, 2008, the Company concluded that a market participant would not require a change in the risk premium from that which was used at April 30, 2008. The weighted average discount rate assumption increased to 19.7% at July 31, 2008, largely as a result of a 42 basis point increase in the risk-free interest rate included in the discount rate assumption. This change, along with higher projected interest rates, contributed to the decrease in fair value for the three months ended July 31, 2008 (see reconciliation of the balance of Interests in securitized assets below). The changes in fair value resulted in a charge to pretax income of \$1.2 million and \$4.3 million, a charge to net income of \$0.8 million, and \$2.7 million, and reduced basic and diluted earnings per share by \$0.03, and \$0.12 for the three and six months ended July 31, 2008.

The increase in the discount rate will have the effect of deferring income to future periods, but not permanently reducing securitization income or the earnings of the Company. The deferred earnings will be recognized in future periods as interest income on the Interests in securitized assets as the actual cash flows on the receivables are realized. If a market participant were to require a return on investment that is 100 basis points higher than estimated in the Company's calculation, the fair value of its interests in securitized assets would be decreased by an additional \$1.7 million as of July 31, 2008. The Company will continue to monitor financial market conditions and, each quarter, as it reassesses the assumptions used may adjust its assumptions up or down, including the risk premiums a market participant will use. As the financial markets, especially with respect to asset-backed securities, have continued to experience a high-level of volatility, the Company will likely be required to record additional non-cash gains and losses in future periods, until such time as financial market conditions stabilize and liquidity available for asset-backed securities improves.

The following is a reconciliation of the beginning and ending balances of the Interests in securitized assets and the beginning and ending balances of the servicing liability for the three months ended July 31, 2007 and 2008 (in thousands):

	Three Months Ended July 31,	
	2007	2008
Reconciliation of Interests in Securitized Assets:		
Balance of Interests in securitized assets at beginning of period	\$150,552	\$168,900
Amounts recorded in Finance charges and other:		
Gains associated with increase in portfolio balances	305	15
Changes in fair value due to assumption changes:		
Fair value increase (decrease) due to changing portfolio yield	(65)	(119)
Fair value increase (decrease) due to lower (higher) projected interest rates	153	(1,036)
Fair value increase (decrease) due to changes in funding mix	(564)	198
Fair value increase (decrease) due to change in risk-free interest rate component of discount rate	69	(686)
Fair value decrease due to higher risk premium included in discount rate	-	-
Other changes	(346)	491
Net change in fair value due to assumption changes	(753)	(1,152)
Net Gains (Losses) included in Finance charges and other (a)	(448)	(1,137)
Change in balance of subordinated security and equity interest due to transfers of receivables	16,026	9,885
Balance of Interests in securitized assets at end of period	\$166,130	\$177,648
Reconciliation of Servicing Liability:		
Balance of servicing liability at beginning of period	\$ 1,088	\$ 1,204
Amounts recorded in Finance charges and other:		
Increase associated with change in portfolio balances	9	52
Increase (decrease) due to change in discount rate	1	(1)
Other changes	13	24
Net change included in Finance charges and other (b)	23	75
Balance of servicing liability at end of period	\$ 1,111	\$ 1,279
Net increase (decrease) in fair value included in Finance charges and other (a) - (b)	\$ (471)	\$ (1,212)

The following is a reconciliation of the beginning and ending balances of the Interests in securitized assets and the beginning and ending balances of the servicing liability for the six months ended July 31, 2007 and 2008 (in thousands):

	Six Months Ended July 31,	
	2007	2008
Reconciliation of Interests in Securitized Assets:		
Balance of Interests in securitized assets at beginning of period	\$136,848	\$178,150
Amounts recorded in Finance charges and other:		
Gains associated with increase in portfolio balances	531	167
Changes in fair value due to assumption changes:		
Fair value increase (decrease) due to changing portfolio yield	204	(816)
Fair value increase (decrease) due to lower (higher) projected interest rates	197	(123)
Fair value increase (decrease) due to changes in funding mix	(1,197)	1,253
Fair value increase (decrease) due to change in risk-free interest rate component of discount rate	404	(238)
Fair value decrease due to higher risk premium included in discount rate	-	(5,128)
Other changes	(486)	688
Net change in fair value due to assumption changes	(878)	(4,364)
Net Gains (Losses) included in Finance charges and other (a)	(347)	(4,197)
Change in balance of subordinated security and equity interest due to transfers of receivables	29,629	3,695
Balance of Interests in securitized assets at end of period	\$166,130	\$177,648
Reconciliation of Servicing Liability:		
Balance of servicing liability at beginning of period	\$ 1,052	\$ 1,197
Amounts recorded in Finance charges and other:		
Increase associated with change in portfolio balances	46	86
Increase (decrease) due to change in discount rate	2	(20)
Other changes	11	16
Net change included in Finance charges and other (b)	59	82
Balance of servicing liability at end of period	\$ 1,111	\$ 1,279
Net increase (decrease) in fair value included in Finance charges and other (a) - (b)	\$ (406)	\$ (4,279)

3. Supplemental Disclosure of Revenue

The following is a summary of the classification of the amounts included as Finance charges and other for the three and six months ended July 31, 2007 and 2008 (in thousands):

	Three Months ended July 31,		Six Months ended July 31,	
	2007	2008	2007	2008
Securitization income:				
Servicing fees received	\$ 5,959	\$ 6,406	\$11,778	\$ 12,860
Gains on sale of receivables, net	7,607	8,578	14,769	15,408
Change in fair value of securitized assets	(753)	(1,152)	(878)	(4,364)
Interest earned on retained interests	5,565	7,650	10,669	14,917
Total securitization income	18,378	21,482	36,338	38,821
Insurance commissions	5,573	5,735	10,834	10,940
Other	575	676	1,299	1,617
Finance charges and other	\$24,526	\$ 27,893	\$48,471	\$ 51,378

4. Supplemental Disclosure Regarding Managed Receivables

The following tables present quantitative information about the receivables portfolios managed by the Company (in thousands):

	Total Principal Amount of Receivables		Principal Amount 60 Days or More Past Due (1)	
	January 31, 2008	July 31, 2008	January 31, 2008	July 31, 2008
Primary portfolio:				
Installment	\$463,257	\$488,855	\$29,997	\$29,286
Revolving	48,329	42,476	1,561	1,657
Subtotal	511,586	531,331	31,558	30,943
Secondary portfolio:				
Installment	143,281	163,595	18,220	17,451
Total receivables managed	654,867	694,926	49,778	48,394
Less receivables sold	645,862	686,532	47,778	46,606
Receivables not sold	9,005	8,394	\$2,000	\$1,788
Non-customer receivables	27,095	21,117		
Total accounts receivable, net	\$36,100	\$29,511		

(1) Amounts are based on end of period balances. The principal amount 60 days or more past due relative to total receivables managed is not necessarily indicative of relative balances expected at other times during the year due to seasonal fluctuations in delinquency.

	Average Balances		Net Credit Charge-offs (1)	
	Three Months Ended July 31,		Three Months Ended July 31,	
	2007	2008	2007	2008
Primary portfolio:				
Installment	\$399,909	\$480,369		
Revolving	52,215	43,158		
Subtotal	452,124	523,527	\$2,569	\$ 3,422
Secondary portfolio:				
Installment	142,970	158,900	922	1,333
Total receivables managed	595,094	682,427	3,491	4,755
Less receivables sold	585,672	673,854	3,318	4,544
Receivables not sold	\$ 9,422	\$ 8,573	\$ 173	\$ 211

	Average Balances		Net Credit Charge-offs (1)	
	Six Months Ended July 31,		Six Months Ended July 31,	
	2007	2008	2007	2008
Primary portfolio:				
Installment	\$392,376	\$473,629		
Revolving	52,571	45,220		
Subtotal	444,947	518,849	\$5,493	\$ 7,010
Secondary portfolio:				
Installment	140,768	153,613	1,881	3,081
Total receivables managed	585,715	672,462	7,374	10,091
Less receivables sold	576,144	663,727	7,004	9,725
Receivables not sold	\$ 9,571	\$ 8,735	\$ 370	\$ 366

(1) Amounts represent total credit charge-offs, net of recoveries, on total receivables.

5. Debt and Letters of Credit

On March 26, 2008, the Company executed an amendment to its bank credit facility, to increase the commitment from \$50 million to \$100 million, to provide additional liquidity, if needed, to support its growth plans. In addition to the expanded commitment, the interest margin added to the applicable base rate was increased by 25 basis points. At July 31, 2008, the Company had \$98.3 million of its \$100 million revolving credit facility available for borrowings. The amounts utilized under the revolving credit facility reflected \$1.7 million related to letters of credit issued under the facility. This credit facility matures in October 2010. See Note 7 for additional information regarding the Company's credit facility.

There were no amounts outstanding under a short-term revolving bank agreement that provides up to \$8.0 million of availability on an unsecured basis. This unsecured facility matures in October 2008.

The Company utilizes unsecured letters of credit to secure a portion of the QSPE's asset-backed securitization program, deductibles under the Company's property and casualty insurance programs and international product purchases. At July 31, 2008, the Company had outstanding unsecured letters of credit of \$21.9 million. These letters of credit were issued under the three following separate facilities:

- o The Company has a \$5.0 million sub limit provided under its revolving line of credit for stand-by and import letters of credit. At July 31, 2008, \$1.7 million of letters of credit were outstanding and callable at the option of the Company's property and casualty insurance carriers if the Company does not honor its requirement to fund deductible amounts as billed under its insurance programs. Upon completion of the new credit facility discussed in Note 7, these letters of credit are now provided under that facility's \$40 million sub limit for letters of credit.

- o The Company has arranged for a \$20.0 million stand-by letter of credit to provide assurance to the trustee of the asset-backed securitization program that funds collected by the Company, as the servicer, would be remitted as required under the base indenture and other related documents. The letter of credit has a term of one year and expires on August 31, 2008. The Company expects to replace this letter of credit

by issuing a new letter of credit under the new credit facility discussed in Note 7, which provides a \$40 million sub limit for letters of credit.

- o The Company obtained a \$10.0 million commitment for trade letters of credit to secure product purchases under an international arrangement. At July 31, 2008, there was \$0.2 million outstanding under this commitment. The letter of credit commitment expires in November 2008. No letter of credit issued under this commitment can have an expiration date more than 180 days after the commitment expiration date. Upon completion of the new credit facility discussed in Note 7, these letters of credit are now provided under that facility's \$40 million sub limit for letters of credit.

The maximum potential amount of future payments under these letter of credit facilities is considered to be the aggregate face amount of each letter of credit commitment, which totals \$35.0 million as of July 31, 2008.

6. Contingencies

Legal Proceedings. The Company is involved in routine litigation incidental to its business from time to time. Currently, the Company does not expect the outcome of any of this routine litigation to have a material affect on its financial condition, results of operations or cash flows. However, the results of these proceedings cannot be predicted with certainty, and changes in facts and circumstances could impact the Company's estimate of reserves for litigation.

Service Maintenance Agreement Obligations. The Company sells service maintenance agreements that extend the period of covered warranty service on the products the Company sells. For certain of the service maintenance agreements sold, the Company is the obligor for payment of qualifying claims. The Company is responsible for administering the program, including setting the pricing of the agreements sold and paying the claims. The typical term for these agreements is between 12 and 36 months. The pricing is set based on historical claims experience and expectations about future claims. While the Company is unable to estimate maximum potential claim exposure, it has a history of overall profitability upon the ultimate resolution of agreements sold. The revenues related to the agreements sold are deferred at the time of sale and recorded in revenues in the statement of operations over the life of the agreements. The amounts of service maintenance agreement revenue deferred at January 31, 2008 and July 31, 2008 were \$6.6 million and \$7.2 million, respectively, and are included in Deferred revenue and allowances in the accompanying balance sheets.

