

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 October 31, 2013

Commission File Number 1-34956

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)

**4055 Technology Forest Blvd, Suite 210
The Woodlands, Texas 77381
(936) 230-5899**

(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 29, 2013:

Class
Common stock, \$.01 par value per share

Outstanding
35,994,852

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION	Page No.
Item 1.	Financial Statements	
	Condensed Consolidated Balance Sheets as of October 31, 2013 and January 31, 2013	1
	Condensed Consolidated Statements of Operations for the three months and nine months ended October 31, 2013 and 2012	2
	Condensed Consolidated Statements of Comprehensive Income for the three months and nine months ended October 31, 2013 and 2012	3
	Condensed Consolidated Statements of Stockholders' Equity for the nine months ended October 31, 2013 and 2012	4
	Condensed Consolidated Statements of Cash Flows for the nine months ended October 31, 2013 and 2012	5
	Notes to Condensed Consolidated Financial Statements	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	30
Item 4.	Controls and Procedures	30
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	30
Item 1A.	Risk Factors	30
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3.	Defaults Upon Senior Securities	30
Item 4.	Mine Safety Disclosures	30
Item 5.	Other Information	30
Item 6.	Exhibits	32

CONN'S, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except share data)

Assets	October 31, 2013	January 31, 2013
Current assets		
Cash and cash equivalents	\$ 3,701	\$ 3,849
Customer accounts receivable, net of allowance of \$38,160 and \$27,617, respectively (includes balance of VIE of \$28,553 at January 31, 2013)	473,795	378,050
Other accounts receivable, net	44,648	45,759
Inventories	131,732	73,685
Deferred income taxes	17,957	15,302
Prepaid expenses and other assets (includes balance of VIE of \$4,717 at January 31, 2013)	7,209	11,599
Total current assets	679,042	528,244
Long-term portion of customer accounts receivable, net of allowance of \$32,265 and \$22,866, respectively (includes balance of VIE of \$23,641 at January 31, 2013)	400,606	313,011
Property and equipment	173,372	141,449
Less accumulated depreciation	(97,937)	(94,455)
Property and equipment, net	75,435	46,994
Deferred income taxes	11,298	11,579
Other assets	7,983	10,029
Total assets	\$ 1,174,364	\$ 909,857
Liabilities and Stockholders' Equity		
Current Liabilities		
Current portion of long-term debt (includes balance of VIE of \$32,307 at January 31, 2013)	\$ 527	\$ 32,526
Accounts payable	106,422	69,608
Accrued compensation and related expenses	12,027	8,780
Accrued expenses	30,374	20,716
Income taxes payable	2,242	4,618
Deferred revenues and allowances	15,793	14,915
Total current liabilities	167,385	151,163
Long-term debt	422,161	262,531
Other long-term liabilities	26,083	21,713
Commitments and contingencies		
Stockholders' equity		
Preferred stock (\$0.01 par value, 1,000,000 shares authorized; none issued or outstanding)	—	—
Common stock (\$0.01 par value, 50,000,000 shares authorized; 35,975,452 and 35,192,070 shares issued at October 31, 2013 and January 31, 2013, respectively)	360	352
Additional paid-in capital	222,810	204,372
Accumulated other comprehensive loss	(98)	(223)
Retained earnings	335,663	269,949
Total stockholders' equity	558,735	474,450
Total liabilities and stockholders' equity	\$ 1,174,364	\$ 909,857

See notes to condensed consolidated financial statements.

CONN'S, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Revenues				
Product sales	\$ 234,159	\$ 151,663	\$ 628,482	\$ 459,804
Repair service agreement commissions	19,601	12,183	52,756	35,930
Service revenues	3,286	3,477	8,968	10,181
Total net sales	257,046	167,323	690,206	505,915
Finance charges and other	53,830	39,078	142,422	108,773
Total revenues	310,876	206,401	832,628	614,688
Cost and expenses				
Cost of goods sold, including warehousing and occupancy costs	151,987	105,688	411,484	325,041
Cost of service parts sold, including warehousing and occupancy costs	1,286	1,522	4,010	4,513
Selling, general and administrative expense	90,341	61,210	242,353	180,247
Provision for bad debts	22,730	13,449	58,049	34,838
Charges and credits	2,834	641	2,834	1,150
Total cost and expenses	269,178	182,510	718,730	545,789
Operating income	41,698	23,891	113,898	68,899
Interest expense	3,714	4,526	10,720	13,159
Loss on extinguishment of debt	—	818	—	818
Other income, net	—	(3)	(38)	(105)
Income before income taxes	37,984	18,550	103,216	55,027
Provision for income taxes	13,608	6,765	37,502	20,080
Net income	\$ 24,376	\$ 11,785	\$ 65,714	\$ 34,947
Earnings per share:				
Basic	\$ 0.68	\$ 0.36	\$ 1.84	\$ 1.08
Diluted	\$ 0.66	\$ 0.35	\$ 1.79	\$ 1.05
Average common shares outstanding:				
Basic	35,955	32,553	35,686	32,387
Diluted	36,965	33,539	36,795	33,207

See notes to condensed consolidated financial statements.

CONN'S, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)
(in thousands)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Net income	\$ 24,376	\$ 11,785	\$ 65,714	\$ 34,947
Change in fair value of hedges	103	35	193	48
Impact of provision for income taxes on comprehensive income	(36)	(12)	(68)	(17)
Comprehensive income	<u>\$ 24,443</u>	<u>\$ 11,808</u>	<u>\$ 65,839</u>	<u>\$ 34,978</u>

See notes to condensed consolidated financial statements.

CONN'S, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Nine Months Ended October 31, 2013 and 2012
(unaudited)
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount				
Balance at January 31, 2013	35,191	\$ 352	\$ 204,372	\$ (223)	\$ 269,949	\$ 474,450
Exercise of stock options, net of tax	707	7	14,869	—	—	14,876
Issuance of common stock under Employee Stock Purchase Plan	21	—	680	—	—	680
Vesting of restricted stock units	56	1	—	—	—	1
Stock-based compensation	—	—	2,889	—	—	2,889
Net income	—	—	—	—	65,714	65,714
Change in fair value of hedges, net of tax of \$68	—	—	—	125	—	125
Balance at October 31, 2013	35,975	\$ 360	\$ 222,810	\$ (98)	\$ 335,663	\$ 558,735

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount				
Balance at January 31, 2012	32,140	\$ 321	\$ 136,006	\$ (293)	\$ 217,337	\$ 353,371
Exercise of stock options, net of tax	429	5	5,917	—	—	5,922
Issuance of common stock under Employee Stock Purchase Plan	22	—	274	—	—	274
Vesting of restricted stock units	103	1	—	—	—	1
Stock-based compensation	—	—	2,065	—	—	2,065
Net income	—	—	—	—	34,947	34,947
Change in fair value of hedges, net of tax of \$17	—	—	—	31	—	31
Balance at October 31, 2012	32,694	\$ 327	\$ 144,262	\$ (262)	\$ 252,284	\$ 396,611

See notes to condensed consolidated financial statements.

CONN'S, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(in thousands)

	Nine Months Ended	
	October 31,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 65,714	\$ 34,947
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	9,048	6,777
Amortization	3,140	3,746
Loss from early extinguishment of debt	—	818
Provision for bad debts and uncollectible interest	66,399	41,266
Stock-based compensation	2,889	2,065
Excess tax benefits from stock-based compensation	(4,743)	(638)
Store and facility closure and relocation costs	2,834	163
Provision for deferred income taxes	(2,374)	2,577
Gain on sale of property and equipment	(37)	(107)
Discounts and accretion on promotional credit	—	(188)
Change in operating assets and liabilities:		
Customer accounts receivable	(249,740)	(84,795)
Other accounts receivable	1,096	4,158
Inventories	(58,047)	(14,610)
Prepaid expenses and other assets	(501)	(678)
Accounts payable	36,814	21,463
Accrued expenses	15,178	(2,907)
Income taxes payable	2,493	2,803
Deferred revenues and allowances	138	(1,614)
Net cash (used in) provided by operating activities	(109,699)	15,246
Cash flows from investing activities		
Purchase of property and equipment	(37,122)	(21,331)
Proceeds from sale of property and equipment	44	350
Net cash used in investing activities	(37,078)	(20,981)
Cash flows from financing activities		
Borrowings under lines of credit	306,664	146,513
Payments on lines of credit	(147,737)	(187,594)
Proceeds from issuance of asset-backed notes, net of original issue discount	—	103,025
Payments on asset-backed notes	(32,513)	(52,434)
Change in restricted cash	4,717	(6,441)
Net proceeds from stock issued under employee benefit plans	10,813	5,558
Excess tax benefits from stock-based compensation	4,743	638
Other	(58)	(5,526)
Net cash provided by financing activities	146,629	3,739
Net decrease in cash and cash equivalents	(148)	(1,996)
Cash and cash equivalents		
Beginning of period	3,849	6,265
End of period	\$ 3,701	\$ 4,269

See notes to condensed consolidated financial statements.

CONN'S, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation. The accompanying unaudited, consolidated financial statements of Conn's, Inc. and all of its wholly-owned subsidiaries (the "Company") 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 presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature, except as otherwise described herein. The Company's business is moderately seasonal, with a higher portion of sales and operating profit realized during the quarter that ends January 31, due primarily to the holiday selling season. Operating results for the nine-month period ended October 31, 2013 are not necessarily indicative of the results that may be expected for the full fiscal year ending January 31, 2014. The financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended January 31, 2013, filed with the Securities and Exchange Commission on April 4, 2013.

The Company's balance sheet at January 31, 2013, 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 a complete financial presentation. Please see the Company's Annual Report on Form 10-K for a complete presentation of the audited financial statements for the fiscal year ended January 31, 2013, 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 its wholly-owned subsidiaries. Conn's, Inc. is a holding company with no independent assets or operations other than its investments in its subsidiaries. All material intercompany transactions and balances have been eliminated in consolidation.

In April 2012, the Company transferred certain customer receivables to a bankruptcy-remote, variable-interest entity ("VIE") in connection with a securitization. The VIE, which is consolidated within the accompanying financial statements, issued debt secured by the customer receivables that were transferred to it, which were included in customer accounts receivable and long-term portion of customer accounts receivable on the consolidated balance sheet as of January 31, 2013. On April 15, 2013, the VIE redeemed the then outstanding asset-backed notes and the remaining customer receivables were transferred back to the Company.

The Company determined that the VIE should be consolidated within its financial statements due to the fact that it qualified as the primary beneficiary of the VIE based on the following considerations:

- The Company directed the activities that generated the customer receivables that were transferred to the VIE;
- The Company directed the servicing activities related to the collection of the customer receivables transferred to the VIE;
- The Company absorbed losses incurred by the VIE to the extent of its interest in the VIE before any other investors incurred losses; and
- The Company had the right to receive benefits generated by the VIE after paying the contractual amounts due to the other investors.

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.

Earnings per Share. Basic earnings per share is calculated 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 and restricted stock units granted, to the extent not anti-dilutive, which is calculated using the treasury-stock method. The following table sets forth the shares outstanding for the earnings per share calculations:

	Three Months Ended October 31,	
	2013	2012
<i>(in thousands)</i>		
Weighted average common shares outstanding - Basic	35,955	32,553
Assumed exercise of stock options	790	829
Unvested restricted stock units	220	157
Weighted average common shares outstanding - Diluted	36,965	33,539
	Nine Months Ended October 31,	
	2013	2012
<i>(in thousands)</i>		
Weighted average common shares outstanding - Basic	35,686	32,387
Assumed exercise of stock options	892	689
Unvested restricted stock units	217	131
Weighted average common shares outstanding - Diluted	36,795	33,207

There were no anti-dilutive stock options or restricted stock units for the three and nine months ended October 31, 2013. The weighted average number of stock options and restricted stock units not included in the calculation due to their anti-dilutive effect was 0.3 million and 0.7 million for the three and nine months ended October 31, 2012, respectively.

Fair Value of Financial Instruments. The fair value of cash and cash equivalents and accounts payable approximate their carrying amounts because of the short maturity of these instruments. The fair value of customer accounts receivables, determined using a discounted cash flow analysis, approximates their carrying amount. The fair value of the Company's debt approximates carrying value due to the recent date at which the facility has been renewed. The Company's interest rate cap options are presented on the balance sheet at fair value. Fair value of these instruments were determined using Level 2 inputs of the GAAP hierarchy, which are defined as inputs not quoted in active markets, but are either directly or indirectly observable.

2. Charges and Credits

The Company recorded the following charges during the first nine months of fiscal year 2014:

- As further discussed in Note 5, the Company closed two stores, revised its estimate of future obligations related to other closed stores and relocated certain other facilities during the three months ended October 31, 2013. This resulted in a pre-tax charge of \$2,834 thousand (\$1,834 thousand after-tax). This amount is reported within the retail segment and classified in charges and credits in the consolidated statement of operations.

The Company recorded the following charges during the first nine months of fiscal year 2013:

- During the three months ended October 31, 2012, the Company incurred \$641 thousand in pre-tax costs (\$415 thousand after-tax) in connection with the relocation of certain of its corporate operations from Beaumont to The Woodlands, Texas. This amount is reported within the retail segment and classified in charges and credits in the consolidated statement of operations. Additionally, the Company amended and restated its asset-based loan facility with a syndicate of banks on September 26, 2012. In connection with the transaction, the Company expensed \$818 thousand (\$530 thousand after-tax) of previously deferred transaction costs associated with lenders which are no longer in the current syndicate of banks. This amount is reported within the credit segment and classified in loss on extinguishment of debt in the consolidated statement of operations.
- During the three months ended July 31, 2012, the Company incurred \$346 thousand in pre-tax costs (\$224 thousand after-tax) in connection with the relocation of certain of its corporate operations from Beaumont to The Woodlands, Texas.

This amount is reported within the retail segment and classified in charges and credits in the consolidated statement of operations.

- During the three months ended April 30, 2012, the Company accrued the lease buyout costs related to one of its store closures and revised its estimate of future obligations related to its other closed stores. This resulted in a pre-tax charge of \$163 thousand (\$106 thousand after-tax). This amount is reported within the retail segment and classified in charges and credits in the consolidated statement of operations.

3. Supplemental Disclosure of Customer Receivables

Customer accounts receivable are originated at the time of sale and delivery of the various products and services. The Company records the amount of principal and accrued interest on customer receivables that is expected to be collected within the next twelve months, based on contractual terms, in current assets on its consolidated balance sheet. Those amounts expected to be collected after twelve months, based on contractual terms, are included in long-term assets. Typically, customer receivables are considered delinquent if a payment has not been received on the scheduled due date. Accounts that are delinquent more than 209 days as of the end of a month are charged-off against the allowance for doubtful accounts and interest accrued subsequent to the last payment is reversed and charged against the allowance for uncollectible interest.

As part of its efforts in mitigating losses on its accounts receivable, the Company may make loan modifications to a borrower experiencing financial difficulty that are intended to maximize the net cash flow after expenses, and avoid the need for repossession of collateral. The Company may extend the loan term, refinance or otherwise re-age an account. Accounts that have been re-aged in excess of three months or refinanced are considered Troubled Debt Restructurings (“TDR”).

