May 31, 2007

Conn's, Inc. Reports Earnings for the Quarter Ended April 30, 2007

BEAUMONT, Texas, May 31, 2007 (BUSINESS WIRE) -- Conn's, Inc. (NASDAQ/NM:CONN), a specialty retailer of home appliances, consumer electronics, computers, mattresses, furniture and lawn and garden products, today announced earnings results for the quarter ended April 30, 2007.

Net income for the first fiscal quarter increased 8.3% to $12.9 million compared with $11.9 million for the first quarter of last year. Diluted earnings per share grew 10.2% to $0.54 compared with $0.49 for the first quarter of last year. Total revenues for the quarter ended April 30, 2007, increased 6.8% to $205.3 million compared with $192.2 million for the quarter ended April 30, 2006. This increase in revenue included increases in net sales of $9.7 million, or 5.6%, and an increase in "Finance charges and other" of $3.5 million, or 16.9%. Same store sales (revenues earned in stores operated for the entirety of both periods) decreased 0.3% for the first quarter of fiscal 2008. As previously disclosed, the same store sales increase for the quarter ending April 30, 2006, of 16.1%, was positively impacted by hurricanes Katrina and Rita.

Credit portfolio performance continued to improve as delinquencies were sequentially lower over the past three quarters and credit loss rates were sequentially lower over the past four quarters. Additionally, the credit loss rate was significantly lower than the first quarter of the prior year. The credit portfolio grew at an annualized rate of 10% during the first quarter of fiscal 2008, benefited by growth in promotional credit balances. Promotional credit (same as cash and deferred interest programs) is reserved for our highest credit quality customers, thereby reducing the overall risk in the portfolio, and is used primarily to finance sales of our highest margin products. The current volume of promotional credit relative to product sales is consistent with our use of this type of credit product before the hurricanes in late 2005, which positively impacted our sales for several quarters and reduced the need to use promotional credit during that time period. More information on the credit portfolio and its performance may be found in the table included with this press release and in the Company's filing with the Securities and Exchange Commission on Form 10-Q which will be filed later today.

During the first quarter of fiscal 2008 the Company adopted several new accounting pronouncements related to the accounting for its "Interests in securitized assets." These pronouncements resulted in the Company electing to account for its interests in securitized assets at fair value, with all changes in the fair value included in "Finance charges and other." This change in accounting was adopted effective February 1, 2007, and prior periods are not adjusted. "Finance charges and other" increased $0.1 million due to the fair value mark-to-market adjustment, which was driven by the increase in the sold portfolio balance and other changes impacting the valuation assumptions. More information on these changes may be found in the Company's filing with the Securities and Exchange Commission on Form 10-Q which will be filed later today.

"We are off to a solid start and on track to achieve our goals for the year," said Thomas J. Frank, Sr., the Company's Chairman and CEO. "We were still feeling the effects of the storm at this time last year and performed well this quarter against a very strong quarter last year. I am encouraged by the performance of our credit operation and look forward to improved results after a difficult year."

As part of the previously announced stock repurchase plan, the company repurchased 178,000 shares of common stock during the three months ended April 30, 2007 and an additional 79,500 shares through May 30, 2007. The Company has repurchased 425,500 shares since the inception of the plan and intends to continue repurchasing shares up to the authorized limit of $50 million dependent upon market conditions and share price.

During the quarter ended April 30, 2007, the Company received $8.7 million from the sales of two store locations. The Company entered into leases on all or a portion of both locations and, as such, the transactions qualified for sale-leaseback accounting. As a result, the Company recorded $0.8 million of gains on the sales in "Other income, net" and deferred $1.3 million of gains, which will reduce lease expense over the terms of the leases.

The Company currently has 62 stores in operation with development activities underway in new and existing markets. The Company expects to open 7 to 10 new stores in the current year, primarily in the last half of the year.

EPS Guidance

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

Conference Call Information

Conn's, Inc. will host a conference call and audio webcast today, May 31, 2007, at 10:00 AM, CDT, to discuss financial results for the quarter ended April 30, 2007. The webcast will be available live at www.conns.com and will be archived for one year. Participants can join the call by dialing 800-811-8824 or 913-981-4903.

About Conn's, Inc.

The Company is a specialty retailer currently operating 62 retail locations in Texas and Louisiana: twenty one stores in the Houston area, fourteen in the Dallas/Fort Worth Metroplex, nine in San Antonio, five in Austin, four in Southeast Texas, one in Corpus Christi, two in South Texas and six stores in Louisiana. It sells major home appliances, including refrigerators, freezers, washers, dryers and ranges, and a variety of consumer electronics, including projection, plasma, DLP and LCD televisions, camcorders, computers and computer peripherals, DVD players (both standard and high definition), portable audio and home theater products. The Company also sells lawn and garden products, furniture and mattresses, and continues to introduce additional product categories for the home to help respond to its customers' product needs and to increase same store sales.

Unlike many of its competitors, the Company provides flexible in-house credit options for its customers. In the last three years, the Company has financed, on average, approximately 58% of retail sales. Customer receivables are financed substantially through an asset-backed securitization facility, from which the Company derives servicing fee income and interest income. The Company transfers receivables, consisting of retail installment contracts and revolving accounts for credit extended to its customers, to a qualifying special purpose entity in exchange for cash and subordinated securities represented by asset-backed and variable funding notes issued to third parties.