7. Subsequent Event

Effective August 14, 2008, the Company entered into a \$210 million revolving loan facility that provides funding based on a borrowing base calculation that includes accounts receivable and inventory. The new facility, which replaced the Company's \$100 million revolving credit facility discussed in Note 5, matures in August 2011 and bears interest at LIBOR plus a spread ranging from 225 basis points to 275 basis points, based on a fixed charge coverage ratio. The spread will be 225 basis points for the first six months under the facility, and then will be subject to adjustment as discussed above. In addition to the fixed charge coverage ratio, the new revolving loan facility includes a leverage ratio requirement, a minimum receivables cash recovery percentage requirement, a net capital expenditures limit and combined portfolio performance covenants. In conjunction with completing this financing arrangement, the Company's QSPE amended certain of its borrowing agreements to provide for the existence of the Company's revolving loan facility and adjust certain terms of its borrowing agreement to current market requirements, including reducing the advance on its variable funding note facility from a maximum of 85% to a maximum of 76%, the modification of the fixed charge coverage and leverage ratios to match those in the new revolving loan facility and addition of combined portfolio performance covenants. As a result of completing the new revolving credit facility and amendments to the QSPE's borrowing agreements, a larger portion of the accounts receivable the Company generates will be retained by the Company and not sold to the QSPE, and as such will be included in the Company's consolidated balance sheet, and the Company's retained interest in receivables transferred to the QSPE will increase.

Additionally, on August 28, 2008, the Company's QSPE completed an extension of the maturity date on its 364-day commitment to August 13, 2009. In conjunction with the renewal, the cost of borrowings under this \$300 million facility increased and will now bear interest at the commercial paper rate plus 250 basis points, in most instances.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains forward-looking statements. We sometimes use words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "project" and similar expressions, as they relate to us, our management and our industry, to identify forward-looking statements. Forward-looking statements relate to our expectations, beliefs, plans, strategies, prospects, future performance, anticipated trends and other future events. We have based our forward-looking statements largely on our current expectations and projections about future events and financial trends affecting our business. Actual results may differ materially. Some of the risks, uncertainties and assumptions about us that may cause actual results to differ from these forward-looking statements include, but are not limited to:

- o the success of our growth strategy and plans regarding opening new stores and entering adjacent and new markets, including our plans to continue expanding in existing markets;
- o our ability to open and profitably operate new stores in existing, adjacent and new geographic markets;
- o our intention to update, relocate or expand existing stores;
- o our ability to introduce additional product categories;
- o our ability to obtain capital for required capital expenditures and costs related to the opening of new stores or to update, relocate or expand existing stores;
- o our cash flows from operations, borrowings from our revolving line of credit and proceeds from securitizations to fund our operations, debt repayment and expansion;
- o our ability and our QSPE's ability to obtain additional funding for the purpose of funding the receivables generated by us, including limitations on the ability of our QSPE to obtain financing through its commercial paper-based funding sources and its ability to maintain the current credit rating issued by a recognized statistical rating organization;
- o the cost of any renewed or replacement credit facilities;
- o the effect of rising interest rates that could increase our cost of borrowing or reduce securitization income;
- o the effect of rising interest rates on sub-prime mortgage borrowers that could impair our customers' ability to make payments on outstanding credit accounts;
- o our inability to make customer financing programs available that allow consumers to purchase products at levels that can support our growth;
- o the potential for deterioration in the delinquency status of the sold or owned credit portfolios or higher than historical net charge-offs in the portfolios could adversely impact earnings;
- o the long-term effect of the change in bankruptcy laws could effect net charge-offs in the credit portfolio which could adversely impact earnings;
- o technological and market developments, growth trends and projected sales in the home appliance and consumer electronics industry, including, with respect to digital products, DVD players, HDTV, GPS devices, home networking devices and other new products, and our ability to capitalize on such growth;
- o the potential for price erosion or lower unit sales that could result in declines in revenues;

- o higher oil and gas prices that could adversely affect our customers' shopping decisions and patterns, as well as the cost of our delivery and service operations and our cost of products, if vendors pass on their additional fuel costs through increased pricing for products;
- o the ability to attract and retain qualified personnel;
- o both short-term and long-term impact of adverse weather conditions (e.g. hurricanes) that could result in volatility in our revenues and increased expenses and casualty losses;
- o changes in laws and regulations and/or interest, premium and commission rates allowed by regulators on our credit, credit insurance and service maintenance agreements as allowed by those laws and regulations;
- o our relationships with key suppliers;
- o the adequacy of our distribution and information systems and management experience to support our expansion plans;
- o changes in the assumptions used in the valuation of our interests in securitized assets at fair value;
- o the accuracy of our expectations regarding competition and our competitive advantages;
- o changes in our stock price;
- o the potential for market share erosion that could result in reduced revenues;
- o the accuracy of our expectations regarding the similarity or dissimilarity of our existing markets as compared to new markets we enter; and
- o the outcome of litigation affecting our business.

Additional important factors that could cause our actual results to differ materially from our expectations are discussed under "Risk Factors" in our Form 10-K filed with the Securities Exchange Commission on March 27, 2008. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report might not happen.

The forward-looking statements in this report reflect our views and assumptions only as of the date of this report. We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

General

We intend for the following discussion and analysis to provide you with a better understanding of our financial condition and performance in the indicated periods, including an analysis of those key factors that contributed to our financial condition and performance and that are, or are expected to be, the key "drivers" of our business.

We are a specialty retailer that sells home appliances, including refrigerators, freezers, washers, dryers, dishwashers and ranges, a variety of consumer electronics, including LCD, plasma and DLP televisions, camcorders, digital cameras, DVD players, video game equipment, MP3 players and home theater products, lawn and garden products, mattresses and furniture. We also sell home office equipment, including computers and computer accessories and continue to introduce additional product categories for the home and consumer entertainment, such as GPS devices, to help increase same store sales and to respond to our

customers' product needs. We require our sales associates to be knowledgeable of all of our products, but to specialize in certain specific product categories.

We currently operate 73 retail locations in Texas, Louisiana and Oklahoma, and have additional stores under development.

Unlike many of our competitors, we provide flexible in-house credit options for our customers. In the last three years, we financed, on average, approximately 59% of our retail sales through our internal credit programs. We finance a large portion of our customer receivables through an asset-backed securitization facility, and we derive servicing fee income and interest income from these assets. As part of our asset-backed securitization facility, we have created a qualifying special purpose entity, which we refer to as the QSPE or the Issuer, to purchase customer receivables from us and issue medium-term and variable funding notes secured by the receivables to third parties to finance its acquisition of the receivables. We transfer receivables, consisting of retail installment and revolving account receivables extended to our customers, to the issuer in exchange for cash and subordinated securities. In August 2008, we entered into an asset based loan agreement to provide financing for a portion of our receivables. Receivables financed by this facility will be carried on our balance sheet and we will derive interest income from these assets.

We also derive revenues from repair services on the products we sell and from product delivery and installation services we provide to our customers. Additionally, acting as an agent for unaffiliated companies, we sell credit insurance and service maintenance agreements to protect our customers from credit losses due to death, disability, involuntary unemployment and property damage and product failure not covered by a manufacturers' warranty. We also derive revenues from the sale of extended service maintenance agreements, under which we are the primary obligor, to protect the customers after the original manufacturer's warranty or service maintenance agreement has expired.

Our business is moderately seasonal, with a slightly greater share of our revenues, pretax and net income realized during the quarter ending January 31, due primarily to the holiday selling season.

Executive Overview

This narrative is intended to provide an executive level overview of our operations for the three and six months ended July 31, 2008. A detailed explanation of the changes in our operations for these periods as compared to the prior year is included under Results of Operations. As explained in that section, our pretax income for the quarter ended July 31, 2008, increased approximately \$2.3 million, or 16.1% and our pretax income for the six months ended July 31, 2008, decreased approximately \$1.5 or 4.4%, primarily as a result of a \$4.3 million non-cash decrease in the fair value of our interests in securitized assets. Some of the more specific items impacting our operating and pretax income were:

- o Total revenues increased 7.4% on a net sales increase of 6.5%, with a same store sales decrease of 1.4% for the quarter and total revenues increased 6.9% on a net sales increase of 7.0%, with a same store sales decrease of 0.2% for the six months ended July 31, 2008. Total revenues were negatively impacted for the three and six months ended July 31, 2008, by \$1.2 million and \$4.3 million non-cash fair value adjustments, respectively.
- o The addition of stores in our existing Houston, Dallas/Fort Worth, San Antonio and South Texas markets and a new store in Oklahoma had a positive impact on our revenues. We achieved approximately \$14.4 million and \$26.4 million of increases in product sales and service maintenance agreement commissions for the three and six months ended July 31, 2008, respectively, from the eleven new stores that were opened in these markets after February 1, 2007. Our plans provide for the opening of additional stores in and around existing markets during fiscal 2009 as we focus on leveraging our existing infrastructure.
- o Deferred interest and "same as cash" plans continue to be an important part of our sales promotion plans and are utilized to provide a wide variety of financing to enable us to appeal to a broader customer base. For the three and six months ended July 31, 2008, \$35.2 million, or 20.1%, and \$80.8 million, or 22.8%, respectively, of our product sales were financed by deferred interest and "same as cash" plans. For the comparable periods in the prior year, product sales financed by deferred interest and "same as cash" sales were \$44.0 million, or 26.9% and \$88.1 million, or 26.7%. Our promotional credit programs (same as cash and deferred interest programs),

which require monthly payments, are reserved for our highest credit quality customers, thereby reducing the overall risk in the portfolio, and are used primarily to finance sales of our highest margin products. We expect to continue to offer extended term promotional credit in the future.

- o Our gross margin decreased from 37.4% to 36.4% for the three months ended July 31, 2008, and from 38.0% to 35.8% for the six months ended July 31, 2008, when compared to the same period in the prior year. The decline resulted primarily from a reduction of product gross margins from 23.5% to 21.9%, and 24.4% to 22.3% for the three and six months ended July 31, 2008, respectively, when compared to the same period in the prior year, and a \$1.2 million and \$4.3 million non-cash decrease in the fair value of our interests in securitized assets for the three and six months ended July 31, 2008, respectively. The product gross margins were negatively impacted by a highly price competitive retail market, especially in consumer electronics.
- o Total Finance charges and other increased 13.7% and 6.0% for the three and six months ended July 31, 2008. Total gains on sales, servicing fees and interest on retained interests increased \$3.5 million, or 18.3% and \$6.0 million, or 16.0%, during the three and six months ended July 31, 2008, respectively, as compared to the prior year, driven primarily by growth in the sold portfolio over the past year and a reduction in borrowing costs, partially offset by a higher net credit loss rate. The net credit loss rate rose to 2.8% and 3.0% for the three and six months ended July 31, 2008, respectively, from 2.3% and 2.5% for the same periods in the prior year, but is expected to remain at or below 3.0% for the remainder of the current fiscal year. The decrease in fair value of our Interests in securitized assets for the three months ended July 31, 2008 was due to higher projected interest rates. The decrease in the fair value of our Interests in securitized assets for the six months ended July 31, 2008 was primarily a result of an increase in the estimated risk premium expected by a market participant included in the discount rate assumption in the discounted cash flow model used to determine the fair value of our interests in securitized assets. The risk premium included in the discount rate assumption was increased due to the continued volatility in the financial markets during the period and is not related to the performance of the credit portfolio or our credit collection operations.
- o During the three and six months ended July 31, 2008, Selling, general and administrative (SG&A) expense decreased as a percent of revenues to 28.8% and 28.2%, respectively, from 30.5% and 29.7% in the prior year period. The improvement was driven largely by lower compensation costs in absolute dollars and as a percent of revenues as compared to the prior year, as well as reduced advertising expense as a percent of revenues. Additionally, reductions in certain store operating expenses, including repairs and maintenance and janitorial services contributed to the improvement. Partially offsetting these improvements were increases in utilities expense and stock-based compensation expense.
- o The provision for income taxes for the three and six months ended July 31, 2008, was impacted primarily by the change in pre-tax income. The provision for income taxes for the three and six months ended July 31, 2007 was impacted by the one-time reversal of approximately \$0.9 million of accrued Texas margin tax.