The Company uses risk-rating criteria to differentiate underwriting requirements, potentially requiring differing down payment and initial application and documentation criteria. The following tables present quantitative information about the receivables portfolio managed by the Company, segregated by segment:

	Total Outstanding Balance					
	Customer Accounts Receivable		60 Days Past Due (1)		Re-aged (1)	
	October 31, 2013	January 31, 2013	October 31, 2013	January 31, 2013	October 31, 2013	January 31, 2013
<i>(in thousands)</i>						
Customer accounts receivable	\$ 901,282	\$ 702,737	\$ 68,046	\$ 41,704	\$ 59,258	\$ 47,757
Restructured accounts (2)	43,544	38,807	12,459	11,135	43,544	38,671
Total receivables managed	\$ 944,826	\$ 741,544	\$ 80,505	\$ 52,839	\$ 102,802	\$ 86,428
Allowance for uncollectible accounts related to the credit portfolio	(59,595)	(43,911)				
Allowance for promotional credit programs	(10,830)	(6,572)				
Short-term portion of customer accounts receivable, net	<u>(473,795)</u>	<u>(378,050)</u>				
Long-term portion of customer accounts receivable, net	<u>\$ 400,606</u>	<u>\$ 313,011</u>				

(1) Amounts are based on end of period balances. As an account can become past due after having been re-aged, accounts may be presented in both the past due and re-aged columns shown above. The amounts included within both the past due and re-aged columns shown above as of October 31, 2013 and January 31, 2013 were \$24.7 million and \$20.7 million, respectively. The total amount of customer receivables past due one day or greater was \$228.7 million and \$172.4 million as of October 31, 2013 and January 31, 2013, respectively. These amounts include the 60 days past due totals shown above.

(2) In addition to the amounts included in restructured accounts, there are \$1.4 million and \$1.9 million as of October 31, 2013 and January 31, 2013, respectively, of accounts re-aged four or more months included in the re-aged balance above that did not qualify as TDRs because they were not re-aged subsequent to January 31, 2011.

	Average Balances		Net Credit Charge-offs (1)		Average Balances		Net Credit Charge-offs (1)	
	Three Months Ended October 31,		Three Months Ended October 31,		Nine Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012	2013	2012	2013	2012
(in thousands)								
Customer accounts receivable	\$ 853,394	\$ 638,192	\$ 12,358	\$ 8,588	\$ 779,859	\$ 612,897	\$ 31,982	\$ 24,482
Restructured accounts	41,693	36,325	4,564	4,278	40,446	39,971	10,671	15,542
Total receivables managed	\$ 895,087	\$ 674,517	\$ 16,922	\$ 12,866	\$ 820,305	\$ 652,868	\$ 42,653	\$ 40,024

(1) Charge-offs include the principal amount of losses (excluding accrued and unpaid interest) net of recoveries which include principal collections during the period shown of previously charged-off balances.

Following is the activity in the Company's balance in the allowance for doubtful accounts and uncollectible interest for customer receivables for the nine months ended October 31, 2013 and 2012:

	Nine Months Ended October 31, 2013			Nine Months Ended October 31, 2012		
	Customer Accounts Receivable	Restructured Accounts	Total	Customer Accounts Receivable	Restructured Accounts	Total
(in thousands)						
Allowance at beginning of period	\$ 27,702	\$ 16,209	\$ 43,911	\$ 24,518	\$ 25,386	\$ 49,904
Provision ⁽¹⁾	53,468	12,931	66,399	30,506	10,760	41,266
Principal charge-offs ⁽²⁾	(35,805)	(11,947)	(47,752)	(26,281)	(16,684)	(42,965)
Interest charge-offs	(6,045)	(2,017)	(8,062)	(4,054)	(2,575)	(6,629)
Recoveries ⁽²⁾	3,823	1,276	5,099	1,799	1,142	2,941
Allowance at end of period	\$ 43,143	\$ 16,452	\$ 59,595	\$ 26,488	\$ 18,029	\$ 44,517

(1) Includes provision for uncollectible interest, which is included in finance charges and other.

(2) Charge-offs include the principal amount of losses (excluding accrued and unpaid interest), and recoveries include principal collections during the period shown of previously charged-off balances. Net charge-offs are calculated as the net of principal charge-offs and recoveries.

The Company records an allowance for doubtful accounts, including estimated uncollectible interest, for its customer accounts receivable, based on its historical cash collections and net loss experience using a projection of monthly delinquency performance, cash collections and losses. In addition to pre-charge-off cash collections and charge-off information, estimates of post-charge-off recoveries, including cash payments, amounts realized from the repossession of the products financed and, at times, payments received under credit insurance policies are also considered.

The Company determines reserves for those accounts that are TDRs based on the present value of cash flows expected to be collected over the life of those accounts. The excess of the carrying amount over the discounted cash flow amount is recorded as a reserve for loss on those accounts.

The Company typically only places accounts in non-accrual status when legally required. Payment received on non-accrual loans will be applied to principal and reduce the amount of the loan. Interest accrual is resumed on those accounts once a legally-mandated settlement arrangement is reached or other payment arrangements are made with the customer. Customer receivables in non-accrual status were \$11.0 million and \$9.0 million at October 31, 2013 and January 31, 2013, respectively. Customer receivables that were past due 90 days or more and still accruing interest totaled \$55.3 million and \$36.6 million at October 31, 2013 and January 31, 2013, respectively.

4. Supplemental Disclosure of Finance Charges and Other Revenue

The following is a summary of the classification of the amounts included as finance charges and other for the three and nine months ended October 31, 2013 and 2012:

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Interest income and fees on customer receivables	\$ 40,260	\$ 32,458	\$ 109,667	\$ 90,915
Insurance commissions	13,132	6,280	31,688	17,001
Other	438	340	1,067	857
Finance charges and other	<u>\$ 53,830</u>	<u>\$ 39,078</u>	<u>\$ 142,422</u>	<u>\$ 108,773</u>

Interest income and fees on customer receivables is reduced by provisions for uncollectible interest of \$4.2 million and \$1.9 million, respectively, for the three months ended October 31, 2013 and 2012, and \$9.4 million and \$5.9 million, respectively, for the nine months ended October 31, 2013 and 2012. The amount included in interest income and fees on customer receivables related to TDR accounts was \$1.1 million and \$0.9 million for each of the three months ended October 31, 2013 and 2012, respectively, and \$3.2 million and \$3.1 million for each of the nine months ended October 31, 2013 and 2012, respectively. The Company recognizes interest income on TDR accounts using the interest income method, which requires reporting interest income equal to the increase in the net carrying amount of the loan attributable to the passage of time. Cash proceeds and other adjustments are applied to the net carrying amount of TDR accounts such that it always equals the present value of expected future cash flows.

5. Accrual for Store Closures

During the three months ended October 31, 2013, the Company revised its estimates related to remaining lease obligations, net of estimated sublease income, for certain facilities closed prior to January 31, 2013. The loss of a sublease tenant and other market events during the quarter resulted in a \$2.0 million charge to income and a related increase in the recorded obligation. Additionally, the Company closed two retail locations that did not perform at a level the Company currently expects for mature store locations and relocated certain other facilities, incurring related costs of \$0.8 million. Reported within charges and credits for the retail segment in the accompanying, facility-related closure costs totaled \$2.8 million for the quarter ended October 31, 2013.

During fiscal 2013 and 2012, the Company closed two and 11 retail locations, respectively, that did not perform at a level the Company expects for mature store locations. Certain of the closed stores had unexpired leases, resulting in the accrual of the present value of remaining lease obligations and anticipated ancillary occupancy costs, net of estimated sublease income. Revisions to these projections for changes in estimated marketing times and sublease rates are made to the obligation as further information related to the actual terms and costs become available. The estimates were calculated using Level 2 fair value inputs. The following table presents detail of the activity in the accrual for store closures during the nine months ended October 31, 2013 and 2012:

<i>(in thousands)</i>	Nine Months Ended October 31,	
	2013	2012
Balance at beginning of period	\$ 5,071	\$ 8,106
Accrual for closures	137	450
Change in estimate	2,036	(287)
Cash payments	(1,509)	(3,292)
Balance at end of period	<u>\$ 5,735</u>	<u>\$ 4,977</u>
Balance sheet presentation:		October 31, 2013
Accrued expenses		\$ 3,395
Other long-term liabilities		2,340
		<u>\$ 5,735</u>

The cash payments include payments made for facility rent and related costs.

6. Debt and Letters of Credit

The Company's long-term debt consisted of the following at the period ended:

<i>(in thousands)</i>	October 31, 2013	January 31, 2013
Asset-based revolving credit facility	\$ 421,328	\$ 262,401
Asset-backed notes, net of discount of \$205	—	32,307
Other long-term debt	1,360	349
Total debt	422,688	295,057
Less current portion of debt	527	32,526
Long-term debt	\$ 422,161	\$ 262,531

The Company's asset-based revolving credit facility with a syndicate of banks had capacity of \$585 million as of October 31, 2013. The revolving credit facility provides funding based on a borrowing base calculation that includes customer accounts receivable and inventory. The amended and restated credit facility bears interest at LIBOR plus a spread ranging from 275 basis points to 350 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth). In addition to the leverage ratio, the revolving credit facility includes a fixed charge coverage requirement, a minimum customer receivables cash recovery percentage requirement and a net capital expenditures limit. The asset-based revolving credit facility restricts the amount of dividends the Company can pay and is secured by the assets of the Company not otherwise encumbered.

As of October 31, 2013, the Company had immediately available borrowing capacity of approximately \$162.3 million under its asset-based revolving credit facility, net of standby letters of credit issued, for general corporate purposes. The Company pays additional fees in the amount of 25 basis points for the additional commitment amount.

The Company's asset-based revolving credit facility provides it the ability to utilize letters of credit to secure its deductibles under the Company's property and casualty insurance programs, among other acceptable uses. At October 31, 2013, the Company had outstanding letters of credit of \$1.3 million under this facility. 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 \$1.3 million as of October 31, 2013.

The Company was in compliance with its financial covenants at October 31, 2013.

On April 30, 2012, the Company's VIE issued \$103.7 million of asset-backed notes which bore interest at 4.0% and were sold at a discount to deliver a 5.21% yield, before considering transaction costs. The principal balance of the notes, which was secured by certain customer receivables, was reduced on a monthly basis by collections on the underlying customer receivables after the payment of interest and other expenses of the VIE. While the final maturity for the notes was April 2016, the Company repaid the outstanding note balance in April 2013. In connection with the early repayment of the asset-backed notes, the Company accelerated the amortization of deferred financing cost resulting in an additional \$0.4 million of interest expense during the first quarter of fiscal 2014.

7. Contingencies

The Company is involved in routine litigation and claims incidental to its business from time to time, and, as required, has accrued its estimate of the probable costs for the resolution of these matters, which, individually or in the aggregate, are not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. 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.

8. Segment Reporting

Financial information by segment is presented in the following tables:

<i>(in thousands)</i>	Three Months Ended October 31, 2013			Three Months Ended October 31, 2012		
	Retail	Credit	Total	Retail	Credit	Total
Revenues						
Product sales	\$ 234,159	\$ —	\$ 234,159	\$ 151,663	\$ —	\$ 151,663
Repair service agreement commissions	19,601	—	19,601	12,183	—	12,183
Service revenues	3,286	—	3,286	3,477	—	3,477
Total net sales	257,046	—	257,046	167,323	—	167,323
Finance charges and other	438	53,392	53,830	340	38,738	39,078
Total revenues	257,484	53,392	310,876	167,663	38,738	206,401
Cost and expenses						
Cost of goods sold, including warehousing and occupancy costs	151,987	—	151,987	105,688	—	105,688
Cost of service parts sold, including warehousing and occupancy cost	1,286	—	1,286	1,522	—	1,522
Selling, general and administrative expense (a)	69,920	20,421	90,341	47,275	13,935	61,210
Provision for bad debts	203	22,527	22,730	229	13,220	13,449
Charges and credits	2,834	—	2,834	641	—	641
Total cost and expense	226,230	42,948	269,178	155,355	27,155	182,510
Operating income	31,254	10,444	41,698	12,308	11,583	23,891
Interest expense	—	3,714	3,714	—	4,526	4,526
Loss on extinguishment of debt	—	—	—	—	818	818
Other income, net	—	—	—	(3)	—	(3)
Income before income taxes	\$ 31,254	\$ 6,730	\$ 37,984	\$ 12,311	\$ 6,239	\$ 18,550

<i>(in thousands)</i>	As of October 31, 2013			As of January 31, 2013		
	Retail	Credit	Total	Retail	Credit	Total
Total assets	\$ 275,812	\$ 898,552	\$ 1,174,364	\$ 188,609	\$ 721,248	\$ 909,857

(in thousands)	Nine Months Ended October 31, 2013			Nine Months Ended October 31, 2012		
	Retail	Credit	Total	Retail	Credit	Total
Revenues						
Product sales	\$ 628,482	\$ —	\$ 628,482	\$ 459,804	\$ —	\$ 459,804
Repair service agreement commissions	52,756	—	52,756	35,930	—	35,930
Service revenues	8,968	—	8,968	10,181	—	10,181
Total net sales	690,206	—	690,206	505,915	—	505,915
Finance charges and other	1,067	141,355	142,422	857	107,916	108,773
Total revenues	691,273	141,355	832,628	506,772	107,916	614,688
Cost and expenses						
Cost of goods sold, including warehousing and occupancy costs	411,484	—	411,484	325,041	—	325,041
Cost of service parts sold, including warehousing and occupancy cost	4,010	—	4,010	4,513	—	4,513
Selling, general and administrative expense (a)	188,340	54,013	242,353	139,832	40,415	180,247
Provision for bad debts	389	57,660	58,049	630	34,208	34,838
Charges and credits	2,834	—	2,834	1,150	—	1,150
Total cost and expense	607,057	111,673	718,730	471,166	74,623	545,789
Operating income	84,216	29,682	113,898	35,606	33,293	68,899
Interest expense	—	10,720	10,720	—	13,159	13,159
Loss on extinguishment of debt	—	—	—	—	818	818
Other income, net	(38)	—	(38)	(105)	—	(105)
Income before income taxes	\$ 84,254	\$ 18,962	\$ 103,216	\$ 35,711	\$ 19,316	\$ 55,027

(a) Selling, general and administrative expenses include the direct expenses of the retail and credit operations, allocated overhead expenses and a charge to the credit segment to reimburse the retail segment for expenses it incurs related to occupancy, personnel, advertising and other direct costs of the retail segment which benefit the credit operations by sourcing credit customers and collecting payments. The reimbursement received by the retail segment from the credit segment is estimated using an annual rate of 2.5% times the average portfolio balance for each applicable period. The amount of overhead allocated to each segment was \$2.9 million and \$2.3 million for the three months ended October 31, 2013 and 2012, respectively, and \$8.0 million and \$6.5 million for the nine months ended October 31, 2013 and 2012, respectively. The amount of reimbursement made to the retail segment by the credit segment was \$5.6 million and \$4.2 million for the three months ended October 31, 2013 and 2012, respectively, and \$15.3 million and \$12.2 million for the nine months ended October 31, 2013 and 2012, respectively.

9. Subsequent Event

On November 25, 2013, the Company completed an expansion and extension of its asset-based loan facility with a syndicate of banks. Under the amended terms, the revolving credit facility commitment increased \$265.0 million to \$850.0 million and the maturity date was extended to November 2017. The amended credit facility bears interest at LIBOR plus a spread ranging from 250 basis points to 325 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth).