This press release contains forward-looking statements that involve risks and uncertainties. Such forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "could," "estimate," "should," "anticipate," or "believe," or the negative thereof or variations thereon or similar terminology. Although the Company believes that the expectations reflected in such forward-looking statements will prove to be correct, the Company can give no assurance that such expectations will prove to be correct. The actual future performance of the Company could differ materially from such statements. Factors that could cause or contribute to such differences include, but are not limited to: the Company's growth strategy and plans regarding opening new stores and entering new markets; the Company's intention to update or expand existing stores; the Company's estimated capital expenditures and costs related to the opening of new stores or the update or expansion of existing stores; the Company's cash flow from operations, borrowings from its revolving line of credit and proceeds from securitizations to fund operations, debt repayment and expansion; growth trends and projected sales in the home appliance and consumer electronics industry and the Company's ability to capitalize on such growth; relationships with the Company's key suppliers; the results of the Company's litigation; interest rates; weather conditions in the Company's markets; delinquency and loss trends in the sold receivables portfolio; changes in the Company's stock price; and the actual number of shares of common stock outstanding. Further information on these risk factors is included in the Company's filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K which was filed on March 29, 2007. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Except as required by law, the Company is not obligated to publicly release any revisions to these forward-looking statements to reflect the events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.

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

	Three Months Ended April 30,	
	2006	2007
Revenues		
Total net sales	$171,705	$181,365
Finance charges and other	20,483	23,945
Total revenues	192,188	205,310
Cost and expenses		

Cost of goods sold, including warehousing and occupancy costs	125,729	131,971
Cost of parts sold, including warehousing and occupancy costs	1,565	1,866
Selling, general and administrative expense	46,664	51,636
Provision for bad debts	43	560
Total cost and expenses	174,001	186,033
Operating income	18,187	19,277
Interest income, net	(184)	(240)
Other income, net	(33)	(831)
Income before income taxes	18,404	20,348
Provision for income taxes	6,455	7,402
Net income	$11,949	$12,946
Earnings per share		
Basic	$0.51	$0.55
Diluted	$0.49	$0.54
Average common shares outstanding		
Basic	23,596	23,567
Diluted	24,448	24,121

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

	January 31, 2007	April 30, 2007
		(unaudited)
Assets		
Current assets		
Cash and cash equivalents	$56,570	$52,880
Interests in securitized assets and accounts receivable, net	168,296	180,144
Inventories	87,098	81,255
Deferred income taxes	551	856
Prepaid expenses and other assets	5,247	7,368
Total current assets	317,762	322,503
Non-current deferred income tax asset	2,920	-
Total property and equipment, net	59,440	52,329
Goodwill and other assets, net	9,825	9,812
Total assets	$389,947	$384,644
Liabilities and Stockholders' Equity		
Current Liabilities		
Notes payable	$-	$-
Current portion of long-term debt	110	104
Accounts payable	54,045	35,583

Accrued compensation and related expenses	9,234	7,921
Accrued expenses	20,424	20,320
Other current liabilities	13,209	16,358
Total current liabilities	97,022	80,286
Long-term debt	88	59
Non-current deferred income tax liability	-	1,503
Deferred gains on sales of property	309	1,500
Total stockholders' equity	292,528	301,296
Total liabilities and stockholders' equity	$389,947	$384,644

Conn's, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands)

	Three Months Ended April 30,	
	2006	2007
Net cash used in operating activities	$(8,384)	$(5,612)
Cash flows from investing activities		
Purchase of property and equipment	(7,023)	(2,748)
Proceeds from sale of property	48	8,727
Net cash provided by (used in) investing activities	(6,975)	5,979
Cash flows from financing activities		
Purchase of treasury stock	-	(4,554)
Proceeds from stock issued under employee benefit plans	1,132	530
Excess tax benefits from stock-based compensation	133	2
Increase in debt issuance costs	(22)	-
Payment of promissory notes	(136)	(35)
Net cash (used in) provided by financing activities	1,107	(4,057)
Net change in cash	(14,252)	(3,690)
Cash and cash equivalents		
Beginning of the year	45,176	56,570
End of period	$30,924	$52,880

CALCULATION OF GROSS MARGIN PERCENTAGE

(dollars in thousands)

Three Months Ended April 30,

		2006	2007
A	Product sales	$158,509	$166,639
B	Service maintenance agreement commissions, net	7,967	9,281
C	Service revenues	5,229	5,445
D	Total net sales	171,705	181,365
E	Finance charges and other	20,483	23,945
F	Total revenues	192,188	205,310
G	Cost of goods sold, including warehousing and occupancy cost	(125,729)	(131,971)
H	Cost of parts sold, including warehousing and occupancy cost	(1,565)	(1,866)
I	Gross margin dollars (F+G+H)	$64,894	$71,473
	Gross margin percentage (I/F)	33.8%	34.8%
J	Product margin dollars (A+G)	$32,780	$34,668
K	Product margin percentage (J/A)	20.7%	20.8%

PORTFOLIO STATISTICS
For the periods ended January 31, 2005, 2006 and 2007 and April 30, 2006 and 2007
(dollars in thousands, except average outstanding balance per account)

	January 31,			April 30,	
	2005	2006	2007	2006	2007
Total accounts	350,251	415,338	459,065	412,392	463,259
Total outstanding balance	$428,700	$519,721	$569,551	$521,532	$584,162
Average outstanding balance per account	$1,224	$1,251	$1,241	$1,265	$1,261
60 day delinquency	$23,143	$35,537	$37,662	$30,890	$35,185
Percent delinquency	5.4%	6.8%	6.6%	5.9%	6.0%
Charge-off ratio (annual)	2.4%	2.5%	3.3%	3.6%	2.7%

SOURCE: Conn's, Inc.

Conn's, Inc., Beaumont
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