Operational Changes and Resulting Outlook

We have three stores under development that we expect to open by January 31, 2009. In addition to these three stores, through August 28, 2008, we had already opened four new and three replacement stores. This represents a total of ten stores, including seven new and three replacement stores, that we expect to open by January 31, 2009. We have additional sites under consideration for future development and continue to evaluate our store opening plans for future years, in light of capital availability.

As a result of the completion of our new \$210 million revolving credit facility, we will begin retaining a larger portion of the accounts receivables we generate on our balance sheet, as opposed to transferring them to our QSPE. As such, as compared to the net interest earnings of our QSPE, which are recorded based on fair value as securitization income in Finance charges and other, for the receivables we retain we will begin reporting interest income on the receivables as earned, which is included in Finance charges and other, a Provision for bad debts based on future expected write-offs of the receivables and Interest expense as incurred, beginning in the quarter ended October 31, 2008.

The consumer electronics industry depends on new products to drive same store sales increases. Typically, these new products, such as high-definition televisions, DVD players, digital cameras, MP3 players and GPS devices are introduced at relatively high price points that are then gradually reduced as the product becomes mainstream. To sustain positive same store sales growth, unit sales must increase at a rate greater than the decline in product prices. The affordability of the product helps drive the unit sales growth. However, as a result of relatively short product life cycles in the consumer electronics industry, which limit the amount of time available for sales volume to increase, combined with rapid price erosion in the industry, retailers are challenged to maintain overall gross margin levels and positive same store sales. This has historically been our experience, and we continue to adjust our marketing strategies to address this challenge through the introduction of new product categories and new products within our existing categories. Over the past year, our gross margins have been negatively impacted by price competition on flat panel televisions. As a result, our product gross margins began declining in the second quarter of fiscal year 2008. We expect our product gross margins to stabilize relative to prior year comparisons beginning in the third quarter, though there is no guarantee that pricing pressures will not intensify.

Application of Critical Accounting Policies

In applying the accounting policies that we use to prepare our consolidated financial statements, we necessarily make accounting estimates that affect our reported amounts of assets, liabilities, revenues and expenses. Some of these accounting estimates require us to make assumptions about matters that are highly uncertain at the time we make the accounting estimates. We base these assumptions and the resulting estimates on authoritative pronouncements, historical information, advice of experts and other factors that we believe to be reasonable under the circumstances, and we evaluate these assumptions and estimates on an ongoing basis. We could reasonably use different accounting estimates, and changes in our accounting estimates could occur from period to period, with the result in each case being a material change in the financial statement presentation of our financial condition or results of operations. We refer to accounting estimates of this type as "critical accounting estimates." We believe that the critical accounting estimates discussed below are among those most important to an understanding of our consolidated financial statements as of July 31, 2008.

Transfers of Financial Assets. We transfer customer receivables to a QSPE that issues asset-backed securities to third-party lenders using these accounts as collateral, and we continue to service these accounts after the transfer. We recognize the sale of these accounts when we relinquish control of the transferred financial asset in accordance with SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities, as amended by SFAS No. 155, Accounting for Certain Hybrid Financial Instruments. As we transfer the accounts we record an asset representing our interest in the cash flows of the QSPE, which is the difference between the interest earned on customer accounts and the cost associated with financing and servicing the transferred accounts, including a provision for bad debts associated with the transferred accounts, plus our retained interest in the transferred receivables, discounted using a return that would be expected by a third-party investor. We recognize the income from our interest in these transferred accounts as gains on the transfer of the asset, interest income and servicing fees. This income is recorded as Finance charges and other in our consolidated statements of operations. Additionally, changes in the fair value due to assumption changes are recorded in Finance charges and other. We value our interest in the cash flows of the QSPE at fair value under the provisions of SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, and SFAS No. 157, Fair Value Measurements.

We estimate the fair value of our Interests in securitized assets using a discounted cash flow model with most of the inputs used being unobservable inputs. The primary unobservable inputs, which are derived principally from our historical experience, with input from our investment bankers and financial advisors, include the estimated portfolio yield, credit loss rate, discount rate, payment rate and delinquency rate and reflect our judgments about the assumptions market participants would use in determining fair value. In determining the cost of borrowings, we use current actual borrowing rates, and adjust them, as appropriate, using interest rate futures data from market sources to project interest rates over time. Changes in the assumptions over time, including varying credit portfolio performance, market interest rate changes, market participant risk premiums required, or a shift in the mix of funding sources, could result in significant volatility in the fair value of the Interest in securitized assets, and thus our earnings.

During the three months ended April 30, 2008, risk premiums required by market participants on many investments increased as a result of continued volatility in the financial markets. Though we do not anticipate any significant variation from the current earnings and cash flow performance of our securitized credit portfolio, we increased the risk premium included in the discount rate assumption used in the determination of the fair value of our interests in securitized assets to reflect the higher expected risk premiums included in investment returns we believe a market participant would require if purchasing our interests. Based on a review of the changes in market risk premiums during the three months ended April 30, 2008, and discussions with our investment bankers and financial advisors, we estimated that a market participant would require an approximately 300 basis point increase in the required risk premium. As a result, the Company increased the weighted average discount rate assumption from 16.5% at January 31, 2008, to 19.3% at April 30, 2008, after reflecting a 26 basis point decrease in the risk-free interest rate included in the discount rate assumption. Based on its review of available information at July 31, 2008, the Company concluded that a market participant would not require a change in the risk premium from that which as used at April 30, 2008. Due to the continued volatility in the securitization market, we eliminated the assumed bond offering included in our January 31, 2008, valuation and in its place have included an estimate of the increase in borrowing costs due to the expected renewal of a portion of the QSPE's financing facilities that we estimate a market participant would use in determining the fair value of our Interests in securitized assets as of July 31, 2008. The increase in the discount rate has the effect of deferring income to future periods, but not permanently reducing securitization income or our earnings. If a market participant were to require a risk premium that is 100 basis points higher than we estimated in the fair value calculation, the fair value of our Interests in securitized assets would be decreased by an additional \$1.7 million as of July 31, 2008. If we had assumed a 10.0% reduction in net interest spread (which might be caused by rising interest rates or reductions in rates charged on the accounts transferred), our Interests in securitized assets and Finance charges and other would have been reduced by \$7.1 million as of July 31, 2008. If the assumption used for estimating credit losses was increased by 0.5%, the impact to Finance charges and other would have been a reduction in revenues and pretax income of \$2.6 million as of July 31, 2008.

Revenue Recognition. Revenues from the sale of retail products are recognized at the time the customer takes possession of the product. Such revenues are recognized net of any adjustments for sales incentive offers such as discounts, coupons, rebates, or other free products or services and discounts of promotional credit sales that will extend beyond one year. We sell service maintenance agreements and credit insurance contracts on behalf of unrelated third parties. For contracts where the third parties are the obligors on the contract, commissions are recognized in revenues at the time of sale, and in the case of retrospective commissions, at the time that they are earned. Where we sell service maintenance renewal agreements in which we are deemed to be the obligor on the contract at the time of sale, revenue is recognized ratably, on a straight-line basis, over the term of the service maintenance agreement. These service maintenance agreements are renewal contracts that provide our customers protection against product repair costs arising after the expiration of the manufacturer's warranty and the third party obligor contracts. These agreements typically range from 12 months to 36 months. These agreements are separate units of accounting under Emerging Issues Task Force No. 00-21, Revenue Arrangements with Multiple Deliverables. The amount of service maintenance agreement revenue deferred at July 31, 2008, and January 31, 2008, was \$7.2 million and \$6.6 million, respectively, and is included in Deferred revenues and allowances in the accompanying balance sheets.

Vendor Allowances. We receive funds from vendors for price protection, product rebates (earned upon purchase or sale of product), marketing and training and promotion programs which are recorded on the accrual basis as a reduction to the related product cost or advertising expense according to the nature of the program. We accrue rebates based on the satisfaction of terms of the program and sales of qualifying products even though funds may not be received until the end of a quarter or year. If the programs are related to product purchases, the allowances, credits or payments are recorded as a reduction of product cost; if the programs are related to product sales, the allowances, credits or payments are recorded as a reduction of cost of goods sold; if the programs are related to promotion or marketing of the product, the allowances, credits, or payments are recorded as a reduction of advertising expense in the period in which the expense is incurred.

Share-Based Compensation. In December 2004, SFAS No. 123R, Share-Based Payment, was issued. Under the requirements of this statement we measure the cost of employee services received in exchange for an award of equity instruments, typically stock options, based on the grant-date fair value of the

award, and record that cost over the period during which the employee is required to provide service in exchange for the award. The grant-date fair value is based on our best estimate of key assumptions, including expected time period over which the options will remain outstanding and expected stock price volatility at the date of grant. Additionally, we must estimate expected forfeitures for each stock option grant and adjust the recorded compensation expense accordingly.

Accounting for Leases. The accounting for leases is governed primarily by SFAS No. 13, Accounting for Leases. As required by the standard, we analyze each lease, at its inception and any subsequent renewal, to determine whether it should be accounted for as an operating lease or a capital lease. Additionally, monthly lease expense for each operating lease is calculated as the average of all payments required under the minimum lease term, including rent escalations. Generally, the minimum lease term begins with the date we take possession of the property and ends on the last day of the minimum lease term, and includes all rent holidays, but excludes renewal terms that are at our option. Any tenant improvement allowances received are deferred and amortized into income as a reduction of lease expense on a straight line basis over the minimum lease term. The amortization of leasehold improvements is computed on a straight line basis over the shorter of the remaining lease term or the estimated useful life of the improvements. For transactions that qualify for treatment as a sale-leaseback, any gain or loss is deferred and amortized as rent expense on a straight-line basis over the minimum lease term. Any deferred gain would be included in Deferred gain on sale of property and any deferred loss would be included in Other assets on the consolidated balance sheets.

Results of Operations

The following table sets forth certain statement of operations information as a percentage of total revenues for the periods indicated:

	Three Months Ended July 31,		Six Months Ended July 31,	
	2007	2008	2007	2008
Revenues:				
Product sales	80.4%	80.2%	80.8%	81.3%
Service maintenance agreement commissions (net)	4.5	4.5	4.5	4.5
Service revenues	3.0	2.5	2.8	2.4
Total net sales	87.9	87.2	88.1	88.2
Finance charges and other	12.3	13.3	12.0	12.7
Net increase (decrease) in fair value	(0.2)	(0.5)	(0.1)	(0.9)
Total finance charges and other	12.1	12.8	11.9	11.8
Total revenues	100.0	100.0	100.0	100.0
Costs and expenses:				
Cost of goods sold, including warehousing and occupancy cost	61.6	62.6	61.0	63.1
Cost of parts sold, including warehousing and occupancy cost	1.0	1.0	1.0	1.1
Selling, general and administrative expense	30.5	28.8	29.7	28.2
Provision for bad debts	0.2	0.2	0.2	0.1
Total costs and expenses	93.3	92.6	91.9	92.5
Operating income	6.7	7.4	8.1	7.5
Interest income, net	(0.1)	(0.0)	(0.1)	0.0
Other (income) / expense, net	0.0	0.1	(0.2)	0.0
Income before income taxes	6.8	7.3	8.4	7.5
Provision for income taxes	2.1	2.7	2.9	2.7
Net income	4.7%	4.6%	5.5%	4.8%

Same store sales growth is calculated by comparing the reported sales by store for all stores that were open throughout a period, to reported sales by store for all stores that were open throughout the prior year period. Sales from closed stores, if any, are removed from each period. Sales from relocated stores have been included in each period because each store was relocated within the same general geographic market. Sales from expanded stores have been included in each period.