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

Unless the context otherwise indicates, references to "Conn's," the "Company," "we," "us," and "our" refer to the consolidated business operations of Conn's, Inc. and all of its direct and indirect subsidiaries, limited liability companies and limited partnerships.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives. Statements containing the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by our forward-looking statements including, but not limited to: general economic conditions impacting our customers or potential customers; our ability to continue existing or offer new customer financing programs; changes in the delinquency status of our credit portfolio; higher than anticipated net charge-offs in the credit portfolio; the success of our planned opening of new stores and the updating of existing stores; technological and market developments and sales trends for our major product offerings; our ability to fund our operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from our revolving credit facility, and proceeds from accessing debt or equity markets; and the other risks detailed in our United States Securities and Exchange Commission ("SEC") reports, including but not limited to, our Annual Report on Form 10-K for our fiscal year ended January 31, 2013. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. Except as required by law, we are not obligated to publicly release any revisions or update to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

General

Conn's is a leading specialty retailer that offers a broad selection of high-quality, branded durable consumer goods and related services in addition to a proprietary credit solution for its core credit constrained consumers. We operate a highly integrated and scalable business through our retail stores and website. Our complementary product offerings include home appliances, furniture and mattresses, consumer electronics and home office products from leading global brands across a wide range of price points. Our credit offering provides financing solutions to a large, underserved population of credit constrained consumers who typically are unbanked and have credit scores between 550 and 650. We provide customers the opportunity to comparison shop across brands with confidence in our low prices as well as affordable monthly payment options, next day delivery and installation, and product repair service. We believe our large, attractively merchandised stores and credit solutions offer a distinctive shopping experience compared to other retailers that target our core customer demographic.

We operate over 70 retail locations in Texas, Louisiana, Arizona, Oklahoma and New Mexico. The Company's primary product categories include:

- Home appliance, including refrigerators, freezers, washers, dryers, dishwashers and ranges;
- Furniture and mattress, including furniture and related accessories for the living room, dining room and bedroom, as well as both traditional and specialty mattresses;
- Consumer electronic, including LCD, LED, 3-D and plasma televisions, Blu-ray players, home theater and video game products, camcorders, digital cameras, and portable audio equipment; and
- Home office, including computers, tablets, printers and accessories.

Additionally, the Company offers a variety of products on a seasonal basis.

Our stores typically range in size from 18,000 to 50,000 square feet and are predominately located in areas densely populated by our core customer and are typically anchor stores in strip malls. We utilize a "good-better-best" merchandising strategy that offers approximately 2,300 branded products from approximately 200 manufacturers and distributors in a wide range of price points. Our commissioned sales, consumer credit and service personnel are well-trained and knowledgeable to assist our customers with product selection and the credit application process. We also provide additional services including next day delivery and installation capabilities, and product repair or replacement services for most items sold in our stores.

Unlike many of our competitors, we provide multiple financing options to address various customer needs including a proprietary in-house credit program, a third-party financing program and a third-party rent-to-own payment program. The majority

of our credit customers use our in-house credit program and typically have a credit score of between 550 and 650, with the average score of new applicants for the three months ended October 31, 2013 of 598. For customers who do not qualify for our in-house program, we offer rent-to-own payment plans through RAC Acceptance. For customers with high credit scores, we have partnered with GE Capital to offer long-term, no interest and revolving credit plans. RAC Acceptance and GE Capital manage their respective underwriting decisions, management and collection of their credit programs. For the three months ended October 31, 2013, we financed approximately 79.5% of our retail sales, including down payments, under our in-house financing program.

We believe our extensive brand and product selection, competitive pricing, financing alternatives and supporting services combined with our customer service-focused store associates make us an attractive alternative to appliance and electronics superstores, department stores and other national, regional, local and internet retailers.

Due to the holiday selling season, our business is moderately seasonal, with a greater share of our revenues, operating and net income historically realized during the quarter ending January 31.

Operational Changes and Operating Environment

We have implemented, continued to focus on, or modified operating initiatives that we believe should positively impact future results, including:

- Opening expanded Conn's HomePlus stores in new markets. During the first nine months of 2013, we opened new stores in Mesa, Phoenix and Tempe, Arizona; Las Cruces, New Mexico; and Tulsa, Oklahoma. Additionally, we opened new stores in each of our existing Houston and Dallas, Texas markets and we plan to open seven additional new stores by January 31, 2014. We plan to open 15 to 20 new stores during fiscal 2015;
- Remodeling existing stores utilizing the new Conn's HomePlus format to increase retail square footage and improve our customers shopping experience;
- Expanding and enhancing our product offering of higher-margin furniture and mattresses;
- Focusing on higher-price, higher-margin products to improve operating performance;
- Reviewing our existing store locations to ensure the customer demographics and retail sales opportunity are sufficient to achieve our store performance expectations, and selectively closing or relocating stores to achieve those goals. In this regard, we have closed a total of 15 retail locations since the beginning of fiscal 2012 that did not perform at the level we expect for mature store locations;
- Assessing the ability to approve customers being declined today, as retail margin and portfolio yield increases may provide the ability to finance these customers profitably;
- Increased use of interest-free credit programs, with terms of 12 months or less, during fiscal 2014 with the intent to accelerate cash collections, while modestly reducing portfolio interest and fee yield; and
- Focusing on improving the execution within our collection operations to reduce delinquency rates and future charge-offs.

While we have benefited from our operations being historically concentrated in the Texas, Louisiana and Oklahoma region in the past, continued weakness in the national and state economies, including instability in the financial markets and the volatility of oil and natural gas prices, have and will present significant challenges to our operations in the coming quarters.

Customer Receivable Portfolio Data

The following tables present, for comparison purposes, information about our credit portfolios (dollars in thousands, except average outstanding customer balance):

	As of October 31,	
	2013	2012
Total outstanding balance	\$ 944,826	\$ 683,744
Weighted average credit score of outstanding balances	591	603
Weighted average months since origination of outstanding balances ⁽¹⁾	8.6	9.7
Percent of total outstanding balances represented by balances over 36 months from origination ⁽¹⁾	0.5%	1.1%
Average outstanding customer balance	\$ 1,676	\$ 1,479
Number of active accounts	563,573	462,200
Account balances 60+ days past due ⁽²⁾	\$ 80,505	\$ 47,691
Percent of balances 60+ days past due to total outstanding balance	8.5%	7.0%
Total account balances reaged ⁽²⁾	\$ 102,802	\$ 77,837
Percent of re-aged balances to total outstanding balance	10.9%	11.4%
Account balances re-aged more than six months	\$ 20,738	\$ 20,225
Percent of total bad debt allowance to total outstanding balance	6.3%	6.5%
Percent of total outstanding balance represented by promotional receivables	33.4%	23.5%

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2013	2012	2013	2012
Total applications processed ⁽³⁾	267,558	198,617	682,453	565,036
Weighted average origination credit score of sales financed	599	616	601	615
Total applications approved ⁽³⁾	48.5%	52.3%	50.4%	56.6%
Weighted average down payment	3.4%	2.8%	3.7%	3.4%
Average total outstanding balance	\$ 895,087	\$ 674,517	\$ 820,305	\$ 652,868
Bad debt charge-offs (net of recoveries)	\$ 16,922	\$ 12,866	\$ 42,653	\$ 40,024
Percent of bad debt charge-offs (net of recoveries) to average outstanding balance, annualized	7.6%	7.6%	6.9%	8.2%
Weighted average monthly payment rate ⁽⁴⁾	5.1%	5.3%	5.4%	5.5%
Percent of retail sales paid for by:				
In-house financing, including down payment received	79.5%	72.3%	73.2%	69.5%
Third party financing	11.5%	14.5%	11.7%	14.3%
Third party rent-to-own options	2.5%	3.7%	2.9%	3.5%
Total	93.5%	90.5%	87.8%	87.3%

(1) Includes installment accounts only.

(2) Accounts that become delinquent after being re-aged are included in both the delinquency and re-aged amounts.

(3) Total applications approved data for three and nine months ended October 31, 2012 revised to conform calculation of approval status.

(4) Three and nine month average of gross cash payments as a percentage of gross principal balances outstanding at the beginning of each month in the period.

Historical Static Loss Table

The following static loss analysis calculates the cumulative percentage of balances charged off, based on the year the credit account was originated and the period the balance was charged off. The percentage computed below is calculated by dividing the cumulative net amount charged off since origination by the total balance of accounts originated during the applicable fiscal year. The net charge-off was determined by estimating, on a pro rata basis, the amount of the recoveries received during a period that was allocable to the applicable origination period (dollars in thousands).

Fiscal year of origination	As of October 31, 2013 ^(a)		Cumulative loss rate as a % of balance originated ^(b)				
	Balance outstanding	% of balance originated outstanding	Years from origination				
			—	1	2	3	Terminal ^(c)
2005			0.3%	1.8%	3.5%	4.4%	5.1%
2006			0.3%	1.9%	3.6%	4.8%	5.8%
2007			0.2%	1.7%	3.5%	4.8%	5.8%
2008			0.2%	1.8%	3.6%	5.1%	5.9%
2009			0.2%	2.1%	4.6%	6.1%	6.6%
2010	\$1,121	0.2%	0.2%	2.4%	4.6%	6.0%	6.1%
2011	\$7,652	1.2%	0.4%	2.6%	5.2%	5.8%	
2012	\$64,854	10.8%	0.2%	3.1%	4.9%		
2013	\$260,368	35.4%	0.4%	3.4%			

(a) As of October 31, 2013, balances originated prior to fiscal 2010 and outstanding were insignificant.

(b) The most recent percentages in years from origination 1 through 3 include loss data through October 31, 2013, and are not comparable to prior fiscal year accumulated net charge-off percentages in the same column.

(c) The terminal loss percentage presented represents the point at which that pool of loans has reached its maximum loss rate.

Results of Operations

The presentation of our results of operations may not be comparable to some other retailers since we include the cost of our in-home delivery and installation 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.

The following tables present certain operations information, on a consolidated and segment basis:

Consolidated:

(in thousands)	Three Months Ended October 31,			Nine Months Ended October 31,		
	2013	2012	Change	2013	2012	Change
Revenues						
Product sales	\$ 234,159	\$ 151,663	\$ 82,496	\$ 628,482	\$ 459,804	\$ 168,678
Repair service agreement commissions	19,601	12,183	7,418	52,756	35,930	16,826
Service revenues	3,286	3,477	(191)	8,968	10,181	(1,213)
Total net sales	257,046	167,323	89,723	690,206	505,915	184,291
Finance charges and other	53,830	39,078	14,752	142,422	108,773	33,649
Total revenues	310,876	206,401	104,475	832,628	614,688	217,940
Cost and expenses						
Cost of goods sold, including warehousing and occupancy costs	151,987	105,688	46,299	411,484	325,041	86,443
Cost of service parts sold, including warehousing and occupancy cost	1,286	1,522	(236)	4,010	4,513	(503)
Selling, general and administrative expense (a)	90,341	61,210	29,131	242,353	180,247	62,106
Provision for bad debts	22,730	13,449	9,281	58,049	34,838	23,211
Charges and credits	2,834	641	2,193	2,834	1,150	1,684
Total cost and expenses	269,178	182,510	86,668	718,730	545,789	172,941
Operating income	41,698	23,891	17,807	113,898	68,899	44,999
Interest expense	3,714	4,526	(812)	10,720	13,159	(2,439)
Loss on extinguishment of debt	—	818	(818)	—	818	(818)
Other income, net	—	(3)	3	(38)	(105)	67
Income before income taxes	37,984	18,550	19,434	103,216	55,027	48,189
Provision for income taxes	13,608	6,765	6,843	37,502	20,080	17,422
Net income	\$ 24,376	\$ 11,785	\$ 12,591	\$ 65,714	\$ 34,947	\$ 30,767

Retail Segment:

(in thousands)	Three Months Ended October 31,			Nine Months Ended October 31,		
	2013	2012	Change	2013	2012	Change
Revenues						
Product sales	\$ 234,159	\$ 151,663	\$ 82,496	\$ 628,482	\$ 459,804	\$ 168,678
Repair service agreement commissions	19,601	12,183	7,418	52,756	35,930	16,826
Service revenues	3,286	3,477	(191)	8,968	10,181	(1,213)
Total net sales	257,046	167,323	89,723	690,206	505,915	184,291
Finance charges and other	438	340	98	1,067	857	210
Total revenues	257,484	167,663	89,821	691,273	506,772	184,501
Cost and expenses						
Cost of goods sold, including warehousing and occupancy costs	151,987	105,688	46,299	411,484	325,041	86,443
Cost of service parts sold, including warehousing and occupancy cost	1,286	1,522	(236)	4,010	4,513	(503)
Selling, general and administrative expense (a)	69,920	47,275	22,645	188,340	139,832	48,508
Provision for bad debts	203	229	(26)	389	630	(241)
Charges and credits	2,834	641	2,193	2,834	1,150	1,684
Total cost and expenses	226,230	155,355	70,875	607,057	471,166	135,891
Operating income	31,254	12,308	18,946	84,216	35,606	48,610
Other income, net	—	(3)	3	(38)	(105)	67
Income before income taxes	\$ 31,254	\$ 12,311	\$ 18,943	\$ 84,254	\$ 35,711	\$ 48,543

Credit Segment:

(in thousands)	Three Months Ended October 31,			Nine Months Ended October 31,		
	2013	2012	Change	2013	2012	Change
Revenues						
Finance charges and other	\$ 53,392	\$ 38,738	\$ 14,654	\$ 141,355	\$ 107,916	\$ 33,439
Cost and expenses						
Selling, general and administrative expense (a)	20,421	13,935	6,486	54,013	40,415	13,598
Provision for bad debts	22,527	13,220	9,307	57,660	34,208	23,452
Total cost and expenses	42,948	27,155	15,793	111,673	74,623	37,050
Operating income	10,444	11,583	(1,139)	29,682	33,293	(3,611)
Interest expense	3,714	4,526	(812)	10,720	13,159	(2,439)
Loss on extinguishment of debt	—	818	(818)	—	818	(818)
Income before income taxes	\$ 6,730	\$ 6,239	\$ 491	\$ 18,962	\$ 19,316	\$ (354)

- (a) Selling, general and administrative expenses include the direct expenses of the retail and credit operations, allocated overhead expenses and a charge to the credit segment to reimburse the retail segment for expenses it incurs related to occupancy, personnel, advertising and other direct costs of the retail segment which benefit the credit operations by sourcing credit customers and collecting payments. The reimbursement received by the retail segment from the credit segment is estimated using an annual rate of 2.5% times the average portfolio balance for each applicable period. The amount of overhead allocated to each segment was \$2.9 million and \$2.3 million for the three months ended October 31, 2013 and 2012, respectively, and \$8.0 million and \$6.5 million for the nine months ended October 31, 2013 and 2012, respectively. The amount of reimbursement made to the retail segment by the credit segment was \$5.6 million and \$4.2 million for the three months ended October 31, 2013 and 2012, respectively, and \$15.3 million and \$12.2 million for the nine months ended October 31, 2013 and 2012, respectively.

Segment Overview

The following provides an overview of our retail and credit segment operations for the three and nine months ended October 31, 2013. A detailed explanation of the changes in our operations for the comparative periods is included below:

Retail Segment

- Revenues were \$257.5 million for the quarter ended October 31, 2013, an increase of \$89.8 million, or 53.6%, from the prior-year period. The increase in revenues during the quarter was primarily driven by a 35.1% increase in same store sales as well as new store openings. Revenues for the nine months ended October 31, 2013 increased by 36.4% over the prior-year period, driven by same store sales growth of 23.7% and new store openings.
- Retail gross margin was 40.1% for the quarter ended October 31, 2013, an increase of 460 basis points over the 35.5% reported in the comparable quarter last year. This increase was driven by continued margin improvement across all major product categories due primarily to the continued focus on higher price-point, higher margin products and realization of sourcing opportunities. Retail gross margin for the nine-month period increased from 34.4% in the prior-year period to 39.6% in the current period reflecting a favorable shift in product mix and margin expansion in each of the product categories.
- Selling, general and administrative (“SG&A”) expense was \$69.9 million for the quarter ended October 31, 2013, an increase of \$22.6 million, or 47.9%, over the quarter ended October 31, 2012. The SG&A expense increase was primarily due to higher sales-driven compensation, advertising costs, facility-related costs and delivery expenses. As a percent of segment revenues, SG&A expense was 27.2% in the current period, down 100 basis points when compared to the prior-year quarter primarily due to the leveraging effect of higher revenues. SG&A expense for the nine months ended October 31, 2013 increased \$48.5 million from the prior-year period but declined slightly as a percentage of segment revenues as the leveraging effect of higher revenues was partially offset by the costs of new store openings.

Credit Segment

- Revenues were \$53.4 million for the three months ended October 31, 2013, an increase of \$14.7 million, or 37.8%, from the prior-year quarter. The increase was primarily driven by year-over-year growth in the average balance of the customer receivable portfolio and increased origination volumes. The impact of portfolio growth was tempered by a 150 basis point year-over-year decline in interest and portfolio yield as a result of increased short-term, no-interest financing. Total revenues for the nine-month period increased by \$33.4 million as compared to the prior year period also due to the rise in the average balance of the customer receivable portfolio.
- SG&A expense for the credit segment was \$20.4 million for the quarter ended October 31, 2013, an increase of \$6.5 million, or 46.5%, from the same quarter last year primarily due to portfolio growth resulting in increased compensation and related expenses. SG&A expense as a percent of revenues was 38.2% in the current year period, which compares to 36.0% in the prior-year period. For the nine-month period, credit segment SG&A increased by \$13.6 million also due to increased compensation and related expenses.
- Provision for bad debts was \$22.5 million for the three months ended October 31, 2013, an increase of \$9.3 million from the prior-year quarter. This additional provision was driven primarily by a \$220.6 million, or 32.7%, year-over-year growth in the average receivable portfolio outstanding, which included an increase of \$88.4 million during the current quarter. Additionally, the provision for bad debts rose due to year-over-year deterioration in portfolio delinquency rates. The percentage of the customer portfolio balance greater than 60 days past due was 8.5% as of October 31, 2013, which compares to 7.0% a year ago. The provision for bad debts increased \$23.5 million for the nine-month period also due to substantial growth in the portfolio balance and a deterioration in portfolio delinquency rates.
- Net interest expense for the quarter ended October 31, 2013 was \$3.7 million, a decrease of \$0.8 million from the prior-year period primarily due to a decline in our effective interest rate. The decline in our effective interest rate reflects the redemption of outstanding asset-backed notes over the twelve month period ended April 2013. For the nine months ended October 31, 2013, net interest expense declined by \$2.4 million also due to the asset-backed note repayment. Additionally, the Company recorded approximately \$0.4 million of accelerated amortization of deferred financing costs related to the early repayment of asset-backed notes during the first quarter of fiscal 2014.

Three months ended October 31, 2013 compared to three months ended October 31, 2012

<i>(in thousands)</i>	Three Months Ended October 31,		
	2013	2012	Change
Total net sales	\$ 257,046	\$ 167,323	\$ 89,723
Finance charges and other	53,830	39,078	14,752
Total Revenues	\$ 310,876	\$ 206,401	\$ 104,475

The following table provides an analysis of net sales by product category in each period, including repair service agreement commissions and service revenues, expressed both in dollar amounts and as a percent of total net sales:

<i>(dollars in thousands)</i>	Three Months Ended October 31,				Change	% Change	Same store % change
	2013	% of Total	2012	% of Total			
Home appliance	\$ 66,453	25.9%	\$ 48,499	29.0%	\$ 17,954	37.0 %	22.4%
Furniture and mattress	63,191	24.6	32,346	19.3	30,845	95.4	55.1
Consumer electronic	68,396	26.6	47,082	28.1	21,314	45.3	25.8
Home office	28,613	11.1	16,169	9.7	12,444	77.0	56.6
Other	7,506	2.9	7,567	4.5	(61)	(0.8)	(10.8)
Product sales	234,159	91.1	151,663	90.6	82,496	54.4	32.7
Repair service agreement commissions	19,601	7.6	12,183	7.3	7,418	60.9	55.4
Service revenues	3,286	1.3	3,477	2.1	(191)	(5.5)	
Total net sales	\$ 257,046	100.0%	\$ 167,323	100.0%	\$ 89,723	53.6 %	35.1%

The following provides a summary of items influencing the Company's major product category performance during the quarter, compared to the prior-year period:

- Home appliance unit volume increased 19.9%. Laundry sales increased 40.5%, refrigeration sales were up 38.3%, cooking sales rose 36.6% and air conditioner sales declined 20.3%;
- Furniture unit sales increased 94.9% and the average selling price increased 4.9%;
- Mattress unit volume increased 39.8% and average selling price was up 18.8%;
- Television sales rose 37.1%, with same store growth reported in units and average selling price; and
- Computer sales were up 78.0% and tablet sales increased 69.5%.

<i>(in thousands)</i>	Three Months Ended October 31,		
	2013	2012	Change
Interest income and fees	\$ 40,260	\$ 32,458	\$ 7,802
Insurance commissions	13,132	6,280	6,852
Other income	438	340	98
Finance charges and other	\$ 53,830	\$ 39,078	\$ 14,752

Interest income and fees and insurance commissions are included in the finance charges and other for the credit segment, while other income is included in finance charges and other for the retail segment.

Interest income and fees of the credit segment increased over the prior year level primarily driven by a 32.7% increase in the average balance of the portfolio. Portfolio interest and fee yield declined 150 basis points year-over-year, and 10 basis points

sequentially, to 17.8%, as a result of increased short-term, no-interest financing. Short-term, promotional receivables averaged 32.7% of the total portfolio balance during the quarter ended October 31, 2013, which compares to 22.3% in the prior-year quarter. Insurance commissions were favorably impacted by increased front-end commissions due to higher retail sales and increased retrospective commissions due to lower claims experience.

The following table provides key portfolio performance information for the three months ended October 31, 2013 and 2012:

	Three Months Ended October 31,	
	2013	2012
<i>(in thousands, except percentages)</i>		
Interest income and fees (a)	\$ 40,260	\$ 32,458
Net charge-offs	(16,922)	(12,866)
Borrowing costs (b)	(3,714)	(4,526)
Net portfolio yield	\$ 19,624	\$ 15,066
Average portfolio balance	\$ 895,087	\$ 674,517
Interest income and fee yield % (annualized)	17.8%	19.3%
Net charge-off % (annualized)	7.6%	7.6%

(a) Included in finance charges and other.

(b) Total interest expense.

	Three Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Cost of goods sold	\$ 151,987	\$ 105,688	\$ 46,299
Product gross margin percentage	35.1%	30.3%	

Product gross margin expanded 480 basis points as a percent of product sales from the quarter ended October 31, 2012. Margin improvement was reported in each of the product categories – reflecting the benefit of the sale of higher-price point, higher margin goods and the realization of sourcing opportunities. Product gross margin was also influenced by a favorable shift in product mix.

	Three Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Cost of service parts sold	\$ 1,286	\$ 1,522	\$ (236)
As a percent of service revenues	39.1%	43.8%	

Cost of service parts sold declined due to a \$0.2 million decrease in service revenues.

	Three Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Selling, general and administrative expense - Retail	\$ 69,920	\$ 47,275	\$ 22,645
Selling, general and administrative expense - Credit	20,421	13,935	6,486
Selling, general and administrative expense - Total	\$ 90,341	\$ 61,210	\$ 29,131
As a percent of total revenues	29.1%	29.7%	

For the three months ended October 31, 2013, the increase in SG&A expense was primarily driven by higher compensation, occupancy costs and delivery costs.

The SG&A expense increase in the retail segment was primarily due to higher sales-related compensation and delivery costs, facility-related costs and advertising expenses. As a percent of segment revenues, SG&A expense declined 100 basis points as compared to the prior-year quarter primarily due to the leveraging effect of higher revenues.

The increase in SG&A expense for the credit segment was driven by portfolio balance growth resulting in higher compensation costs related to collections personnel.

<i>(in thousands, except percentages)</i>	Three Months Ended October 31,		Change
	2013	2012	
Provision for bad debts - Retail	\$ 203	\$ 229	\$ (26)
Provision for bad debts - Credit	22,527	13,220	9,307
Provision for bad debts - Total	\$ 22,730	\$ 13,449	\$ 9,281
Provision for bad debts - Credit as a percent of average portfolio balance (annualized)	10.1%	7.8%	

The provision for bad debts is primarily related to the operations of our credit segment, with approximately \$0.2 million for both of the three-month periods ended October 31, 2013 and 2012, included in the results of operations for the retail segment.

The provision for bad debts of the credit segment increased by \$9.3 million from the prior-year period. This additional provision was driven primarily by the substantial year-over-year growth in the average receivable portfolio balance outstanding, which includes an increase of \$88.4 million during the current quarter. Additionally, the provision for bad debts rose due to deterioration in portfolio delinquency rates. The percentage of the customer portfolio balance greater than 60 days past due was 8.5% as of October 31, 2013, which compares to 7.0% a year ago.

<i>(in thousands)</i>	Three Months Ended October 31,		Change
	2013	2012	
Store and facility closure and relocation costs	\$ 2,834	\$ —	\$ 2,834
Costs related to relocation	—	641	(641)
Charges and credits	\$ 2,834	\$ 641	\$ 2,193

During the third quarter of fiscal 2014, we recorded a \$2.8 million charge related to the closure and relocation of certain retail locations and other facilities. Of this amount, \$2.0 million was related to the revision of estimated lease obligations of previously closed stores.

The Company relocated certain of its corporate operations from Beaumont to The Woodlands, Texas during the third quarter of fiscal 2013. The Company incurred \$0.6 million in pre-tax costs in connection with the relocation.

<i>(in thousands)</i>	Three Months Ended October 31,		Change
	2013	2012	
Interest expense	\$ 3,714	\$ 4,526	\$ (812)

Net interest expense for the three months ended October 31, 2013 declined \$0.8 million from the prior-year period primarily due to the repayment of outstanding asset-backed notes, which carried a higher effective interest rate. The entirety of our interest expense is included in the results of operations of the credit segment.

<i>(in thousands)</i>	Three Months Ended October 31,		Change
	2013	2012	
Loss on extinguishment of debt	\$ —	\$ 818	\$ (818)

The Company amended and restated its asset-based loan facility with a syndicate of banks on September 26, 2012. In connection with the transaction, the Company expensed \$0.8 million in previously deferred transaction costs associated with lenders which are no longer in the current syndicate of banks. This amount is included in the results of operations of the credit segment.

<i>(in thousands, except percentages)</i>	Three Months Ended October 31,		Change
	2013	2012	
Provision for income taxes	\$ 13,608	\$ 6,765	6,843
As a percent of income before income taxes	35.8%	36.5%	

The provision for income taxes increased due primarily to the year-over-year improvement in profitability. The decline in the effective tax rate reflects the leveraging impact of the year-over-year increase in income before income taxes on non-deductible items and margin-based taxes.

Nine months ended October 31, 2013 compared to nine months ended October 31, 2012

<i>(in thousands)</i>	Nine Months Ended October 31,		Change
	2013	2012	
Total net sales	\$ 690,206	\$ 505,915	\$ 184,291
Finance charges and other	142,422	108,773	33,649
Total Revenues	\$ 832,628	\$ 614,688	\$ 217,940

The following table provides an analysis of net sales by product category in each period, including repair service agreement commissions and service revenues, expressed both in dollar amounts and as a percent of total net sales:

<i>(dollars in thousands)</i>	Nine Months Ended October 31,				Change	% Change	Same store % change
	2013	% of Total	2012	% of Total			
Home appliance	\$ 187,989	27.2%	\$ 148,716	29.4%	\$ 39,273	26.4 %	16.4%
Furniture and mattress	162,982	23.6	92,735	18.3	70,247	75.8	47.4
Consumer electronic	180,972	26.2	146,119	28.9	34,853	23.9	11.6
Home office	64,831	9.5	42,755	8.5	22,076	51.6	37.9
Other	31,708	4.6	29,479	5.8	2,229	7.6	1.0
Product sales	628,482	91.1	459,804	90.9	168,678	36.7	22.5
Repair service agreement commissions	52,756	7.6	35,930	7.1	16,826	46.8	38.4
Service revenues	8,968	1.3	10,181	2.0	(1,213)	(11.9)	
Total net sales	\$ 690,206	100.0%	\$ 505,915	100.0%	\$ 184,291	36.4 %	23.7%

The following provides a summary of items influencing the Company's major product category performance during the quarter, compared to the prior-year period:

- Home appliance unit volume increased 12.8%. Laundry sales increased 30.6%, refrigeration sales were up 25.9%, cooking sales rose 25.2% and air conditioner sales declined 9.0%;

- Furniture unit sales increased 79.7% and the average selling price remained flat;
- Mattress unit volume increased 37.4% and average selling price was up 16.3%;
- Television sales rose 18.6%, with overall growth reported in average selling price and quantities; and
- Computer sales increased 39.6% and tablet sales were up 87.3%.

<i>(in thousands)</i>	Nine Months Ended October 31,		
	2013	2012	Change
Interest income and fees	\$ 109,667	\$ 90,915	\$ 18,752
Insurance commissions	31,688	17,001	14,687
Other income	1,067	857	210
Finance charges and other	\$ 142,422	\$ 108,773	\$ 33,649

Interest income and fees and insurance commissions are included in the finance charges and other for the credit segment, while other income is included in finance charges and other for the retail segment.

Interest income and fees of the credit segment increased over the prior year level primarily driven by an 25.6% increase in the average balance of the portfolio. Portfolio interest and fee yield declined 70 basis points year-over-year, to 17.9%, due primarily to increased short-term, no-interest financing. Short-term, promotional receivables averaged 31.1% of the total portfolio balance during the nine months ended October 31, 2013, which compares to 19.3% in the prior-year period. Insurance commissions were favorably impacted by increased front-end commissions due to higher retail sales and increased retrospective commissions due to lower claims experience.

The following table provides key portfolio performance information for the nine months ended October 31, 2013 and 2012:

<i>(in thousands, except percentages)</i>	Nine Months Ended October 31,	
	2013	2012
Interest income and fees (a)	\$ 109,667	\$ 90,915
Net charge-offs	(42,653)	(40,024)
Borrowing costs (b)	(10,720)	(13,159)
Net portfolio yield	<u>\$ 56,294</u>	<u>\$ 37,732</u>
Average portfolio balance	\$ 820,305	\$ 652,868
Interest income and fee yield % (annualized)	17.9%	18.6%
Net charge-off % (annualized)	6.9%	8.2%

(a) Included in finance charges and other.

(b) Total interest expense.

<i>(in thousands, except percentages)</i>	Nine Months Ended October 31,		
	2013	2012	Change
Cost of goods sold	\$ 411,484	\$ 325,041	\$ 86,443
Product gross margin percentage	34.5%	29.3%	

Product gross margin expanded 520 basis points as a percent of product sales from the nine months ended October 31, 2012. Margin improvement was reported in each of the major product categories – reflecting the benefit of the sale of higher-price point, higher margin goods and the realization of sourcing opportunities. Product gross margin was also influenced by a favorable shift in product mix.

	Nine Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Cost of service parts sold	\$ 4,010	\$ 4,513	\$ (503)
As a percent of service revenues	44.7%	44.3%	

Cost of service parts sold declined due to a \$1.2 million reduction in service revenues.

	Nine Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Selling, general and administrative expense - Retail	\$ 188,340	\$ 139,832	\$ 48,508
Selling, general and administrative expense - Credit	54,013	40,415	13,598
Selling, general and administrative expense - Total	\$ 242,353	\$ 180,247	\$ 62,106
As a percent of total revenues	29.1%	29.3%	

For the nine months ended October 31, 2013, the increase in SG&A expense was driven by higher compensation, occupancy costs and delivery costs.

The SG&A expense increase in the retail segment was primarily due to higher sales-related compensation and delivery costs, occupancy costs and advertising expenses. As a percent of segment revenues, SG&A expense in the current period declined 40 basis points as compared to the prior-year period due to the leveraging effect of increased revenues partially offset by costs associated with new store openings.