The presentation of gross margins may not be comparable to other retailers since we include the cost of our in-home delivery service as part of Selling, general and administrative expense. Similarly, we include the cost related to operating our purchasing function in Selling, general and administrative expense. It is our understanding that other retailers may include such costs as part of their cost of goods sold.

Three Months Ended July 31, 2008 Compared to Three Months Ended July 31, 2007

(Dollars in Millions)	2008	2007	Change	
			\$	%
Net sales	\$ 190.6	\$179.0	11.6	6.5
Finance charges and other	29.1	25.0	4.1	16.4
Net decrease in fair value	(1.2)	(0.5)	(0.7)	140.0
Total Revenues	\$ 218.5	\$ 203.5	15.0	7.4

The \$11.6 million increase in net sales was made up of the following:

- o a \$14.4 million increase generated by eleven retail locations that were not open for the three months in each period; and
- o a \$2.5 million same store sales decrease of 1.4%, driven by weakness in appliances and lawn and garden products which offset strong growth in consumer electronics, especially LCD televisions;
- o a \$0.3 million increase resulted from a decrease in discounts on extended-term promotional credit sales (those with terms longer than 12 months).
- o a \$0.6 million decrease resulted from a decrease in service revenues.

The components of the \$11.6 million increase in net sales were a \$11.4 million increase in Product sales and a \$0.2 million increase in service maintenance agreement commissions and service revenues. The \$11.4 million increase in product sales resulted from the following:

- o approximately \$14.8 million increase attributable to an overall increase in the average unit price. The increase was due primarily to a change in the mix of product sales, driven by an increase in the consumer electronics category, which has the highest average price point of any category, as a percentage of total product sales. Additionally, there were category price point increases as a result of a shift to higher-priced high-efficiency laundry items and increases in laptop computer and video game equipment sales, partially offset by a decline in the average price points on our electronics, and lawn and garden categories, and
- o approximately \$3.4 million decrease attributable to decreases in total unit sales, due primarily to decreased home appliance sales, which offset solid growth in consumer electronics.

The \$0.2 million increase in service maintenance agreement commissions and service revenues was driven by increased sales of service maintenance agreements due to higher product sales, partially offset by lower service revenues.

The following table presents the makeup of net sales by product category in each quarter, including service maintenance agreement commissions and service revenues, expressed both in dollar amounts and as a percent of total net sales. Classification of sales has been adjusted from previous filings to ensure comparability between the categories.

Category	Three Months Ended July 31,				Percent Change	
	2007		2008			
	Amount	Percent	Amount	Percent		
Consumer electronics	\$ 54,061	30.2%	\$ 63,033	33.1%	16.6%	(1)
Home appliances	60,732	33.9	60,920	31.9	0.3	(2)
Track	20,425	11.4	23,180	12.1	13.5	(3)
Furniture and mattresses	15,284	8.6	16,558	8.7	8.3	(4)
Lawn and garden	8,555	4.8	7,027	3.7	(17.9)	(5)
Delivery	3,301	1.8	3,209	1.7	(2.8)	(6)
Other	1,435	0.8	1,313	0.7	(8.5)	
Total product sales	163,793	91.5	175,240	91.9	7.0	
Service maintenance agreement commissions	9,071	5.1	9,911	5.2	9.3	(7)
Service revenues	6,137	3.4	5,488	2.9	(10.6)	(8)
Total net sales	\$179,001	100.0%	\$190,639	100.0%	6.5%	

(1) This increase is due to continued consumer interest in LCD televisions, which offset declines in projection and plasma televisions.

- (2) The home appliance category increased slightly on strong room air conditioning sales and an increase in laundry sales, as the appliance market in general showed continued weakness.
- (3) The increase in track sales (consisting largely of computers, computer peripherals, video game equipment, portable electronics and small appliances) is driven primarily by increased video game equipment and laptop computer sales, and the addition of GPS devices.
- (4) This increase is due to store expansion and higher furniture sales driven by the impact of additional vendors and product offerings.
- (5) This category was impacted by lower rainfall during this year's fiscal quarter negatively impacting the selling season as compared to fiscal 2008.
- (6) This decrease was due to a reduction in the total number of deliveries.
- (7) This increase is due to the increase in product sales.
- (8) This decrease is driven by a decrease in the number of warranty service calls performed by our technicians.

Total Finance charges and other increased 13.7% for the quarter ended July 31, 2008, as securitization income increased by \$3.1 million, or 16.9%, net of a \$1.2 million decrease in the fair value of our Interests in securitized assets. The increase in total Finance charges and other was due primarily to the growth of our portfolio and reduced borrowing costs due to lower short-term interest rates in the commercial-paper market and a higher percentage of the QSPE's borrowings being under its commercial-paper based borrowing facility. These decreases were partially offset by a higher net credit loss rate, which increased from 2.3% in the prior year to 2.8% in the quarter ended July 31, 2008. The decrease in the fair value of our Interests in securitized assets was primarily a result of an increase in the projected interest rates used in the discounted cash flow model used to determine the fair value of our interests in securitized assets.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Cost of goods sold	\$136.8	\$125.3	11.5	9.2
As a percent of net product sales	78.1%	76.5%		1.6

Cost of goods sold increased as a percent of net product sales from the 2007 period to the 2008 period due to pricing pressures in retailing in general, and especially on flat-panel TV's.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Cost of service parts sold	\$2.3	\$2.1	0.2	9.5
As a percent of service revenues	41.3%	34.6%		6.7

This increase was due primarily to a 22.6% increase in parts sales, which grew faster than labor sales.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Selling, general and administrative expense	\$62.9	\$62.1	0.8	1.3
As a percent of total revenues	28.8%	30.5%		(1.7)

The increase in SG&A expense was largely attributable to the growth of the Company and addition of new stores. The improvement in our SG&A expense as a percent of revenues was largely driven by lower compensation costs in absolute dollars and as a percent of revenues as compared to the prior year, as well as reduced advertising expense as a percent of revenues. Additionally, reductions in certain store operating expenses, including repairs and maintenance and janitorial services contributed to the improvement. Partially offsetting these improvements were increases in utilities, management information systems and stock-based compensation expenses.

(Dollars in Thousands)	2008	2007	Change	
			\$	%
Interest income, net	\$(85)	\$(251)	166	(66.1)

The decrease in net interest income was a result of a decrease in interest income from invested funds due to lower balances of invested cash and lower interest rates earned on amounts invested.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Provision for income taxes	\$6.0	\$4.3	1.7	39.5
As a percent of income before income taxes	37.0%	30.8%		6.2

This increase in taxes as a percent of income before income taxes was impacted primarily by the one-time reversal of approximately \$0.9 million of accrued Texas margin tax in the prior year period.

Six Months Ended July 31, 2008 Compared to Six Months Ended July 31, 2007

(Dollars in Millions)	2008	2007	Change	
			\$	%
Net sales	\$ 385.7	\$360.3	25.4	7.0
Finance charges and other	55.7	48.9	6.8	13.9
Net decrease in fair value	(4.3)	(0.4)	(3.9)	N/A
Total Revenues	\$ 437.1	\$ 408.8	28.3	6.9

The \$25.4 million increase in net sales was made up of the following:

- o a \$26.4 million increase generated by eleven retail locations that were not open for the six months in each period;
- o a \$0.7 million same store sales decrease of 0.2%, driven by weakness in appliance and lawn and garden sales;
- o a \$0.6 million increase resulted from a decrease in discounts on extended-term promotional credit sales (those with terms longer than 12 months); and
- o a \$0.9 million decrease resulted from a decrease in service revenues.

The components of the \$25.4 million increase in net sales were a \$24.7 million increase in Product sales and a \$0.7 million increase in service maintenance agreement commissions and service revenues. The \$24.7 million increase in product sales resulted from the following:

- o approximately \$30.5 million increase attributable to an overall increase in the average unit price. The increase was due primarily to a change in the mix of product sales, driven by an increase in the consumer electronics category, which has the highest average price point of any category, as a percentage of total product sales. Additionally, there were category price point increases as a result of a shift to higher-priced high-efficiency laundry items and increases in laptop computer and video game equipment sales, partially offset by a decline in the average price points on our electronics, and lawn and garden categories, and
- o approximately \$5.8 million decrease attributable to decreases in total unit sales, due primarily to decreased home appliance sales, which offset solid growth in consumer electronics.

The \$0.7 million increase in service maintenance agreement commissions and service revenues was driven by increased sales of service maintenance agreements due to higher product sales, partially offset by lower service revenues.

The following table presents the makeup of net sales by product category, including service maintenance agreement commissions and service revenues, expressed both in dollar amounts and as a percent of total net sales. Classification of sales has been adjusted from previous filings to ensure comparability between the categories.

Category	Six Months Ended July 31,				Percent Change	
	2007		2008			
	Amount	Percent	Amount	Percent		
Consumer electronics	\$112,249	31.1%	\$136,832	35.5%	21.9%	(1)
Home appliances	118,444	32.9	116,104	30.1	(2.0)	(2)
Track	42,736	11.9	46,266	12.0	8.3	(3)
Furniture and mattresses	33,201	9.2	34,271	8.9	3.2	(4)
Lawn and garden	14,711	4.1	12,702	3.3	(13.7)	(5)
Delivery	6,365	1.8	6,346	1.6	(0.3)	(6)
Other	2,726	0.7	2,630	0.6	(3.5)	
Total product sales	330,432	91.7	355,151	92.0	7.5	
Service maintenance agreement commissions	18,352	5.1	19,881	5.2	8.3	(7)
Service revenues	11,582	3.2	10,680	2.8	(7.8)	(8)
Total net sales	\$360,366	100.0%	\$385,712	100.0%	7.0%	

- (1) This increase is due to continued consumer interest in LCD televisions, which offset declines in projection and plasma televisions.
- (2) The home appliance category declined primarily due to lower refrigeration sales, as room air sales increased, and the appliance market in general showed continued weakness.
- (3) The increase in track sales (consisting largely of computers, computer peripherals, video game equipment, portable electronics and small appliances) is driven primarily by increased video game equipment and laptop computer sales, and the addition of GPS devices, partially offset by declines in camcorder and camera sales.
- (4) This increase is due to store expansion and a change in our furniture and mattresses merchandising driven by the multi-vendor strategy implemented during the prior year.
- (5) This category was impacted by lower rainfall during this year's fiscal period negatively impacting the selling season as compared to fiscal 2008.
- (6) This decrease was due to a reduction in the total number of deliveries.
- (7) This increase is due to the increase in product sales.
- (8) This decrease is driven by a decrease in the number of warranty service calls performed by our technicians.