The increase in SG&A expense for the credit segment was driven by customer receivable portfolio growth resulting in higher compensation costs related to collections personnel.

	Nine Months Ended October 31,		
	2013	2012	Change
<i>(in thousands, except percentages)</i>			
Provision for bad debts - Retail	\$ 389	\$ 630	\$ (241)
Provision for bad debts - Credit	57,660	34,208	23,452
Provision for bad debts - Total	\$ 58,049	\$ 34,838	\$ 23,211
Provision for bad debts - Credit as a percent of average portfolio balance (annualized)	9.4%	7.0%	

The provision for bad debts is primarily related to the operations of our credit segment, with approximately \$0.4 million and \$0.6 million for the nine month periods ended October 31, 2013 and 2012, respectively, included in the results of operations for the retail segment.

The provision for bad debts of the credit segment increased by \$23.5 million from the prior-year period. This additional provision was driven by the substantial year-over-year growth in the average receivable portfolio balance outstanding, which includes an increase of \$151.3 million during the current-year period. Additionally, the provision for bad debts rose due to deterioration in the delinquency rate for accounts greater than 60 days past due from 6.7% as of April 30, 2013 to 8.5% as of October 31, 2013.

	Nine Months Ended October 31,		
	2013	2012	Change
<i>(in thousands)</i>			
Store and facility closure and relocation costs	\$ 2,834	\$ 163	\$ 2,671
Costs related to relocation	—	987	(987)
Charges and credits	\$ 2,834	\$ 1,150	\$ 1,684

During the nine months ended October 31, 2013, we recorded a \$2.8 million charge related to the closing and relocation of certain retail locations and other facilities. Of this amount, \$2.0 million was related to the revision of estimated lease obligations of previously closed stores.

During the first nine months of fiscal 2013, we recorded \$1.0 million in pre-tax charges related to the relocation of certain corporate operations from Beaumont to The Woodlands, Texas. Additionally, we incurred \$0.2 million in charges related to the adjustment of future lease obligations for closed stores.

<i>(in thousands)</i>	Nine Months Ended October 31,		Change
	2013	2012	
Interest expense	\$ 10,720	\$ 13,159	\$ (2,439)

Net interest expense for the nine months ended October 31, 2013 declined by \$2.4 million primarily due to the repayment of outstanding asset-backed notes, which carried a higher effective interest rate, over the twelve-month period ended April 2013. The entirety of our interest expense is included in the results of operations of the credit segment.

<i>(in thousands)</i>	Nine Months Ended October 31,		Change
	2013	2012	
Loss on extinguishment of debt	\$ —	\$ 818	\$ (818)

The Company amended and restated its asset-based loan facility with a syndicate of banks on September 26, 2012. In connection with the transaction, the Company expensed \$0.8 million in previously deferred transaction costs associated with lenders which are no longer in the current syndicate of banks. This amount is included in the results of operations of the credit segment.

<i>(in thousands, except percentages)</i>	Nine Months Ended October 31,		Change
	2013	2012	
Provision for income taxes	\$ 37,502	\$ 20,080	17,422
As a percent of income before income taxes	36.3%	36.5%	

The provision for income taxes increased due primarily to the year-over-year improvement in profitability.

Liquidity and Capital Resources

Cash flow

Operating activities

During the nine months ended October 31, 2013, net cash used in operating activities was \$109.7 million, which compares to net cash provided by operating activities of \$15.2 million during the prior-year period. The year-over-year improvement in operating performance was more than offset by the impact of the use of cash to fund a \$249.7 million increase in customer accounts receivable during the nine months ended October 31, 2013.

Investing activities

Net cash used in investing activities increased to \$37.1 million in the current period, as compared to \$21.0 million in the prior period, primarily due to the construction of new stores and remodeling of existing store locations. We expect during the next twelve months to invest between \$30 million and \$40 million, net of landlord-funded tenant improvement allowances, in capital expenditures for new stores, remodels and other projects.

Financing activities

Net cash provided by financing activities was \$146.6 million during the nine months ended October 31, 2013, as compared to \$3.7 million in the prior period. The year-over-year increase was primarily driven by borrowings used to fund the growth of the customer receivable portfolio. During the nine months ended October 31, 2013, we received \$10.8 million in cash proceeds and \$4.7 million in tax benefit related to the exercise of stock options. Additionally, the balance in restricted cash declined \$4.7 million with the retirement of the asset-backed notes.

Liquidity

We require capital to finance our growth as we remodel existing stores and add new stores and markets to our operations, which in turn requires additional working capital for increased customer receivables and inventory. We have historically financed our operations through a combination of cash flow generated from earnings and external borrowings, including primarily bank debt, vendor credit, issuance of securitized asset-backed notes and the issuance of common stock.

As of October 31, 2013, our asset-based revolving credit facility had capacity of \$585.0 million and was scheduled to mature in September 2016. We completed an expansion and extension of the facility on November 25, 2013, under which the commitment level increased \$265.0 million to \$850.0 million, the maturity date was extended to November 2017 and the interest rate spread was reduced 25 basis points. The facility provides funding based on a borrowing base calculation that includes customer accounts receivable and inventory. The amended facility bears interest at LIBOR plus a spread ranging from 250 basis points to 325 basis points, based on a leverage ratio (defined as total liabilities to tangible net worth). In addition to the leverage ratio, the revolving credit facility includes a fixed charge coverage requirement, a minimum customer receivables cash recovery percentage requirement and a net capital expenditures limit.

As of October 31, 2013, we had immediately available borrowing capacity of \$162.3 million under our asset-based revolving credit facility, net of standby letters of credit issued, available to us for general corporate purposes. After giving effect to the November 25, 2013 amendment, we would have had \$231.1 million of immediately available borrowing capacity as of October 31, 2013, and an additional \$196.3 million that could become available upon increases in eligible inventory and customer receivable balances under the borrowing base.

We expect, based on current facts and circumstances, that we will be in compliance with the above covenants for the next twelve months. The weighted average interest rate on borrowings outstanding under the asset-based revolving credit facility was 3.0% at October 31, 2013.

On April 30, 2012, our VIE issued \$103.7 million of notes which bore interest at 4.0% and were sold at a discount to deliver a 5.21% yield, before considering transaction costs. The principal balance of the notes, which was secured by certain customer receivables, was reduced on a monthly basis by collections on the underlying customer receivables after the payment of interest and other expenses of the VIE. On April 15, 2013, the VIE redeemed the then outstanding notes and the remaining receivables were transferred back to us.

We have interest rate cap options with a notional amount of \$100 million. These cap options are held for the purpose of hedging against variable interest rate risk related to the variability of cash flows in the interest payments on a portion of its variable-rate debt, based on the benchmark one-month LIBOR interest rate exceeding 1.0%. These cap options have monthly caplets extending through August 2014.

The weighted average effective interest rate on borrowings outstanding under all our credit facilities for the three months ended October 31, 2013 was 4.0%, including the interest expense associated with our interest rate caps and amortization of deferred financing costs.

A summary of the previous and subsequently amended significant financial covenants that governed our credit facility compared to our actual compliance status at October 31, 2013, is presented below:

	Actual	Required Minimum/Maximum	
		Previous Covenants	Amended Covenants
Fixed charge coverage ratio must exceed required minimum	1.92 to 1.00	1.10 to 1.00	1.10 to 1.00
Total liabilities to tangible net worth ratio must be lower than required maximum	1.10 to 1.00	2.00 to 1.00	2.00 to 1.00
Cash recovery percentage must exceed stated amount	5.06%	4.74%	4.50%
Capital expenditures, net must be lower than stated amount	\$18.6 million	\$40.0 million	\$75.0 million

Note: All terms in the above table are defined by the revolving credit facility and may or may not directly correlate to the financial statement captions in this document. The covenants are required to be calculated quarterly on a trailing twelve month basis, except for the cash recovery percentage, which is calculated monthly on a trailing three month basis.

Payments received on customer receivables which averaged approximately \$52.3 million per month during the three months ended October 31, 2013, are available each month to fund new customer receivables generated.

We plan to fund our operations and expected growth through a combination of cash flow generated from operations, existing credit facilities, vendor credit, expansion of our existing credit facilities, new debt financing and other sources of capital. We believe these sources of capital will be sufficient to fund our operations, store expansion and updating activities and capital programs for at least the next twelve months, subject to continued compliance with the covenants in our debt and other credit arrangements. If the repayment of amounts owed under our debt and other credit arrangements is accelerated for any reason, we may not have sufficient cash and liquid assets at such time to be able to immediately repay all the amounts owed under our facility.

The revolving credit facility is a significant factor relative to our ongoing liquidity and our ability to meet the cash needs associated with the growth of our business. Our inability to use this program because of a failure to comply with its covenants would adversely affect our business operations. Funding of current and future customer receivables under the borrowing facility can be adversely affected if we exceed certain predetermined levels of re-aged customer receivables, write-offs, bankruptcies or other ineligible customer receivable amounts.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

On April 15, 2013, we retired the fixed-rate notes that were issued by our VIE on April 30, 2012. There have been no other significant changes to our market risk since January 31, 2013.

For additional quantitative and qualitative disclosures about market risk, see Item 7A. "Quantitative and Qualitative Disclosures about Market Risk," of Conn's, Inc. Annual Report on Form 10-K for the fiscal year ended January 31, 2013.

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 nine months ended October 31, 2013, 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

The information set forth under the heading "Contingencies" in Note 7 of the Consolidated Financial Statements in Item 1 Part I of this quarterly report is incorporated by reference in response to this item.

Item 1A. Risk Factors

As of the date of the filing, there have been no material changes to the risk factors previously disclosed in Part 1, Item A, of our Annual Report on Form 10-K for the fiscal year ended January 31, 2013.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosure

None.

Item 5. Other Information

Amendment to the Company's Bylaws. On December 3, 2013, the Board of Directors amended and restated the Company's Bylaws to change the standard for the election of directors in uncontested elections from a plurality voting standard to a majority voting standard. Under the amended provisions, the Secretary of the Company will determine whether or not an election is contested as of the tenth (10th) day before the date on which the Company files its definitive proxy statement with the Securities and Exchange Commission. In a contested election, directors will continue to be elected by a plurality of the votes properly cast on the election of directors. In connection with this amendment, the Board also amended the Company's Corporate Governance Guidelines and adopted a director resignation policy.

A copy of the Amended and Restated Bylaws is attached hereto as Exhibit 3.2 and incorporated herein by reference. The foregoing summary of our Amended and Restated Bylaws is qualified in its entirety by the full text of the Amended and Restated Bylaws.

Amendments to Executive Severance Agreements. On December 3, 2013, the Company entered into a First Amendment to Executive Severance Agreement with each of Theodore M. Wright, Michael J. Poppe, Brian E. Taylor and David W. Trahan (collectively, the “**First Amendments**”). The terms of the First Amendments replace the mandatory reduction in benefits in connection with a change-in-control with a provision providing for a reduction of benefits if the net after-tax benefit of such reduction is greater than the net after-tax benefit if such reduction is not made. The foregoing description of the First Amendments does not purport to be complete and is qualified in its entirety by reference to the First Amendments, filed hereto as Exhibits 10.1, 10.2, 10.3, and 10.4 and are incorporated herein by reference.

Amendment to Stock Ownership Guidelines. The Company’s Nominating and Corporate Governance Committee previously adopted minimum stock ownership guidelines to increase the alignment of the Company’s directors and named executive officers’ financial interests with those of its stockholders. On December 3, 2013, the Nominating and Corporate Governance Committee amended the Company’s Stock Ownership Guidelines to require that the Company’s (i) non-executive directors own shares of the Company’s common stock worth 3 times his or her annual cash retainer, instead of 2 times as previously required, (ii) Chief Executive Officer own shares of the Company’s common stock worth 4 times his or her annual base salary, instead of 2 times as previously required and (iii) other named executive officers own shares of the Company’s common stock worth 2 times his or her annual base salary, instead of 1.5 times as previously required.

Compensatory Arrangements of Certain Officers. On December 2, 2013, the Compensation Committee of the Board of Directors, in connection with an evaluation of executive compensation, and after considering the recommendation of the independent compensation consultants, approved increases to the annual compensation for certain of its named executive officers, effective as of February 1, 2014. Such increases were ratified by the Company’s Board of Directors on December 3, 2013. The increases in annual base salary and other compensation for those named executive officers for the Company’s fiscal year ending January 31, 2015 are set forth in the tables and narrative below:

<u>Name</u>	<u>Title</u>	<u>Current Annual Base Salary</u>	<u>Fiscal 2015 Annual Base Salary</u>
Theodore M. Wright	Chairman, President and Chief Executive Officer	\$700,000	\$850,000
Michael J. Poppe	Executive Vice President and Chief Operating Officer	\$425,000	\$460,000
David W. Trahan	President-Retail	\$345,000	\$410,000
Brian E. Taylor	Vice President, Chief Financial Officer and Treasurer	\$295,000	\$400,000

In addition, the Company’s named executive officers are eligible to receive equity awards as described in more detail in our Proxy Statement for the 2013 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on April 18, 2013 (the “Proxy”). For any grants that may be issued in fiscal year 2015, the Compensation Committee increased Mr. Wright’s target value of annual long-term equity award from 100% of annual base salary to 100% of the aggregate amount of his annual base salary plus his target-level cash bonus award (described below). The target value, as a percentage of annual base salary, for any annual long-term equity awards that may be granted to our other named executive officers will remain unchanged.

On December 3, 2013, the Compensation Committee of our Board of Directors adopted our fiscal 2015 cash bonus program (“Cash Bonus Program”). Our named executive officers, as well as certain of our other executive officers and employees are eligible to participate in the Cash Bonus Program.

The purpose of the plan is to promote the interests of the Company and our stockholders by providing key employees with financial incentives upon the achievement of specified business objectives and our financial performance, as well as to help us attract, retain and motivate key employees by providing competitive compensation opportunities linked to individual and Company performance.

The Committee established three bonus levels for the Cash Bonus Program: threshold, target and maximum. Each participant in the Cash Bonus Program is eligible to receive cash bonus payments upon the attainment of certain pre-determined operating pre-tax profit levels for the fiscal year ending January 31, 2015. If we do not attain the threshold level, no payment will be made to any individual under the Cash Bonus Program. Linear interpolation will be used to calculate payments under the Cash Bonus Program for amounts that may fall in between threshold, target and maximum levels of performance.

The Compensation Committee has set Mr. Wright's target and maximum-level awards under the Cash Bonus Program at 100% and 200% of annual base salary, respectively, an increase from 60% and 120% of annual base salary, respectively, under the Company's fiscal 2014 cash bonus program. The target and maximum award levels for our other named executive officers under the Cash Bonus Program remain unchanged from the 2014 cash bonus program.

The Committee made these changes in total compensation for certain of our named executive officers, in consultation with its independent compensation consultant, as part of a continuing shift towards a market median compensation approach for all elements of named executive officer compensation. The compensation changes are intended to enhance the competitiveness of base salaries relative to market median. The changes in annual base salary do not impact the fiscal 2014 annual incentive bonus determinations.

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/ Brian E. Taylor

Brian E. Taylor

Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer and duly authorized to sign this report on behalf of the registrant)

Date: December 5, 2013

EXHIBIT INDEX

Exhibit Number	Description
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).
3.1.2	Certificate of Amendment to the Certificate of Incorporation of Conn's, Inc. dated May 30, 2012 (incorporated herein by reference to Exhibit 3.1.2 to Conn's, Inc. Form 10-Q for the quarterly period ended April 30, 2012 (File No. 000-50421) as filed with the Securities and Exchange Commission on June 5, 2012).
3.2	Amended and Restated Bylaws of Conn's, Inc. effective as of December 3, 2013 (filed herewith).
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	Amendment to Executive Severance Agreement dated as of December 3, 2013, by and between Theodore M. Wright and Conn's, Inc. (filed herewith).
10.2	Amendment to Executive Severance Agreement dated as of December 3, 2013, by and between Michael J. Poppe and Conn's, Inc. (filed herewith).
10.3	Amendment to Executive Severance Agreement dated as of December 3, 2013, by and between David W. Trahan and Conn's, Inc. (filed herewith).
10.4	Amendment to Executive Severance Agreement dated as of December 3, 2013, by and between Brian E. Taylor and Conn's, Inc. (filed herewith).
10.5	First Amendment to Second Amended and Restated Loan and Security Agreement, effective as of November 25, 2013, among Conn's, Inc., Conn Appliances, Inc., Conn Credit I, LP, Conn Credit Corporation, Inc., the banks and other financial institutions identified as "Lenders" therein, and Bank of America, N.A., as Administrative Agent for the Lenders (incorporated herein by reference to Exhibit 10.1 to Conn's, Inc. Form 8-K (File No. 000-50421) as filed with the Securities and Exchange Commission on November 26, 2013).
12.1	Statement of computation of Ratio of Earnings to Fixed Charges (filed herewith).
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).

101	The following financial information from our Quarterly Report on Form 10-Q for the third quarter of fiscal year 2014, filed with the SEC on December 5, 2013, formatted in Extensible Business Reporting Language (XBRL): (i) the consolidated balance sheets at October 31, 2013 and January 31, 2013 and, (ii) the consolidated statements of operations for the three months and nine months ended October 31, 2013 and 2012, (iii) the consolidated statements of comprehensive income for the three months and nine months ended October 31, 2013 and 2012, (iv) the consolidated statements of cash flows for nine months ended October 31, 2013 and 2012, (v) the consolidated statements of stockholders' equity for the nine months ended October 31, 2013 and 2012 and (vi) the notes to consolidated financial statements.
-----	---

AMENDED AND RESTATED BYLAWS

OF

CONN'S, INC.

AS OF DECEMBER 3, 2013

TABLE OF CONTENTS

Page

TABLE OF CONTENTS

ARTICLE 1	OFFICES	1
Section 1.1	Registered Office	1
Section 1.2	Other Offices	1
ARTICLE 2	MEETINGS OF STOCKHOLDERS	1
Section 2.1	Place of Meetings	1
Section 2.2	Annual Meeting	1
Section 2.3	Special Meetings	1
Section 2.4	Notice	1
Section 2.5	Voting List	2
Section 2.6	Quorum	2
Section 2.7	Adjourned Meeting	2
Section 2.8	Required Vote	2
Section 2.9	Proxies	2
Section 2.10	Record Date	3
Section 2.11	Action By Remote Communication	4
Section 2.12	No Stockholder Action by Written Consent	4
Section 2.13	Inspectors of Elections	4
Section 2.14	Notice of Stockholder Business; Nominations	5
ARTICLE 3	DIRECTORS	5
Section 3.1	Management	5
Section 3.2	Number; Election; Change In Number	5
Section 3.3	Removal; Resignation	6
Section 3.4	Vacancies and Newly Created Directorships	6
Section 3.5	Cumulative Voting Prohibited	6
Section 3.6	Place of Meetings	6
Section 3.7	First Meetings	6
Section 3.8	Regular Meetings	6
Section 3.9	Special Meetings	6
Section 3.10	Quorum	6
Section 3.11	Action Without Meeting: Telephone Meetings	7
Section 3.12	Chairman of the Board; Vice Chairman	7
Section 3.13	Compensation	7
ARTICLE 4	COMMITTEES	7
Section 4.1	Designation	7
Section 4.2	Number; Term	7
Section 4.3	Authority	7
Section 4.4	Committee Changes; Removal	8
Section 4.5	Alternate Members; Acting Members	8
Section 4.6	Regular Meetings	8
Section 4.7	Special Meetings	8

TABLE OF CONTENTS
(continued)

		Page
Section 4.8	Quorum; Majority Vote	8
Section 4.9	Minutes	8
Section 4.10	Compensation	8
ARTICLE 5	NOTICES	8
Section 5.1	Method	8
Section 5.2	Waiver	9
Section 5.3	Exception to Notice Requirement	9
ARTICLE 6	OFFICERS	10
Section 6.1	Officers	10
Section 6.2	Election	10
Section 6.3	Compensation	10
Section 6.4	Removal and Vacancies	10
Section 6.5	Chief Executive Officer	10
Section 6.6	President	10
Section 6.7	Chief Financial Officer	11
Section 6.8	Chief Operating Officer	11
Section 6.9	Executive Vice Presidents	11
Section 6.10	Vice Presidents	11
Section 6.11	Secretary	12
Section 6.12	Assistant Secretaries	12
Section 6.13	Treasurer	12
Section 6.14	Assistant Treasurers	12
Section 6.15	Other Officers	12
ARTICLE 7	CERTIFICATES REPRESENTING SHARES	12
Section 7.1	Certificated and Uncertificated Shares	12
Section 7.2	Legends	13
Section 7.3	Lost Certificates	13
Section 7.4	Transfers	13
Section 7.5	Registered Stockholders	13
ARTICLE 8	INDEMNIFICATIONS	13
Section 8.1	Actions, Suits or Proceedings Other Than by or in the Right of the Corporation	13
Section 8.2	Actions or Suits by or in the Right of the Corporation	14
Section 8.3	Indemnification for Costs, Charges and Expenses of Successful Party	14
Section 8.4	Determination of Right to Indemnification	14
Section 8.5	Advance of Costs, Charges and Expenses	14
Section 8.6	Procedure for Indemnification	15
Section 8.7	Other Rights; Continuation of Right to Indemnification	15
Section 8.8	Construction	15
Section 8.9	Savings Clause	16
Section 8.10	Insurance	16
ARTICLE 9	GENERAL PROVISIONS	17
Section 9.1	Dividends	17

TABLE OF CONTENTS
(continued)

		Page
Section 9.2	Reserves	17
Section 9.3	Authority to Sign Instruments	17
Section 9.4	Fiscal Year	17
Section 9.5	Seal	17
Section 9.6	Transactions with Directors and Officers	17
Section 9.7	Amendments	18
Section 9.8	Table of Contents; Headings	18

BYLAWS
OF
CONN'S, INC.

ARTICLE 1
OFFICES

Section 1.1 Registered Office. The registered office and registered agent of Conn's, Inc., a Delaware corporation (the "Corporation"), will be as from time to time set forth in the Corporation's Certificate of Incorporation or in any certificate filed with the Secretary of State of the State of Delaware, and the appropriate County Recorder or Recorders, as the case may be, to amend such information.

Section 1.2 Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE 2
MEETINGS OF STOCKHOLDERS

Section 2.1 Place of Meetings. Meetings of stockholders for all purposes may be held at such time and place, either within or without the State of Delaware, as designated by the Board of Directors and as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211 of the Delaware General Corporation Law.

Section 2.2 Annual Meeting. An annual meeting of stockholders of the Corporation shall be held each calendar year at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice of such meeting. At such meeting, the stockholders shall elect directors and transact such other business as may properly be brought before the meeting.

Section 2.3 Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, the Corporation's Certificate of Incorporation or these Bylaws, may be called only by the Chairman of the Board, President or by a majority of the Board of Directors. Business transacted at all special meetings shall be confined to the purposes stated in the notice of the meeting.

Section 2.4 Notice. Written or printed notice stating the place, if any, date, and hour of each meeting of the stockholders, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. If such notice is sent by mail, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at the stockholder's address as it appears on the records of the Corporation. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy and shall not, at the beginning of such meeting, object to the transaction of

any business because the meeting is not lawfully called or convened, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy.

Section 2.5 Voting List. At least ten (10) days before each meeting of stockholders, the Secretary or other officer of the Corporation who has charge of the Corporation's stock ledger, either directly or through another officer appointed by the Secretary or such other officer or through a transfer agent appointed by the Board of Directors, shall prepare a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time of the meeting and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 2.6 Quorum. A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders, except as otherwise provided by statute, the Corporation's Certificate of Incorporation or these Bylaws. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. If a quorum shall not be present at any meeting of stockholders, the stockholders entitled to vote thereat who are present, in person or by proxy, or, if no stockholder entitled to vote is present, any officer of the Corporation, may adjourn the meeting from time to time until a quorum shall be present.

Section 2.7 Adjourned Meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting had a quorum been present. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.8 Required Vote. In all matters other than the election of directors, the affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless the question is one on which, by express provision of statute, the Corporation's Certificate of Incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of the question.

Each director shall be elected by the affirmative vote of the holders of the majority of the votes cast at a meeting for the election of directors at which a quorum is present; provided, however, that the directors shall be elected by a plurality of the vote casts at any meeting for which the number of candidates for election as directors exceeds the number of directors to be elected, with the determination thereof being made by the

Secretary of the Corporation as of the tenth (10th) day preceding the date the Corporation files its definitive proxy statement for the annual meeting of stockholders (regardless of whether or not thereafter revised or supplemented) with the Securities and Exchange Commission. For purposes of this paragraph, a majority of votes cast means that the number of shares voted "for" a director's election exceeds the number of shares voted "against" such director's election. Votes cast shall exclude abstentions with respect to that director's election.

The Board of Directors shall have the power to establish procedures with respect to the resignation of continuing directors who are not reelected as provided above.

Section 2.9 Proxies.

(a) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting.

(b) Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy pursuant to subsection (a) of this section, the following shall constitute a valid means by which a stockholder may grant such authority:

(1) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or by an authorized officer, director, employee or agent of the stockholder signing such writing or causing such stockholder's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature.

(2) stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

(c) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to subsection (b) of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

(d) A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power.

Section 2.10 Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, if so permitted by the Corporation's Certificate of Incorporation and these Bylaws, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by statute or these Bylaws, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Such delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by statute or these Bylaws, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such payment, exercise, or other action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 2.11 Action By Remote Communication. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxy holders not physically present at a meeting of stockholders may, by means of remote communication: (i) participate in a meeting of stockholders; and (ii) be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (A) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxy holder; (B) the Corporation shall implement reasonable measures to provide such stockholders and proxy holders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (C) if any stockholder or proxy holder votes or takes

other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.12 No Stockholder Action by Written Consent. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders, unless the action to be effected by written consent of the stockholders and the taking of such action by such written consent have been expressly approved in advance by the Board of Directors.

Section 2.13 Inspectors of Elections. The Board of Directors may, in advance of any meeting of stockholders, appoint one or more inspectors to act at such meeting or any adjournment thereof. If any of the inspectors so appointed shall fail to appear or act, the chairman of the meeting shall, or if inspectors shall not have been appointed, the chairman of the meeting may, appoint one or more inspectors. Each inspector, before entering upon the discharge of such inspector's duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability. The inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the validity and effect of proxies and shall receive votes, ballots, or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots, or consents, determine the results, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the chairman of the meeting, the inspectors shall make a report in writing of any challenge, request, or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of an election of directors. Inspectors need not be stockholders.

Section 2.14 Notice of Stockholder Business; Nominations.

(a) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders shall be made at an annual meeting of stockholders (1) pursuant to the Corporation's notice of such meeting; (2) by or at the direction of the Board of Directors; or (3) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 2.14, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 2.14.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's proxy statement in connection with the last annual meeting. Such stockholder's notice shall set forth: (1) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (2) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (3) as to the stockholder

giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner; and (B) the class and number of shares of the Corporation that are owned beneficially and held of record by such stockholder and such beneficial owner.

(c) Notwithstanding the aforementioned procedure, the Board of Directors may, in its discretion, exclude from any proxy materials sent to stockholders any matters that may properly be excluded under the Exchange Act, Securities and Exchange Commission rules or other applicable laws.

ARTICLE 3 DIRECTORS

Section 3.1 Management. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Corporation's Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders. The Board of Directors shall keep regular minutes of its proceedings.

Section 3.2 Number; Election; Change In Number. Except as otherwise provided for or fixed pursuant to the provisions of Article FOUR of the Corporation's Certificate of Incorporation relating to the rights of holders of any series of Preferred Stock to elect additional directors, the total number of directors which shall constitute the entire Board of Directors of the Corporation shall be no less than three (3) directors. The number of directors which shall constitute the entire Board of Directors may be increased or (subject to the immediately preceding sentence) decreased by one or more resolutions adopted by the Board of Directors. Except with respect to the current terms of directors elected prior to the effective time of the amendment to the Corporation's Certificate of Incorporation eliminating the classified Board of Directors, who shall serve the remainder of their term, each director shall hold office until the next annual meeting of the stockholders of the Corporation following such director's election or appointment and, the foregoing notwithstanding, shall serve until his successor shall have been duly elected and qualified, unless he shall resign, become disqualified, disabled or shall otherwise be removed. If authorized by the Board of Directors, a ballot may be submitted by electronic transmission, provided that any such electronic transmission must either set forth, or be submitted with, information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder. No decrease in the number of directors constituting the whole Board of Directors shall have the effect of shortening the term of any incumbent director.

Section 3.3 Removal; Resignation. Any director or the entire Board of Directors may be removed from office at any time, but only for cause and only by the affirmative vote of at least 75% of the total voting power of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors voting together as a single class. Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation.

Section 3.4 Vacancies and Newly Created Directorships. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Each director so chosen shall hold office until the next election of directors and until such director's successor is elected and qualified or until such director's earlier death, resignation or removal. If at any time there are no directors in office, an election of directors may be held in the manner provided by statute. Except as otherwise provided in these Bylaws, when one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill

such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in these Bylaws with respect to the filling of other vacancies.

Section 3.5 Cumulative Voting Prohibited. Cumulative voting shall be prohibited.

Section 3.6 Place of Meetings. The directors of the Corporation may hold their meetings, both regular and special, either within or without the State of Delaware.

Section 3.7 First Meetings. The first meeting of each newly elected Board of Directors shall be held without further notice immediately following the annual meeting of stockholders, and at the same place, unless by unanimous consent of the directors then elected and serving, such time or place shall be changed.

Section 3.8 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 3.9 Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on twenty-four (24) hours' notice to each director, if by telecopier, electronic facsimile or hand delivery, or on three (3) days' notice to each director, if by mail or by telegram. Except as may be otherwise expressly provided by law or the Corporation's Certificate of Incorporation, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

Section 3.10 Quorum. At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as may be otherwise specifically provided by law or the Corporation's Certificate of Incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.11 Action Without Meeting; Telephone Meetings. Any action required or permitted to be taken at a meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee, respectively. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such consent shall have the same force and effect as a unanimous vote at a meeting. Subject to applicable notice provisions and unless otherwise restricted by the Corporation's Certificate of Incorporation, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in and hold a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute presence in person at such meeting, except where a person's participation is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3.12 Chairman of the Board; Vice Chairman. The Board of Directors may elect a Chairman of the Board to preside at their meetings and to perform such other duties as the Board of Directors may from time to time assign to such person. The Chairman of the Board may be either an Executive Chairman of the Board, who shall be an executive of the Corporation; or a Non-Executive Chairman of the Board. The Board of Directors may also elect a Vice Chairman of the Board to preside at their meetings in the absence

of the Chairman of the Board and to perform such other duties as the Board of Directors may from time to time assign to such person. The Vice Chairman of the Board may be either an Executive Vice Chairman of the Board, who shall be an executive of the Corporation, or a Non-Executive Vice Chairman of the Board.

Section 3.13 Compensation. The Board of Directors may fix the compensation of the members of the Board of Directors at any time and from time to time. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4 COMMITTEES

Section 4.1 Designation. The Board of Directors may designate one or more committees.