Total Finance charges and other increased 6.0% for the period ended July 31, 2008, as securitization income increased by \$2.5 million, or 6.8%, net of a \$4.3 million decrease in the fair value of our Interests in securitized assets. The increase in total Finance charges and other was due primarily due to the growth of our portfolio and lower borrowing costs, partially offset by a higher net credit loss rate. The decrease in the fair value of our Interests in securitized assets was primarily a result of an increase in the estimated risk premium expected by a market participant included in the discount rate assumption used in the discounted cash flow model used to determine the fair value of our interests in securitized assets. The risk premium included in the discount rate assumption was increased due to the continued volatility in the financial markets during the period and is not related to the performance of the credit portfolio or our credit collection operations.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Cost of goods sold	\$275.8	\$249.7	26.1	10.5
As a percent of net product sales	77.7%	75.6%		2.1

Cost of goods sold increased as a percent of net product sales from the 2007 period to the 2008 period due to pricing pressures in retailing in general, and especially on flat-panel TV's.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Cost of service parts sold	\$4.6	\$4.0	0.6	15.2
As a percent of service revenues	43.0%	34.4%		8.6

This increase was due primarily to a 21.8% increase in parts sales, which grew faster than labor sales.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Selling, general and administrative expense	\$123.3	\$121.3	2.2	1.6
As a percent of total revenues	28.2%	29.7%		(1.5)

The increase in SG&A expense was largely attributable to the growth of the Company and addition of new stores. The improvement in our SG&A expense as a percent of revenues was largely driven by lower compensation costs in absolute dollars and as a percent of revenues as compared to the prior year, as well as reduced advertising expense as a percent of revenues. Additionally, reductions in certain store operating expenses, including repairs and maintenance and janitorial services contributed to the improvement. Partially offsetting these improvements were increases in utilities, management information systems and stock-based compensation expenses.

(Dollars in Millions)	2008	2007	Change	
			\$	%
Provision for bad debts	\$0.6	\$0.9	(0.3)	(33.0)
As a percent of total revenues	.14%	.22%		(0.08)

The provision for bad debts on non-credit portfolio receivables and credit portfolio receivables retained by us and not eligible to be transferred to the QSPE decreased primarily as a result of reduced net credit charge-offs and provision adjustments due to the decreased net credit losses. See the notes to the financial statements for information regarding the performance of the credit portfolio.

(Dollars in Thousands)	2008	2007	Change	
			\$	%
Interest income, net	\$(100)	\$(491)	391	(79.6)

The decrease in net interest income was a result of a decrease in interest income from invested funds due to lower balances of invested cash and lower interest rates earned on amounts invested.

(Dollars in Thousands)	2008	2007	Change	
			\$	%
Other (income)/expense, net	\$106	\$(886)	992	(112.0)

During the period ended July 31, 2007, there were gains of approximately \$0.8 million recognized on the sale of two of the Company's store locations. There were approximately \$1.2 million of gains realized, but not recognized, in the period ended July 31, 2007, on transactions qualifying for sale-leaseback accounting that were deferred and are being amortized as a reduction of rent expense on a straight-line basis over the minimum lease terms.

Change

(Dollars in Millions)	2008	2007	\$	%
Provision for income taxes	\$12.0	\$11.7	0.3	2.4
As a percent of income before income taxes	36.5%	34.1%		2.4

This increase in taxes as a percent of income before income taxes was impacted primarily by the one-time reversal of approximately \$0.9 million of accrued Texas margin tax in the prior year period.

Liquidity and Capital Resources

Current Activities

We require capital to finance our growth as we add new stores and markets to our operations, which in turn requires additional working capital for increased receivables and inventory. We have historically financed our operations through a combination of cash flow generated from operations and external borrowings, including primarily bank debt, extended terms provided by our vendors for inventory purchases, acquisition of inventory under consignment arrangements and transfers of receivables to our asset-backed securitization facilities.

As of July 31, 2008, we had approximately \$42.4 million in cash invested in short-term, tax-free instruments. In addition to this invested cash, we had \$98.3 million under our revolving line of credit, net of standby letters of credit issued, and \$8.0 million under our unsecured bank line of credit available to us for general corporate purposes and \$21.5 million under extended vendor terms for purchases of inventory. At July 31, 2008, our QSPE owed \$50 million to its lenders under commitments that expired on July 29, 2008. The amounts due will be repaid by the QSPE with collections on the receivables in its portfolio. This repayment is expected to be completed by the end of September 2008. After the repayment is complete, future collections on the QSPE's receivables will be available to purchase receivables transferred by us to the QSPE.

Effective August 14, 2008, we executed a \$210 million revolving loan facility that provides funding based on a borrowing base calculation that includes accounts receivable and inventory. The new facility, which replaced our \$100 million revolving credit facility, matures in August 2011 and bears interest at LIBOR plus a spread ranging from 225 basis points to 275 basis points, based on a fixed charge coverage ratio. The spread will be 225 basis points for the first six months under the new loan agreement, and then will be subject to adjustment as discussed above. Additionally, the new loan agreement includes an accordion feature allowing for future expansion of the committed amount up to \$350 million. In conjunction with completing this financing arrangement, our QSPE amended certain of its borrowing agreements to provide for the existence of the new revolving loan facility and adjust certain terms of its borrowing arrangements to current market requirements, including reducing the advance rate on its variable funding note facility from a maximum of 85% to a maximum of 76%. As a result of completing the new revolving credit facility, a larger portion of the accounts receivable we generate will be retained by us and not sold to the QSPE, and as such will be included in our consolidated balance sheet. Based on information at July 31, 2008, we would have had availability for borrowing under the new credit facility of approximately \$39.2 million, after considering standby letters of credit issued. Availability under the new facility will increase as new receivables are retained by us and included in the borrowing base calculation. As a result of the changes in our borrowing facilities, we estimate our immediately available liquidity be reduced to approximately \$40 million, before accessing other debt or equity markets, including financing or selling owned real estate. Additionally, on August 28, 2008, our QSPE completed an extension of the maturity date on its 364-day commitment to August 13, 2009. In conjunction with the renewal, the cost of borrowings under this \$300 million facility increased and will now bear interest at the commercial paper rate plus 250 basis points, in most instances.

A summary of the significant financial covenants that govern our new bank credit facility compared to our actual compliance status at July 31, 2008, is presented below:

	Actual	Required Minimum/ Maximum
Fixed charge coverage ratio must exceed required minimum	1.64 to 1.00	1.30 to 1.00
Leverage ratio must be lower than required maximum	1.62 to 1.00	3.50 to 1.00
Cash recovery percentage must exceed required minimum	5.49%	4.75%
Capital expenditures, net must be lower than required maximum	\$21.5 million	\$22.0 million

Note: All terms in the above table are defined by the bank credit facility and may or may not agree directly to the financial statement captions in this document.

We will continue to finance our operations and future growth through a combination of cash flow generated from operations and external borrowings,

including primarily bank debt, extended vendor terms for purchases of inventory, acquisition of inventory under consignment arrangements and the QSPE's asset-backed securitization facilities. Based on our current operating plans, we believe that cash generated from operations, available borrowings under our bank credit facility and unsecured credit line, extended vendor terms for purchases of inventory, acquisition of inventory under consignment arrangements and cash flows from the QSPE's asset-backed securitization program will be sufficient to fund our operations, store expansion and updating activities, stock repurchases, if any, and capital programs for at least 12 months. However, there are several factors that could decrease cash provided by operating activities, including:

- o reduced demand or margins for our products;
- o more stringent vendor terms on our inventory purchases;
- o loss of ability to acquire inventory on consignment;
- o increases in product cost that we may not be able to pass on to our customers;
- o reductions in product pricing due to competitor promotional activities;
- o changes in inventory requirements based on longer delivery times of the manufacturers or other requirements which would negatively impact our delivery and distribution capabilities;
- o increases in the retained portion of our receivables portfolio under our current QSPE's asset-backed securitization program as a result of changes in performance or types of receivables transferred (promotional versus non-promotional and primary versus secondary portfolio), or as a result of a change in the mix of funding sources available to the QSPE, requiring higher collateral levels, or limitations on the ability of the QSPE to obtain financing through its commercial paper-based funding sources;
- o reduced availability under our revolving credit facility as a result of borrowing base requirements and the impact on the borrowing base calculation of changes in the performance of the receivables financed by that facility,
- o reductions in the capacity or inability to expand the capacity available for financing our receivables portfolio under existing or replacement QSPE asset-backed securitization programs or a requirement that we retain a higher percentage of the credit portfolio under such programs;
- o increases in program costs (interest and administrative fees relative to our receivables portfolio associated with the funding of our receivables);
- o increases in personnel costs or other costs for us to stay competitive in our markets; and
- o the inability to get our current variable funding facility renewed.

If necessary, in addition to available cash balances, cash flow from operations and borrowing capacity under our revolving facilities, additional cash to fund our growth and increases in receivables balances could be obtained by:

- o reducing capital expenditures for new store openings,
- o taking advantage of longer payment terms and financing available for inventory purchases,
- o utilizing other sources for providing financing to our customers,
- o negotiating to expand the capacity available under existing credit facilities, and
- o accessing new debt or equity markets.

During the six months ended July 31, 2008, net cash provided by operating activities increased \$53.0 million from \$6.8 million used in operating activities in the six months ended July 31, 2007, to \$46.2 million provided in

the six months ended July 31, 2008. Operating cash flows for the current period were impacted primarily by improved funding rates on the sold receivables portfolio, as the QSPE paid off the 2002 Series B bonds, and an increase in accounts payable balances, due to the timing of inventory purchases and taking advantage of payment terms available from its vendors. These increases were partially offset by cash used to fund the increased inventory levels to support our new stores.

As noted above, we offer promotional credit programs to certain customers that provide for "same as cash" or deferred interest interest-free periods of varying terms, generally three, six, 12, 18, 24 and 36 months, and require monthly payments beginning in the month after the sale. The various "same as cash" promotional accounts and deferred interest program accounts are eligible for securitization up to the limits provided for in our securitization agreements. This limit is currently 30.0% of eligible securitized receivables. If we exceed this 30.0% limit, we would be required to use some of our other capital resources to carry the unfunded balances of the receivables for the promotional period. The percentage of eligible securitized receivables represented by promotional receivables was 21.0% and 19.9%, as of July 31, 2007 and 2008, respectively. The weighted average promotional period was 14.5 months and 15.8 months for promotional receivables outstanding as of July 31, 2007 and 2008, respectively. The weighted average remaining term on those same promotional receivables was 10.8 months and 10.9 months as of July 31, 2007 and 2008, respectively. While overall these promotional receivables have a much shorter weighted average term than non-promotional receivables, we receive less income on these receivables, resulting in a reduction of the net interest margin used in the calculation of the gain on the sale of receivables.

Net cash used in investing activities increased by \$11.5 million, from \$0.7 million provided in the fiscal 2008 period to \$10.8 million used in the fiscal 2009 period. The net increase in cash used in investing activities resulted primarily from a decline in proceeds from sales of property and equipment as compared to the same period in the prior fiscal year, and increased purchases of property and equipment in the current year period. The cash expended for property and equipment was used primarily for construction of new stores and the reformatting of existing stores to better support our current product mix. Based on current plans, we expect expenditures for property and equipment for the remainder of fiscal 2009 to be primarily for the completion and opening of three additional stores.

Net cash from financing activities increased by \$7.1 million from \$6.8 million used during the six months ended July 31, 2007, to \$0.3 million provided during the six months ended July 31, 2008, as we suspended our stock repurchase program in the current fiscal period.

In its regularly scheduled meeting on August 24, 2006, our Board of Directors authorized the repurchase of up to \$50 million of our common stock, dependent on market conditions and the price of the stock. Through July 31, 2008, we had spent \$37.1 million under this authorization to acquire 1,723,205 shares of our common stock though there were no shares repurchased during the six months ended July 31, 2008, and our Board of Directors has terminated the repurchase program.

Off-Balance Sheet Financing Arrangements

Since we extend credit in connection with a large portion of our retail, service maintenance and credit insurance sales, we have created a qualified special purpose entity, which we refer to as the QSPE or the issuer, to purchase customer receivables from us and to issue medium-term and variable funding notes secured by the receivables to third parties to obtain cash for these purchases. We transfer receivables, consisting of retail installment contracts and revolving accounts extended to our customers, to the issuer in exchange for cash and subordinated, unsecured promissory notes. To finance its acquisition of these receivables, the issuer has issued the notes and bonds described below to third parties. The unsecured promissory notes issued to us are subordinate to these third party notes and bonds.