Section 4.2 Number; Term. Each committee shall consist of one or more directors. The number of committee members may be increased or decreased from time to time by the Board of Directors. Each committee member shall serve as such until the earliest of (i) the expiration of such committee member's term as director; (ii) such committee member's resignation as a committee member or as a director; or (iii) such committee member's removal as a committee member or as a director.

Section 4.3 Authority. Each committee, to the extent expressly provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Corporation except to the extent expressly restricted by statute, the Corporation's Certificate of Incorporation or these Bylaws.

Section 4.4 Committee Changes; Removal. The Board of Directors shall have the power at any time to fill vacancies in, to change the membership of, and to discharge any committee. The Board of Directors may remove any committee member, at any time, with or without cause.

Section 4.5 Alternate Members; Acting Members. The Board of Directors may designate one or more directors as alternate members of any committee. Any such alternate member may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 4.6 Regular Meetings. Regular meetings of any committee may be held without notice at such time and place as may be designated from time to time by the committee and communicated to all members thereof.

Section 4.7 Special Meetings. Special meetings of any committee may be held whenever called by the Chairman of the Committee, or, if the committee members have not elected a Chairman, by any committee member. The Chairman of the Committee or the committee member calling any special meeting shall cause notice of such special meeting, including therein the time and place of such special meeting, to be given to each committee member at least (i) twenty-four (24) hours before such special meeting if notice is given by telecopy, electronic facsimile or hand delivery or (ii) at least three days before such special meeting if notice is given by mail or by telegram. Neither the business to be transacted at, nor the purpose of, any special meeting of any committee need be specified in the notice or waiver of notice of any special meeting.

Section 4.8 Quorum; Majority Vote. At meetings of any committee, a majority of the number of members designated as the Committee by the Board of Directors shall constitute a quorum for the transaction of business. Alternate members and acting members shall be counted in determining the presence of a quorum.

If a quorum is not present at a meeting of any committee, a majority of the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. The vote of a majority of the members, including alternate members and acting members, present at any meeting at which a quorum is present shall be the act of a committee, unless the act of a greater number is required by law or the Corporation's Certificate of Incorporation.

Section 4.9 Minutes. Each committee shall cause minutes of its proceedings to be prepared and shall report the same to the Board of Directors upon the request of the Board of Directors. The minutes of the proceedings of each committee shall be delivered to the Secretary of the Corporation for placement in the minute books of the Corporation.

Section 4.10 Compensation. Committee members may, by resolution of the Board of Directors, be allowed a fixed sum and expenses of attendance, if any, for attending any committee meetings or a stated salary.

ARTICLE 5 NOTICES

Section 5.1 Method.

(a) Whenever by statute, the Corporation's Certificate of Incorporation, or these Bylaws, notice is required to be given to any stockholder, director or committee member, and no provision is made as to how such notice shall be given, personal notice shall not be required, and any such notice may be given (i) in writing, by mail, postage prepaid, addressed to such committee member, director, or stockholder at such stockholder's address as it appears on the books or (in the case of a stockholder) the stock transfer records of the Corporation; or (ii) by any other method permitted by law (including, but not limited to, overnight courier service, facsimile telecommunication, electronic mail, telegram, telex, or telefax). Any notice required or permitted to be given by mail shall be deemed to be given when deposited in the United States mail as aforesaid. Any notice required or permitted to be given by overnight courier service shall be deemed to be given at the time delivered to such service with all charges prepaid and addressed as aforesaid.

(b) Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the Delaware General Corporation Law, the Corporation's Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if: (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(c) Notice given pursuant to Section 5.1(b) shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

(d) An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given, including by a form of electronic transmission, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 5.2 Waiver. Whenever any notice is required to be given to any stockholder, director, or committee member of the Corporation by law, the Corporation's Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to notice. Attendance of a stockholder, director, or committee member at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 5.3 Exception to Notice Requirement. The giving of any notice required under any provision of the Delaware General Corporation Law, the Corporation's Certificate of Incorporation or these Bylaws shall not be required to be given to any stockholder to whom: (i) notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such stockholder during the period between such two consecutive annual meetings; or (ii) all, and at least two, payments (if sent by first-class mail) of dividends or interest on securities during a twelve-month period, have been mailed addressed to such person at such person's address as shown on the records of the Corporation and have been returned undeliverable. If any such stockholder shall deliver to the Corporation a written notice setting forth such stockholder's then current address, the requirement that notice be given to such stockholder shall be reinstated. The exception provided for in this Section 5.3 to the requirement that notice be given shall not be applicable to any notice returned as undeliverable if the notice was given by electronic transmission.

ARTICLE 6 OFFICERS

Section 6.1 Officers. The officers of the Corporation shall be a Chief Executive Officer, a President, one or more Vice Presidents (who shall rank in such order and who shall have such additional titles or designations, such as "Executive," "Senior," "First," or "Second," as may be determined from time to time by the Board of Directors), a Chief Financial Officer, a Chief Operating Officer, a Secretary, and a Treasurer. The Board of Directors may also choose a Chairman of the Board, Vice Chairman of the Board, Presidents of divisions of the Corporation, additional Vice Presidents and one or more Assistant Secretaries and Assistant Treasurers or other officers. The Board of Directors may also from time to time, in its discretion, assign titles, powers, duties and reporting arrangements for any elected officer. Any two or more offices may be held by the same person.

Section 6.2 Election. The Board of Directors at its first meeting after each annual meeting of stockholders shall elect the officers of the Corporation, none of whom need be a member of the Board, a stockholder or a resident of the State of Delaware. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

Section 6.3 Compensation. The compensation of all officers and agents of the Corporation shall be fixed by the Compensation Committee.

Section 6.4 Removal and Vacancies. Each officer of the Corporation shall hold office until such officer's successor is elected and qualified or until such officer's earlier resignation or removal. Any officer or agent elected or appointed by the Board of Directors may be removed either for or without cause by a majority of the directors represented at a meeting of the Board of Directors at which a quorum is represented,

whenever in the judgment of the Board of Directors the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors, however, any office of the Corporation may be left vacant from time to time at the discretion of the Board of Directors.

Section 6.5 Chief Executive Officer. The Chief Executive Officer shall be the senior officer of the Corporation, shall preside at all meetings of the stockholders and the Board of Directors unless the Board of Directors shall elect a Chairman of the Board or Vice Chairman of the Board, in which event the Chief Executive Officer shall preside at meetings of the Board of Directors only in the absence of both the Chairman of the Board and Vice Chairman of the Board, if any. The Chief Executive Officer shall be an ex-officio member of the executive committee (if established), and will share the general and active management of the business of the Corporation with the President(s), and shall see, along with the President(s), that all orders and resolutions of the Board of Directors are carried into effect. Under the seal of the Corporation, he shall execute bonds, mortgages, and other contracts requiring a seal, except where required or permitted by law to be otherwise signed and executed, except where the signing and execution shall be especially delegated by the Board of Directors to some other officer or agent of the Corporation. Unless otherwise provided by the Board of Directors, all other officers of the Corporation shall report directly or indirectly to the Chief Executive Officer.

Section 6.6 President. The President shall, subject to the control of the Board of Directors, Chairman of the Board of Directors and Chief Executive Officer, in the absence, disability, or inability to act of the Chief Executive Officer, exercise all powers and perform all duties of the Chief Executive Officer (except such powers and duties as are incident to the Chief Executive Officer's position or a member of the Board of Directors or any Executive Committee appointed by the Board of Directors pursuant to Section 4.3 of Article 4). The President shall have general and active management of the business and affairs of the Corporation, shall see that all orders and resolutions of the Board are carried into effect, and shall perform such other duties as the Board of Directors, the Chairman of the Board of Directors, or the Chief Executive Officer shall prescribe.

Section 6.7 Chief Financial Officer. The Chief Financial Officer of the Corporation shall, subject to the control of the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer, be the chief financial officer of the Corporation. The Chief Financial Officer shall have custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all monies and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors (or any duly authorized committee thereof). The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and stock. The Chief Financial Officer shall receive and give receipts and acquittances for money paid in an account of the Corporation and shall pay out of the Corporation's funds on hand all bills, payrolls and other just debts of the Corporation of whatever nature upon maturity. The Chief Financial Officer shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all his transactions as Chief Financial Officer and of the financial condition of the Corporation. The Chief Financial Officer shall have such other powers and perform such other duties as may from time to time be assigned to such officer by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer.

Section 6.8 Chief Operating Officer. The Chief Operating Officer shall, subject to the control of the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer, be the chief administrative officer of the Corporation and shall have general charge of the business, affairs and property of the Corporation, and control over its officers (other than the Chief Executive Officer, the President and the Chief Financial Officer), agents and employees. The Chief Operating Officer shall see to it that all orders and resolutions of the Board of Directors (or any duly authorized committee thereof), the Chairman of the Board of Directors and the Chief Executive Officer are carried into effect. The Chief Operating Officer shall have such other powers and perform such other duties as may from time to time be assigned to such officer by the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer.

Section 6.9 Executive Vice Presidents. The Board of Directors may designate one or more Vice President(s) as Executive Vice President(s), who shall, in the absence, disability, or inability to act of the President, perform all the duties, exercise the powers and assume all responsibilities of the President. They shall also generally assist the President and exercise any other powers and perform such other duties as are delegated to them by the Chief Executive Officer, President or such other officer to whom they report and as the Board of Directors shall prescribe.

Section 6.10 Vice Presidents. In the absence or disability of the President, and Executive Vice Presidents, the Vice President (or in the event there is more than one Vice President, the Vice Presidents in the order designated by the Board, or in the absence of any designation, then in the order of their election or appointment) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. Each Vice President shall have only such powers and perform only such duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer, the President or such other officer to whom they report may from time to time delegate.

Section 6.11 Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committee when required. Except as otherwise provided herein, the Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision the Secretary shall be. The Secretary shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument requiring it, and, when so affixed, it shall be attested by the signature of the Secretary or by the signature of the Treasurer or an Assistant Secretary.

Section 6.12 Assistant Secretaries. Each Assistant Secretary shall have only such powers and perform only such duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer or the President may from time to time delegate.

Section 6.13 Treasurer. The Treasurer shall perform such duties and have such powers as from time to time may be assigned to him by the Board of Directors (or any duly authorized committee thereof), the Chairman of the Board of Directors, the Chief Executive Officer or the Chief Financial Officer and if there be no Chief Financial Officer or in the absence of the Chief Financial Officer or in the event of the Chief Financial Officer's disability or refusal to act, shall perform the duties of the Chief Financial Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Financial Officer.

Section 6.14 Assistant Treasurers. Each Assistant Treasurer shall have only such powers and perform only such duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer or the President may from time to time delegate.

Section 6.15 Other Officers. Other officers of the Corporation shall have such powers and perform such duties as may be prescribed from time to time by the Board of Directors, or the Chief Executive Officer, or any officer of the Corporation to whom such other officer shall report, may from time to time delegate.

ARTICLE 7 CERTIFICATES REPRESENTING SHARES

Section 7.1 Certificated and Uncertificated Shares. The shares of stock of the Corporation shall be represented by certificates of stock; provided, however, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares; provided, further, that any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request, every holder of uncertificated shares shall be entitled to have a certificate signed by the Chairman or Vice Chairman of the Board of Directors or the President, a Vice President or other officer designated by the Board of Directors, countersigned by the Treasurer or the Secretary or an Assistant Treasurer or an Assistant Secretary. Such signature of the Chairman or Vice Chairman of the Board, President, Vice President, or other officer, such countersignature of the Treasurer or Secretary or Assistant Treasurer or Assistant Secretary, and such seal, or any of them, may be executed in facsimile, engraved or printed. In case any officer who has signed or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation or otherwise before the certificate is issued, it may be issued by the Corporation with the same effect as if the officer had not ceased to be such at the date of its issue. Said certificates of stock shall be in such form as the Board of Directors may from time to time prescribe.

Section 7.2 Legends. The Board of Directors shall have the power and authority to provide that certificates representing shares of stock shall bear such legends, and stop transfer instructions and the equivalent of legends with respect to any uncertificated shares, as the Board of Directors shall authorize, including, without limitation, such legends as the Board of Directors deems appropriate to assure that the Corporation does not become liable for violations of federal or state securities laws or other applicable law, including, but not limited to, the requirements imposed pursuant to Section 151(f) of the Delaware General Corporation Law.

Section 7.3 Lost Certificates. The Corporation may issue a new certificate representing shares in place of any certificate theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. The Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as it shall specify and/or to give the Corporation a bond in such form, in such sum, and with such surety or sureties as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 7.4 Transfers. Certificated shares of the Corporation will only be transferred on its books upon the surrender to the Corporation of the share certificates duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer. The surrendered certificates shall be canceled, new certificates issued to the person entitled to them and the transaction recorded on the books of the Corporation. Uncertificated shares will only be transferred on the books of the Corporation upon the written

instruction from the registered owner of such uncertificated shares, or from a duly authorized attorney, or from an individual presenting proper evidence of succession, assignment or authority to transfer the stock.

Section 7.5 Registered Stockholders. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof for any and all purposes, and, accordingly, shall not be bound to recognize any equitable or other claim or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE 8 INDEMNIFICATION

Section 8.1 Actions, Suits or Proceedings Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not meet the standards of conduct set forth in this Section 8.1.

Section 8.2 Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 8.3 Indemnification for Costs, Charges and Expenses of Successful Party. Notwithstanding the other provisions of this Article 8, to the extent that a present or former director or officer of the Corporation has been successful on the merits or otherwise, in defense of any action, suit or proceeding referred to in Section 8.1 and Section 8.2 of this Article 8, or in the defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

Section 8.4 Determination of Right to Indemnification. Any indemnification under Section 8.1 and Section 8.2 of this Article 8 (unless ordered by a court) shall be paid by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 8.1 and Section 8.2 of this Article 8. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (a) by a majority vote of the Board of Directors who were not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders.

Section 8.5 Advance of Costs, Charges and Expenses. Costs, charges and expenses (including attorneys, fees) incurred by a person referred to in Section 8.1 and Section 8.2 of this Article 8 in defending a civil or criminal action, suit or proceeding (including investigations by any government agency and all costs, charges and expenses incurred in preparing for any threatened action, suit or proceeding) shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding; provided, however, that the payment of such costs, charges and expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer) in advance of the final disposition of such action, suit or proceeding shall be made only upon receipt of an undertaking by or on behalf of the director or officer to repay all amounts so advanced in the event that it shall ultimately be determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article 8. No security shall be required for such undertaking and such undertaking shall be accepted without reference to the recipient's financial ability to make repayment. The repayment of such charges and expenses incurred by other employees and agents of the Corporation which are paid by the Corporation in advance of the final disposition of such action, suit or proceeding as permitted by this Section 8.5 may be required upon such terms and conditions, if any, as the Board of Directors deems appropriate. The Board of Directors may, in the manner set forth above, and subject to the approval of such director, officer, employee or agent of the Corporation, authorize the Corporation's counsel to represent such person, in any action, suit or proceeding, whether or not the Corporation is a party to such action, suit or proceeding.