At July 31, 2008, the issuer had issued two series of notes and bonds: the 2002 Series A variable funding note with a total availability of \$300 million and three classes of 2006 Series A bonds with an aggregate amount outstanding of \$150 million, of which \$6.0 million was required to be placed in a restricted cash account for the benefit of the bondholders. The 2002 Series A variable funding note is composed of a \$100 million 364-day tranche, and a \$200 million tranche that matures in 2012. The issuer recently completed an extension of the

maturity date on the 364-day commitment to August 13, 2009. In conjunction with the renewal, the cost of borrowings under this \$300 million facility increased and will now bear interest at the commercial paper rate plus 250 basis points, in most instances. \$150 million of 364-day commitments expired on July 29, 2008. At July 31, 2008, there was \$50 million outstanding under this expired commitment that will be repaid from collections on the receivables in the QSPE's portfolio. If the net portfolio yield, as defined by agreements, falls below 5.0%, then the issuer may be required to fund additions to the cash reserves in the restricted cash accounts. The net portfolio yield was 10.3% at July 31, 2008. Private institutional investors, primarily insurance companies, purchased the 2006 Series A bonds at a weighted fixed rate of 5.75%. The weighted average interest on the variable funding note during the month of July 2008 was 3.33%.

We continue to service the transferred accounts for the QSPE, and we receive a monthly servicing fee, so long as we act as servicer, in an amount equal to .25% multiplied by the average aggregate principal amount of receivables serviced, including the amount of average aggregate defaulted receivables. The issuer records revenues equal to the interest charged to the customer on the receivables less losses, the cost of funds, the program administration fees paid in connection with either the 2002 Series A, or 2006 Series A bond holders, the servicing fee and additional earnings to the extent they are available.

Currently the 2002 Series A variable funding note permits the issuer to borrow funds up to \$300 million to purchase receivables from us or make principal payments on other bonds, thereby functioning as a "basket" to accumulate receivables. As issuer borrowings under the 2002 Series A variable funding note approach the total commitment, the issuer is required to request an increase in the 2002 Series A amount or issue a new series of bonds and use the proceeds to pay down the then outstanding balance of the 2002 Series A variable funding note, so that the basket will once again become available to accumulate new receivables or meet other obligations required under the transaction documents. As of July 31, 2008, borrowings under the 2002 Series A variable funding note were \$350.0 million and the amount in excess of the total facility commitment will be repaid from collections on the receivables in QSPE's portfolio.

We are not directly liable to the lenders under the asset-backed securitization facility. If the issuer is unable to repay the 2002 Series A note and 2006 Series A bonds due to its inability to collect the transferred customer accounts, the issuer could not pay the subordinated notes it has issued to us in partial payment for transferred customer accounts, and the 2006 Series A bond holders could claim the balance in its \$6.0 million restricted cash account. We are also contingently liable under a \$20.0 million letter of credit that secures the performance of our obligations or services under the servicing agreement as it relates to the transferred assets that are part of the asset-backed securitization facility.

The issuer is subject to certain affirmative and negative covenants contained in the transaction documents governing the 2002 Series A variable funding note and 2006 Series A bonds, including covenants that restrict, subject to specified exceptions: the incurrence of non-permitted indebtedness and other obligations and the granting of additional liens; mergers, acquisitions, investments and disposition of assets; and the use of proceeds of the program. The issuer also makes representations and warranties relating to compliance with certain laws, payment of taxes, maintenance of its separate legal entity, preservation of its existence, protection of collateral and financial reporting. In addition, the program requires the issuer to maintain a minimum net worth.

A summary of the significant financial covenants that govern the 2002 Series A variable funding note compared to actual compliance status at July 31, 2008, is presented below:

	As reported	Required Minimum/ Maximum
	-----	-----
Issuer interest must exceed required minimum	\$90.3 million	\$74.8 million
Gross loss rate must be lower than required maximum	3.3%	10.0%
Net portfolio yield must exceed required minimum	10.3%	2.0%
Payment rate must exceed required minimum	6.5%	3.0%
Consolidated net worth must exceed required minimum	\$326.8 million	\$232.5 million

Note: All terms in the above table are defined by the asset backed securitization program and may or may not agree directly to the financial statement captions in this document.

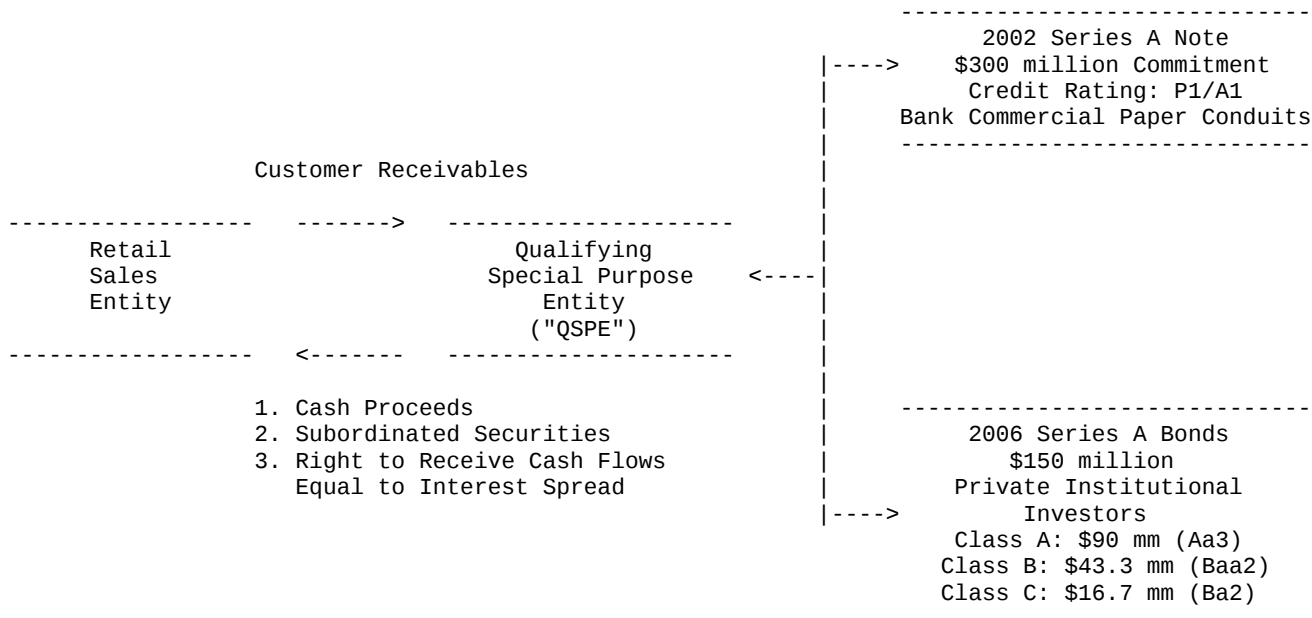
Events of default under the 2002 Series A variable funding note and the 2006

Series A bonds, subject to grace periods and notice provisions in some circumstances, include, among others: failure of the issuer to pay principal,

interest or fees; violation by the issuer of any of its covenants or agreements; inaccuracy of any representation or warranty made by the issuer; certain servicer defaults; failure of the trustee to have a valid and perfected first priority security interest in the collateral; default under or acceleration of certain other indebtedness; bankruptcy and insolvency events; failure to maintain certain loss ratios and portfolio yield; change of control provisions and certain other events pertaining to us. The issuer's obligations under the program are secured by the receivables and proceeds.

Securitization Facilities

We finance most of our customer receivables through asset-backed securitization facilities



Both the bank credit facility and the asset-backed securitization program are significant factors relative to our ongoing liquidity and our ability to meet the cash needs associated with the growth of our business. Our inability to use either of these programs because of a failure to comply with their covenants would adversely affect our continued growth. Funding of current and future receivables under the QSPE's asset-backed securitization program can be adversely affected if we exceed certain predetermined levels of re-aged receivables, size of the secondary portfolio, the amount of promotional receivables, write-offs, bankruptcies or other ineligible receivable amounts. If the funding under the QSPE's asset-backed securitization program was reduced or terminated, we would have to draw down our bank credit facility more quickly than we have estimated.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest rates under our new bank credit facility are variable and are determined, at our option, as the base rate, which is the prime rate plus the base rate margin, which ranges from 0.25% to 0.75%, or LIBOR plus the LIBOR margin, which ranges from 2.25% to 2.75%. Interest rates under our QSPE's variable funding note facility are variable and are determined based on the commercial paper rate plus a spread of 2.50%. Accordingly, changes in the prime rate, the commercial paper rate or LIBOR, which are affected by changes in interest rates generally, will affect the interest rate on, and therefore our costs under, these credit facilities. We are also exposed to interest rate risk through the interest only strip we receive from our sales of receivables to the QSPE, due to rate variability under the QSPE's variable funding note discussed above. Since January 31, 2008, our interest rate sensitivity has increased on the interest only strip as the variable rate portion of the QSPE's debt has increased from \$278.0 million, or 59.4% of its total debt, to \$350.0 million, or 70.0% of its total debt. As a result, a 100 basis point increase in interest rates on the variable rate debt would increase borrowing costs \$3.5 million over a 12-month period, based on the balance outstanding at July 31, 2008.

Item 4. Controls and Procedures

Based on management's evaluation (with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO)), as of the end of the period covered by this report, our CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

For the quarter ended July 31, 2008, there have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in routine litigation incidental to our business from time to time. Currently, we do not expect the outcome of any of this routine litigation to have a material affect on our financial condition, results of operations or cash flows. However, the results of these proceedings cannot be predicted with certainty, and changes in facts and circumstances could impact our estimate of reserves for litigation.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended January 31, 2008, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On August 25, 2006, we announced that our Board of Directors had authorized a common stock repurchase program, permitting us to purchase, from time to time, in the open market and in privately negotiated transactions, up to an aggregate of \$50.0 million of our common stock, dependent on market conditions and the price of the stock. No repurchases were made during the quarter ended July 31, 2008, and our Board of Directors has terminated the repurchase program. There is approximately \$13 million remaining for future purchases under the originally authorized program. In August 2008, we entered into a new revolving credit facility that restricts our ability to complete repurchases of our stock or declare and make dividend distributions based on required availability under the

loan agreement at the time of the proposed payment, projected availability for the six-month period succeeding that date and approval of the lenders and is limited to an aggregate amount over the term of the facility of \$50 million.

Item 4. Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Stockholders held on June 3, 2008, the following proposals were submitted to stockholders with the following results:

1. Election of nine directors

	Number of Shares	
	For	Withheld
Marvin D. Brailsford	21,052,888	137,026
Thomas J. Frank, Sr.	21,033,749	156,165
Jon E. M. Jacoby	20,540,119	649,795
Bob L. Martin	21,007,345	182,569
Douglas H. Martin	21,037,050	152,864
Dr. William C. Nylin, Jr.	21,053,841	136,073
Scott L. Thompson	21,053,655	136,259
William T. Trawick	20,560,605	629,309
Theodore M. Wright	21,052,858	137,056

2. Approval of the Audit Committee's appointment of Ernst & Young, LLP as our independent public accountants for the fiscal year ending January 31, 2009.

	Number of Shares
For	21,188,218
Against	1,688
Abstain	8
Broker Nonvotes	-

Item 5. Other Information

There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors since we last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A.

Item 6. Exhibits

The exhibits required to be furnished pursuant to Item 6 of Form 10-Q are listed in the Exhibit Index filed herewith, which Exhibit Index is incorporated herein by reference.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

CONN'S, INC.

By: /s/ Michael J. Poppe

Michael J. Poppe
Chief Financial Officer
(Principal Financial Officer and duly
authorized to sign this report on
behalf of the registrant)

Date: August 28, 2008

INDEX TO EXHIBITS

Exhibit Number	Description
2	Agreement and Plan of Merger dated January 15, 2003, by and among Conn's, Inc., Conn Appliances, Inc. and Conn's Merger Sub, Inc. (incorporated herein by reference to Exhibit 2 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
3.1	Certificate of Incorporation of Conn's, Inc. (incorporated herein by reference to Exhibit 3.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
3.1.1	Certificate of Amendment to the Certificate of Incorporation of Conn's, Inc. dated June 3, 2004 (incorporated herein by reference to Exhibit 3.1.1 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2004 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 7, 2004).
3.2	Amended and Restated Bylaws of Conn's, Inc. effective as of June 3, 2008 (incorporated herein by reference to Exhibit 3.2.3 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2008 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 4, 2008).
4.1	Specimen of certificate for shares of Conn's, Inc.'s common stock (incorporated herein by reference to Exhibit 4.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on October 29, 2003).
10.1	Amended and Restated 2003 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).(t)
10.1.1	Amendment to the Conn's, Inc. Amended and Restated 2003 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1.1 to Conn's Form 10-Q for the quarterly period ended April 30, 2004 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 7, 2004).(t)
10.1.2	Form of Stock Option Agreement (incorporated herein by reference to Exhibit 10.1.2 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005).(t)
10.2	2003 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).(t)
10.2.1	Form of Stock Option Agreement (incorporated herein by reference to Exhibit 10.2.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005).(t)

- 10.3 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.3 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).(t)
- 10.4 Conn's 401(k) Retirement Savings Plan (incorporated herein by reference to Exhibit 10.4 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).(t)
- 10.5 Shopping Center Lease Agreement dated May 3, 2000, by and between Beaumont Development Group, L.P., f/k/a Fiesta Mart, Inc., as Lessor, and CAI, L.P., as Lessee, for the property located at 3295 College Street, Suite A, Beaumont, Texas (incorporated herein by reference to Exhibit 10.5 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.5.1 First Amendment to Shopping Center Lease Agreement dated September 11, 2001, by and among Beaumont Development Group, L.P., f/k/a Fiesta Mart, Inc., as Lessor, and CAI, L.P., as Lessee, for the property located at 3295 College Street, Suite A, Beaumont, Texas (incorporated herein by reference to Exhibit 10.5.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.6 Industrial Real Estate Lease dated June 16, 2000, by and between American National Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 8550-A Market Street, Houston, Texas (incorporated herein by reference to Exhibit 10.6 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.6.1 First Renewal of Lease dated November 24, 2004, by and between American National Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 8550-A Market Street, Houston, Texas (incorporated herein by reference to Exhibit 10.6.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005).
- 10.7 Lease Agreement dated December 5, 2000, by and between Prologis Development Services, Inc., f/k/a The Northwestern Mutual Life Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 4810 Eisenhower Road, Suite 240, San Antonio, Texas (incorporated herein by reference to Exhibit 10.7 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.7.1 Lease Amendment No. 1 dated November 2, 2001, by and between Prologis Development Services, Inc., f/k/a The Northwestern Mutual Life Insurance Company, as Lessor, and CAI, L.P., as Lessee, for the property located at 4810 Eisenhower Road, Suite 240, San Antonio, Texas (incorporated herein by reference to Exhibit 10.7.1 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.8 Lease Agreement dated June 24, 2005, by and between Cabot Properties, Inc. as Lessor, and CAI, L.P., as Lessee, for the property located at 1132 Valwood Parkway, Carrollton, Texas (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (file no. 000-50421) as filed with the Securities and Exchange Commission on June 29, 2005).
- 10.9 Loan and Security Agreement dated August 14, 2008, by and among Conn's, Inc. and the Borrowers thereunder, the Lenders party thereto, Bank of America, N.A, a national banking association, as Administrative Agent and Joint Book Runner for the Lenders, referred to as Agent, JPMorgan Chase Bank, National Association, as Syndication Agent and Joint Book Runner for the Lenders, and Capital One, N.A., as Co-Documentation Agent (incorporated herein by reference to Exhibit 99.1 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).

- 10.9.1 Intercreditor Agreement dated August 14, 2008, by and among Bank of America, N.A., as the ABL Agent, Wells Fargo Bank, National Association, as Securitization Trustee, Conn Appliances, Inc. as the Initial Servicer, Conn Credit Corporation, Inc., as a borrower, Conn Credit I, L.P., as a borrower and Bank of America, N.A., as Collateral Agent (incorporated herein by reference to Exhibit 99.5 to Conn's Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.10 Receivables Purchase Agreement dated September 1, 2002, by and among Conn Funding II, L.P., as Purchaser, Conn Appliances, Inc. and CAI, L.P., collectively as Originator and Seller, and Conn Funding I, L.P., as Initial Seller (incorporated herein by reference to Exhibit 10.10 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.10.1 First Amendment to Receivables Purchase Agreement dated August 1, 2006, by and among Conn Funding II, L.P., as Purchaser, Conn Appliances, Inc. and CAI, L.P., collectively as Originator and Seller (incorporated herein by reference to Exhibit 10.10.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.11 Base Indenture dated September 1, 2002, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.11 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.11.1 First Supplemental Indenture dated October 29, 2004 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on November 4, 2004).
- 10.11.2 Second Supplemental Indenture dated August 1, 2006 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.1 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 23, 2006).
- 10.11.3 Fourth Supplemental Indenture dated August 14, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.4 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.12 Amended and Restated Series 2002-A Supplement dated September 10, 2007, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on September 11, 2007).
- 10.12.1 Supplement No. 1 to Amended and Restated Series 2002-A Supplement dated August 14, 2008, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.2 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).
- 10.12.2 Amended and Restated Note Purchase Agreement dated September 10, 2007 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.3 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on September 11, 2007).
- 10.12.3 Second Amended and Restated Note Purchase Agreement dated August 14, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 99.3 to Conn's, Inc. Current Report on Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on August 20, 2008).

10.12.4 Amendment No. 1 to Second Amended and Restated Note Purchase Agreement dated August 28, 2008 by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (filed herewith).

- 10.13 Series 2002-B Supplement to Base Indenture dated September 1, 2002, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.13 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.13.1 Amendment to Series 2002-B Supplement dated March 28, 2003, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.13.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on April 5, 2005).
- 10.14 Servicing Agreement dated September 1, 2002, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank Minnesota, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).
- 10.14.1 First Amendment to Servicing Agreement dated June 24, 2005, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2005).
- 10.14.2 Second Amendment to Servicing Agreement dated November 28, 2005, by and among Conn Funding II, L.P., as 10.14.2 Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.2 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2005 (File No. 000-50421) as filed with the Securities and Exchange Commission on December 1, 2005).
- 10.14.3 Third Amendment to Servicing Agreement dated May 16, 2006, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.3 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.14.4 Fourth Amendment to Servicing Agreement dated August 1, 2006, by and among Conn Funding II, L.P., as Issuer, CAI, L.P., as Servicer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.14.4 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.15 Form of Executive Employment Agreement (incorporated herein by reference to Exhibit 10.15 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on October 29, 2003).(t)
- 10.15.1 First Amendment to Executive Employment Agreement between Conn's, Inc. and Thomas J. Frank, Sr., Approved by the stockholders May 26, 2005 (incorporated herein by reference to Exhibit 10.15.1 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2005 (file No. 000- 50421) as filed with the Securities and Exchange Commission on August 30, 2005).(t)
- 10.16 Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.16 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003).(t)
- 10.17 Description of Compensation Payable to Non-Employee Directors (incorporated herein by reference to Form 8-K (file no. 000-50421) filed with the Securities and Exchange Commission on June 2, 2005).(t)

- 10.18 Dealer Agreement between Conn Appliances, Inc. and Voyager Service Programs, Inc. effective as of January 1, 1998 (incorporated herein by reference to Exhibit 10.19 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.1 Amendment #1 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.2 Amendment #2 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.2 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.3 Amendment #3 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.3 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.4 Amendment #4 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of July 1, 2005 (incorporated herein by reference to Exhibit 10.19.4 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.18.5 Amendment #5 to Dealer Agreement by and among Conn Appliances, Inc., CAI, L.P., Federal Warranty Service Corporation and Voyager Service Programs, Inc. effective as of April 7, 2007 (incorporated herein by reference to Exhibit 10.18.5 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2007 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2007).
- 10.19 Service Expense Reimbursement Agreement between Affiliates Insurance Agency, Inc. and American Bankers Life Assurance Company of Florida, American Bankers Insurance Company Ranchers & Farmers County Mutual Insurance Company, Voyager Life Insurance Company and Voyager Property and Casualty Insurance Company effective July 1, 1998 (incorporated herein by reference to Exhibit 10.20 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.19.1 First Amendment to Service Expense Reimbursement Agreement by and among CAI, L.P., Affiliates Insurance Agency, Inc., American Bankers Life Assurance Company of Florida, Voyager Property & Casualty Insurance Company, American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida and American Bankers General Agency, Inc. effective July 1, 2005 (incorporated herein by reference to Exhibit 10.20.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.20 Service Expense Reimbursement Agreement between CAI Credit Insurance Agency, Inc. and American Bankers Life Assurance Company of Florida, American Bankers Insurance Company Ranchers & Farmers County Mutual Insurance Company, Voyager Life Insurance Company and Voyager Property and Casualty Insurance Company effective July 1, 1998 (incorporated herein by reference to Exhibit 10.21 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).

- 10.20.1 First Amendment to Service Expense Reimbursement Agreement by and among CAI Credit Insurance Agency, Inc., American Bankers Life Assurance Company of Florida, Voyager Property & Casualty Insurance Company, American Bankers Life Assurance Company of Florida, American Bankers Insurance Company of Florida, American Reliable Insurance Company, and American Bankers General Agency, Inc. effective July 1, 2005 (incorporated herein by reference to Exhibit 10.21.1 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.21 Consolidated Addendum and Amendment to Service Expense Reimbursement Agreements by and among Certain Member Companies of Assurant Solutions, CAI Credit Insurance Agency, Inc. and Affiliates Insurance Agency, Inc. effective April 1, 2004 (incorporated herein by reference to Exhibit 10.22 to Conn's, Inc. Form 10-K for the annual period ended January 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on March 30, 2006).
- 10.22 Series 2006-A Supplement to Base Indenture, dated August 1, 2006, by and between Conn Funding II, L.P., as Issuer, and Wells Fargo Bank, National Association, as Trustee (incorporated herein by reference to Exhibit 10.23 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on September 15, 2006).
- 10.23 Fourth Amended and Restated Subordination and Priority Agreement, dated August 31, 2006, by and among Bank of America, N.A. and JPMorgan Chase Bank, as Agent, and Conn Appliances, Inc. and/or its subsidiary CAI, L.P (incorporated herein by reference to Exhibit 10.24 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on November 30, 2006).
- 10.23.1 Fourth Amended and Restated Security Agreement, dated August 31, 2006, by and among Conn Appliances, Inc. and CAI, L.P. and Bank of America, N.A. (incorporated herein by reference to Exhibit 10.24.1 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on November 30, 2006).
- 10.24 Letter of Credit and Reimbursement Agreement, dated September 1, 2002, by and among CAI, L.P., Conn Funding II, L.P. and SunTrust Bank (incorporated herein by reference to Exhibit 10.25 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on November 30, 2006).
- 10.24.1 Amendment to Standby Letter of Credit dated August 23, 2006, by and among CAI, L.P., Conn Funding II, L.P. and SunTrust Bank (incorporated herein by reference to Exhibit 10.25.1 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on November 30, 2006).
- 10.24.2 Amendment to Standby Letter of Credit dated September 20, 2006, by and among CAI, L.P., Conn Funding II, L.P. and SunTrust Bank (incorporated herein by reference to Exhibit 10.25.2 to Conn's, Inc. Form 10-Q for the quarterly period ended October 31, 2006 (File No. 000-50421) as filed with the Securities and Exchange Commission on November 30, 2006).
- 11.1 Statement re: computation of earnings per share is included under Note 1 to the financial statements.
- 21 Subsidiaries of Conn's, Inc. (incorporated herein by reference to Exhibit 21 to Conn's, Inc. Form 10-Q for the quarterly period ended July 31, 2007 (File No. 000-50421) as filed with the Securities and Exchange Commission on August 30, 2007).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 31.2 Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).

- 32.1 Section 1350 Certification (Chief Executive Officer and Chief Financial Officer) (furnished herewith).
- 99.1 Subcertification by Executive Vice-Chairman of the Board in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.2 Subcertification by Chief Operating Officer in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.3 Subcertification by President - Retail Division in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.4 Subcertification by President - Credit Division in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Executive Officer) (filed herewith).
- 99.5 Subcertification by Treasurer in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).
- 99.6 Subcertification by Secretary in support of Rule 13a-14(a)/15d-14(a) Certification (Chief Financial Officer) (filed herewith).
- 99.7 Subcertification of Executive Vice-Chairman of the Board, Chief Operating Officer, Treasurer and Secretary in support of Section 1350 Certifications (Chief Executive Officer and Chief Financial Officer) (furnished herewith).
- (t) Management contract or compensatory plan or arrangement.

AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED
NOTE PURCHASE AGREEMENT

This AMENDMENT NO. 1 TO SECOND AMENDED AND RESTATED NOTE PURCHASE AGREEMENT, dated as of August 28, 2008 (this "Amendment") is made among CONN FUNDING II, L.P. (the "Issuer"), CONN APPLIANCES, INC., THREE PILLARS FUNDING LLC (f/k/a Three Pillars Funding Corporation), JPMORGAN CHASE BANK, N.A., PARK AVENUE RECEIVABLES COMPANY, LLC and SUNTRUST ROBINSON HUMPHREY, INC. Capitalized terms used and not otherwise defined in this Amendment are used as defined in that certain Base Indenture, dated as of September 1, 2002, as amended from time to time, between the Issuer and the Wells Fargo Bank, National Association (successor by merger to Wells Fargo Bank Minnesota, National Association), as Trustee (the "Trustee") or, if not defined therein, in that certain Amended and Restated Series 2002-A Supplement, dated as of September 10, 2007, as amended from time to time, between the Issuer and the Trustee.

Background

A. The parties hereto have entered into the Second Amended and Restated Note Purchase Agreement, dated as of August 14, 2008, among the parties hereto (as amended from time to time, the "Note Purchase Agreement") to finance the purchase of Receivables by the Issuer from Conn Appliances, Inc.

B. The parties hereto wish to amend the Note Purchase Agreement.

C. The parties hereto are willing to agree to such an amendment, all as set out in this Amendment.

Agreement

1. Amendments of the Note Purchase Agreement.

(a) Section 1 of the Note Purchase Agreement is hereby amended by amending and restating the following definition in its entirety:

"Fee Letters" means each of the following letter agreements: (i) that certain Third Amended and Restated Fee Letter, dated as of August 28, 2008, as amended from time to time, between the Issuer and the Administrator setting forth certain fees payable by the Issuer in connection with the purchase of Notes by the Administrator for the benefit of Three Pillars and (ii) that certain Amended and Restated Fee Letter, dated as of August 28, 2008, as amended from time to time, between the Issuer and the Funding Agent setting forth certain fees payable by the Issuer in connection with the purchase of Notes by the Funding Agent for the benefit of PARCO.

(b) Section 1 of the Note Purchase Agreement is hereby amended by amending and restating the following definition in its entirety:

"Tranche A Purchase Expiration Date" means the earlier of (i) August 13, 2009 (as such date may be extended from time to time pursuant to Section 2.4) and (ii) the date of the occurrence of an Event of Default, Payout Event or Servicer Default.

(c) The first sentence of Section 7.8 of the Note Purchase Agreement is hereby amended and restated in its entirety as follows:

The Issuer and the Seller hereby agree to promptly notify the Administrator, Funding Agent and each Rating Agency then rating any outstanding Series of the Issuer of any amendment or modification to the transaction documents related to the ABL Facility.

(d) The Note Purchase Agreement is hereby amended by adding the following section to the end of Article X thereof:

SECTION 10.15 Tax Disclosure. Notwithstanding any other express or implied agreement to the contrary, the parties agree and acknowledge that each of them and each of their employees, representatives, and other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind (including opinions or other tax analyses) that are provided to any of them relating to such tax treatment and tax structure, except to the extent that confidentiality is reasonably necessary to comply with U.S. federal or state securities laws. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meanings specified in Treasury Regulation section 1.6011-4(c).

2. Binding Effect; Ratification. This Amendment shall become effective, as of the date first set forth above, (i) upon receipt by the Funding Agent and the Administrator of the Fees due and payable as of the date hereof pursuant to the Fee Letters (as defined above) and (ii) when the Administrator shall have received counterparts hereof and thereafter shall be binding on the parties hereto and their respective successors and assigns.

(a) On and after the execution and delivery hereof, this Amendment shall be a part of the Note Purchase Agreement and each reference in the Note Purchase Agreement to "this Note Purchase Agreement" or "hereof", "hereunder" or words of like import, and each reference in any other Transaction Document to the Note Purchase Agreement shall mean and be a reference to such Note Purchase Agreement as amended hereby.

(b) Except as expressly amended hereby, the Note Purchase Agreement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

3. Miscellaneous. (a) THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS AMENDMENT AGREES TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

(b) Headings used herein are for convenience of reference only and shall not affect the meaning of this Amendment.

(c) This Amendment may be executed in any number of counterparts, and by the parties hereto on separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONN FUNDING II, L.P., as Issuer

By: Conn Funding II GP, L.L.C., its general partner

By: /s/ David R. Atnip

Name: David R. Atnip
Title: Treasurer

CONN APPLIANCES, INC.

By: /s/ David R. Atnip

Name: David R. Atnip
Title: Treasurer

THREE PILLARS FUNDING LLC,
as a Conduit Purchaser

By: /s/ Doris J. Hearn

Name: Doris J. Hearn
Title: Vice President

SUNTRUST ROBINSON HUMPHREY, INC.,
as Administrator

By: /s/ Joseph R. Franke

Name: Joseph R. Franke
Title: Director

JPMORGAN CHASE BANK, N.A., as a Committed Purchaser
and Funding Agent

By: /s/ Trischa Lesch

Name: Trischa Lesch
Title: Vice President

PARK AVENUE RECEIVABLES COMPANY LLC, as a Conduit
Purchaser

By: JPMorgan Chase Bank, N.A.,
its attorney-in-fact

By: /s/ Trischa Lesch

Name: Trischa Lesch
Title: Vice President

RULE 13a-14(a)/15d-14(a) CERTIFICATION
(CHIEF EXECUTIVE OFFICER)

I, Thomas J. Frank, Sr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Thomas J. Frank, Sr.

Thomas J. Frank, Sr.
Chairman of the Board
and Chief Executive Officer

Date: August 28, 2008

RULE 13a-14(a)/15d-14(a) CERTIFICATION
(CHIEF FINANCIAL OFFICER)

I, Michael J. Poppe, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael J. Poppe

Michael J. Poppe
Chief Financial Officer

Date: August 28, 2008

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Conn's, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Thomas J. Frank, Sr., Chairman of the Board and Chief Executive Officer of the Company and Michael J. Poppe, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas J. Frank, Sr.

Thomas J. Frank, Sr.
Chairman of the Board and
Chief Executive Officer

/s/ Michael J. Poppe

Michael J. Poppe
Chief Financial Officer

Dated: August 28, 2008

A signed original of this written statement required by Section 906 has been provided to Conn's, Inc. and will be retained by Conn's, Inc. and furnished to the Securities and Exchange Commission or its staff upon request. The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

SUBCERTIFICATION OF EXECUTIVE VICE-CHAIRMAN OF THE BOARD IN SUPPORT OF
 RULE 13a-14(a)/15d-14(a) CERTIFICATION (CHIEF EXECUTIVE OFFICER)

I, William C. Nylin Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ William C. Nylin, Jr.

 William C. Nylin, Jr.
 Executive Vice-Chairman of the Board

Date: August 28, 2008

SUBCERTIFICATION OF CHIEF OPERATING OFFICER IN SUPPORT OF
 RULE 13a-14(a)/15d-14(a) CERTIFICATION (CHIEF EXECUTIVE OFFICER)

I, Timothy L. Frank, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Timothy L. Frank

 Timothy L. Frank
 Chief Executive Officer Designate, President
 and Chief Operating Officer

Date: August 28, 2008

SUBCERTIFICATION OF PRESIDENT - RETAIL DIVISION IN SUPPORT OF
 RULE 13a-14(a)/15d-14(a) CERTIFICATION (CHIEF EXECUTIVE OFFICER)

I, David W. Trahan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David W. Trahan

 David W. Trahan
 President - Retail Division

Date: August 28, 2008

SUBCERTIFICATION OF PRESIDENT - CREDIT DIVISION IN SUPPORT OF
 RULE 13a-14(a)/15d-14(a) CERTIFICATION (CHIEF EXECUTIVE OFFICER)

I, Reymundo de la Fuente, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Reymundo de la Fuente, Jr.

 Reymundo de la Fuente, Jr.
 President - Credit Division

Date: August 28, 2008

SUBCERTIFICATION OF TREASURER IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
 CERTIFICATION (CHIEF FINANCIAL OFFICER)

I, David R. Atnip, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David R. Atnip

 David R. Atnip
 Senior Vice President and Treasurer

Date: August 28, 2008

SUBCERTIFICATION OF SECRETARY IN SUPPORT OF RULE 13a-14(a)/15d-14(a)
 CERTIFICATION (CHIEF EXECUTIVE OFFICER)

I, Sydney K. Boone, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Conn's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Sydney K. Boone, Jr.

 Sydney K. Boone, Jr.
 Corporate General Counsel and Secretary

Date: August 28, 2008

SUBCERTIFICATION OF EXECUTIVE VICE CHAIRMAN OF THE BOARD,
 CHIEF OPERATING OFFICER, PRESIDENTS, TREASURER AND SECRETARY IN SUPPORT OF
 18 U.S.C. SECTION 1350 CERTIFICATION,
 AS ADOPTED PURSUANT TO
 SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Conn's, Inc. (the "Company") on Form 10-Q for the period ended July 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, William C. Nylin, Jr., Executive Vice-Chairman of the Board, Timothy L. Frank, President and Chief Operating Officer of the Company, David R. Atnip, Senior Vice President and Treasurer of the Company, and Sydney K. Boone, Jr., Corporate General Counsel and Secretary of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Nylin, Jr.

William C. Nylin, Jr.
 Executive Vice-Chairman of the Board

/s/ Timothy L. Frank

Timothy L. Frank
 Chief Executive Officer Designate,
 President and Chief Operating Officer

/s/ David W. Trahan

David W. Trahan
 President - Retail Division

/s/ Reymundo de la Fuente, Jr.

Reymundo de la Fuente, Jr.
 President - Credit Division

/s/ David R. Atnip

David R. Atnip
 Senior Vice President and Treasurer

/s/ Sydney K. Boone, Jr.

Sydney K. Boone, Jr.
 Corporate General Counsel and Secretary

Dated: August 28, 2008

A signed original of this written statement has been provided to Conn's, Inc. and will be retained by Conn's, Inc. The foregoing certification is being furnished solely to support certifications pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.