Section 8.6 Procedure for Indemnification. Any indemnification under Section 8.1 and Section 8.2 or Section 8.3 or advance of costs, charges and expenses under Section 8.5 of this Article 8 shall be made promptly, and in any event within 30 days, upon the written request of the director, officer, employee or agent directed to the Secretary of the Corporation. The right to indemnification or advances as granted by this Article 8 shall be enforceable by the director, officer, employee or agent in any court of competent jurisdiction if the Corporation denies such request, in whole or in part, or if no disposition thereof is made within 30 days. Such person's costs and expenses incurred in connection with successfully establishing such person's right to indemnification or advances, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advance of costs, charges and expenses under Section 8.5 of this Article 8 where the required undertaking, if any, has been received by the Corporation) that the claimant has not met the standard of conduct set forth in Section 8.1 and Section 8.2 of this Article 8, but the burden of proving that such standard of conduct has not been met shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 8.1 and Section 8.2 or Section 8.3 of this Article 8, nor the fact that there has been an actual determination by the Corporation (including its Board of Directors, its independent legal counsel, and its stockholders) that the claimant has

not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 8.7 Other Rights; Continuation of Right to Indemnification. The indemnification provided by this Article 8 shall not be deemed exclusive of any other rights to which a person seeking indemnification may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification under this Article 8 shall be deemed to be a contract between the Corporation and each director, officer, employee or agent of the Corporation who serves or served in such capacity at any time while this Article 8 is in effect. No amendment or repeal of this Article 8 or of any relevant provisions of the Delaware General Corporation Law or any other applicable laws shall adversely affect or deny to any director, officer, employee or agent any rights to indemnification which such person may have, or change or release any obligations of the Corporation, under this Article 8 with respect to any costs, charges, expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement which arise out of an action, suit or proceeding based in whole or substantial part on any act or failure to act, actual or alleged, which takes place before or while this Article 8 is in effect. The provisions of this Section 8.7 shall apply to any such action, suit or proceeding whenever commenced, including any such action, suit or proceeding commenced after any amendment or repeal of this Article 8.

Section 8.8 Construction. For purpose of this Article 8:

(i) "the Corporation" shall include any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article 8 with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued;

(ii) "other enterprises" shall include employee benefit plans, including, but not limited to, any employee benefit plan of the Corporation;

(iii) "serving at the request of the Corporation" shall include any service which imposes duties on, or involves services by, a director, officer, employee, or agent of the Corporation with respect to an employee benefit plan, its participants, or beneficiaries, including acting as a fiduciary thereof;

(iv) "fines" shall include any penalties and any excise or similar taxes assessed on a person with respect to an employee benefit plan;

(v) a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to

the best interests of the Corporation” as referred to in Section 8.1 and Section 8.2 of this Article 8; and

(vi) service as a partner, trustee or member of management or similar committee of a partnership or joint venture, or as a director, officer, employee or agent of a corporation which is a partner, trustee or joint venturer, shall be considered service as a director, officer, employee or agent of the partnership, joint venture, trust or other enterprise.

Section 8.9 Savings Clause. If this Article 8 or any portion hereof shall be invalidated on any ground by a court of competent jurisdiction, then the Corporation shall nevertheless indemnify each director, officer, employee and agent of the Corporation as to expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article 8 that shall not have been invalidated and to the full extent permitted by applicable law.

Section 8.10 Insurance. The Corporation shall purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person or on such person’s behalf in any such capacity, or arising out of such person’s status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article 8, provided that such insurance is available on acceptable terms as determined by a vote of a majority of the entire Board of Directors.

ARTICLE 9 GENERAL PROVISIONS

Section 9.1 Dividends. The Board of Directors, subject to any restrictions contained in the Corporation’s Certificate of Incorporation, may declare dividends upon the shares of the Corporation’s capital stock. Dividends may be paid in cash, in property, or in shares of the Corporation, subject to the provisions of the Delaware General Corporation Law and the Corporation’s Certificate of Incorporation.

Section 9.2 Reserves. By resolution of the Board of Directors, the directors may set apart out of any of the funds of the Corporation such reserve or reserves as the directors from time to time, in their discretion, think proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purposes as the directors shall think beneficial to the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 9.3 Authority to Sign Instruments. Any checks, drafts, bills of exchange, acceptances, bonds, notes or other obligations or evidences of indebtedness of the Corporation, and all deeds, mortgages, indentures, bills of sale, conveyances, endorsements, assignments, transfers, stock powers, or other instruments of transfer, contracts, agreements, dividend and other orders, powers of attorney, proxies, waivers, consents, returns, reports, certificates, demands, notices, or documents and other instruments or writings of any nature whatsoever may be signed, executed, verified, acknowledged, and delivered, for and in the name and on behalf of the Corporation, by such officers, agents, or employees of the Corporation, or any of them, and in such manner, as from time to time may be authorized by the Board of Directors, and such authority may be general or confined to specific instances.

Section 9.4 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 9.5 Seal. The corporate seal shall have inscribed thereon the name of the Corporation. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 9.6 Transactions with Directors and Officers. No contract or other transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers, are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee which authorizes the contract or transaction, or solely because any such director's or officer's votes are counted for such purpose, if: (a) the material facts as to the director's or officer's relationship or interest and to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to the director's or officer's relationship or interest as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders, or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 9.7 Amendments. These Bylaws may be altered, amended, or repealed or new bylaws may be adopted by the Board of Directors or by written consent of the Board of Directors. In addition to any requirements of law and any other provision of these Bylaws, the affirmative vote of the holders of at least 75 percent of the of the combined voting power of the then outstanding shares of all classes and series of capital stock entitled generally to vote in the election of directors of the Corporation, voting together as a single class, shall be required for stockholders to adopt, amend, alter, or repeal Section 2.3, Section 2.12, Section 2.14, Section 3.2, Section 3.3, and Section 3.4 of these Bylaws or to amend this Section 9.7 as it relates to the vote required to adopt, amend, alter or repeal the aforementioned sections of these Bylaws.

Section 9.8 Table of Contents; Headings. The table of contents and headings used in these Bylaws have been inserted for convenience only and do not constitute matters to be construed in interpretation.

**AMENDMENT
TO
EXECUTIVE SEVERANCE AGREEMENT**

THIS AMENDMENT (the “**Amendment**”) is made to the Executive Severance Agreement dated December 5, 2011 by and between Theodore M. Wright (“**Executive**”) and Conn’s, Inc. (“**Conn’s**”, and such agreement, the “**Agreement**”).

WHEREAS, Conn’s and Executive previously entered into the Agreement and have determined that for good and valuable consideration, it is in the best interests of Conn’s and Executive to amend the Agreement to replace the parachute payment limitation provisions currently contained in Section 5 of the Agreement with an alternative cap on parachute payments, as reflected in the amendment of Section 5 below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 5 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 5. Potential Limitation on Payments.

(a) Anything in this Agreement to the contrary notwithstanding, if it is determined that any payment or distribution by Conn’s to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the “**Excise Tax**”), then the Total Payments will be reduced, in the order specified in Section 5(b), to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments will be reduced in the following order: (i) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash

payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(c) Subject to the provisions of Section 5(d) hereof, all determinations required to be made under this Section 5, including whether and when Total Payments should be reduced, the amount of such Total Payments, Excise Taxes and all other related determinations, as well as all assumptions to be utilized in arriving at such determinations, will be made by a nationally recognized certified public accounting firm as may be designated by Conn's, subject to Executive's approval which will not be unreasonably withheld (the "Accounting Firm"). All fees and expenses of the Accounting Firm will be borne solely by Conn's. Any determination by the Accounting Firm will be binding upon Conn's and the Executive.

(d) As a result of uncertainty in the application of Section 280G and Section 4999 of the Code at the time of the initial calculation by the Accounting Firm hereunder, it is possible that the cash severance payment made by Conn's will have been less than Conn's should have paid pursuant to Section 5 hereof (the amount of any such deficiency, the "Underpayment"), or more than Conn's should have paid pursuant to Section 5 hereof (the amount of any such overage, the "Overpayment"). In the event of an Underpayment, Conn's will pay the Executive the amount of such Underpayment (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) not later than five business days after the amount of such Underpayment is subsequently determined, provided, however, such Underpayment will not be paid later than the end of the calendar year following the calendar year in which the Executive remitted the related taxes. In the event of an Overpayment, the amount of such Overpayment will be paid to Conn's by the Executive not later than five business days after the amount of such Overpayment is subsequently determined (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code).

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment is adopted and effective as of this 3rd day of December, 2013.

EXECUTIVE

CONN'S, INC.

/s/ Theodore M. Wright

By:/s/ Robert F. Bell

Theodore M. Wright

Name: Robert F. Bell

Title: VP and General Counsel

**AMENDMENT
TO
EXECUTIVE SEVERANCE AGREEMENT**

THIS AMENDMENT (the “**Amendment**”) is made to the Executive Severance Agreement dated September 1, 2011 by and between Michael J. Poppe (“**Executive**”) and Conn’s, Inc. (“**Conn’s**”, and such agreement, the “**Agreement**”).

WHEREAS, Conn’s and Executive previously entered into the Agreement and have determined that for good and valuable consideration, it is in the best interests of Conn’s and Executive to amend the Agreement to replace the parachute payment limitation provisions currently contained in Section 5 of the Agreement with an alternative cap on parachute payments, as reflected in the amendment of Section 5 below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 5 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 5. Potential Limitation on Payments.

(a) Anything in this Agreement to the contrary notwithstanding, if it is determined that any payment or distribution by Conn’s to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the “**Excise Tax**”), then the Total Payments will be reduced, in the order specified in Section 5(b), to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments will be reduced in the following order: (i) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash

payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(c) Subject to the provisions of Section 5(d) hereof, all determinations required to be made under this Section 5, including whether and when Total Payments should be reduced, the amount of such Total Payments, Excise Taxes and all other related determinations, as well as all assumptions to be utilized in arriving at such determinations, will be made by a nationally recognized certified public accounting firm as may be designated by Conn's, subject to Executive's approval which will not be unreasonably withheld (the "Accounting Firm"). All fees and expenses of the Accounting Firm will be borne solely by Conn's. Any determination by the Accounting Firm will be binding upon Conn's and the Executive.

(d) As a result of uncertainty in the application of Section 280G and Section 4999 of the Code at the time of the initial calculation by the Accounting Firm hereunder, it is possible that the cash severance payment made by Conn's will have been less than Conn's should have paid pursuant to Section 5 hereof (the amount of any such deficiency, the "Underpayment"), or more than Conn's should have paid pursuant to Section 5 hereof (the amount of any such overage, the "Overpayment"). In the event of an Underpayment, Conn's will pay the Executive the amount of such Underpayment (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) not later than five business days after the amount of such Underpayment is subsequently determined, provided, however, such Underpayment will not be paid later than the end of the calendar year following the calendar year in which the Executive remitted the related taxes. In the event of an Overpayment, the amount of such Overpayment will be paid to Conn's by the Executive not later than five business days after the amount of such Overpayment is subsequently determined (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code).

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment is adopted and effective as of this 3rd day of December, 2013.

EXECUTIVE

CONN'S, INC.

/s/ Michael J. Poppe

By:/s/ Robert F. Bell

Michael J. Poppe

Name: Robert F. Bell

Title: VP and General Counsel

**AMENDMENT
TO
EXECUTIVE SEVERANCE AGREEMENT**

THIS AMENDMENT (the “**Amendment**”) is made to the Executive Severance Agreement dated September 1, 2011 by and between David W. Trahan (“**Executive**”) and Conn’s, Inc. (“**Conn’s**”, and such agreement, the “**Agreement**”).

WHEREAS, Conn’s and Executive previously entered into the Agreement and have determined that for good and valuable consideration, it is in the best interests of Conn’s and Executive to amend the Agreement to replace the parachute payment limitation provisions currently contained in Section 5 of the Agreement with an alternative cap on parachute payments, as reflected in the amendment of Section 5 below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 5 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 5. Potential Limitation on Payments.

(a) Anything in this Agreement to the contrary notwithstanding, if it is determined that any payment or distribution by Conn’s to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the “**Total Payments**”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the “**Excise Tax**”), then the Total Payments will be reduced, in the order specified in Section 5(b), to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments will be reduced in the following order: (i) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash

payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(c) Subject to the provisions of Section 5(d) hereof, all determinations required to be made under this Section 5, including whether and when Total Payments should be reduced, the amount of such Total Payments, Excise Taxes and all other related determinations, as well as all assumptions to be utilized in arriving at such determinations, will be made by a nationally recognized certified public accounting firm as may be designated by Conn's, subject to Executive's approval which will not be unreasonably withheld (the "Accounting Firm"). All fees and expenses of the Accounting Firm will be borne solely by Conn's. Any determination by the Accounting Firm will be binding upon Conn's and the Executive.

(d) As a result of uncertainty in the application of Section 280G and Section 4999 of the Code at the time of the initial calculation by the Accounting Firm hereunder, it is possible that the cash severance payment made by Conn's will have been less than Conn's should have paid pursuant to Section 5 hereof (the amount of any such deficiency, the "Underpayment"), or more than Conn's should have paid pursuant to Section 5 hereof (the amount of any such overage, the "Overpayment"). In the event of an Underpayment, Conn's will pay the Executive the amount of such Underpayment (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) not later than five business days after the amount of such Underpayment is subsequently determined, provided, however, such Underpayment will not be paid later than the end of the calendar year following the calendar year in which the Executive remitted the related taxes. In the event of an Overpayment, the amount of such Overpayment will be paid to Conn's by the Executive not later than five business days after the amount of such Overpayment is subsequently determined (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code).

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment is adopted and effective as of this 3rd day of December, 2013.

EXECUTIVE

CONN'S, INC.

/s/ David W. Trahan

By:/s/ Robert F. Bell

David W. Trahan

Name: Robert F. Bell

Title: VP and General Counsel

**AMENDMENT
TO
EXECUTIVE SEVERANCE AGREEMENT**

THIS AMENDMENT (the “**Amendment**”) is made to the Executive Severance Agreement dated April 23, 2012 by and between Brian E. Taylor (“**Executive**”) and Conn’s, Inc. (“**Conn’s**”, and such agreement, the “**Agreement**”).

WHEREAS, Conn’s and Executive previously entered into the Agreement and have determined that for good and valuable consideration, it is in the best interests of Conn’s and Executive to amend the Agreement to replace the parachute payment limitation provisions currently contained in Section 5 of the Agreement with an alternative cap on parachute payments, as reflected in the amendment of Section 5 below.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

Section 5 of the Agreement is hereby amended and restated in its entirety to read as follows:

Section 5. Potential Limitation on Payments.

(a) Anything in this Agreement to the contrary notwithstanding, if it is determined that any payment or distribution by Conn’s to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this Section 5) (all such payments and benefits, including the payments and benefits under Section 5 hereof, being hereinafter referred to as the “Total Payments”) would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, collectively the “Excise Tax”), then the Total Payments will be reduced, in the order specified in Section 5(b), to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) The Total Payments will be reduced in the following order: (i) reduction of any cash severance payments otherwise payable to the Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash

payments or benefits otherwise payable to the Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to the Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

(c) Subject to the provisions of Section 5(d) hereof, all determinations required to be made under this Section 5, including whether and when Total Payments should be reduced, the amount of such Total Payments, Excise Taxes and all other related determinations, as well as all assumptions to be utilized in arriving at such determinations, will be made by a nationally recognized certified public accounting firm as may be designated by Conn's, subject to Executive's approval which will not be unreasonably withheld (the "Accounting Firm"). All fees and expenses of the Accounting Firm will be borne solely by Conn's. Any determination by the Accounting Firm will be binding upon Conn's and the Executive.

(d) As a result of uncertainty in the application of Section 280G and Section 4999 of the Code at the time of the initial calculation by the Accounting Firm hereunder, it is possible that the cash severance payment made by Conn's will have been less than Conn's should have paid pursuant to Section 5 hereof (the amount of any such deficiency, the "Underpayment"), or more than Conn's should have paid pursuant to Section 5 hereof (the amount of any such overage, the "Overpayment"). In the event of an Underpayment, Conn's will pay the Executive the amount of such Underpayment (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code) not later than five business days after the amount of such Underpayment is subsequently determined, provided, however, such Underpayment will not be paid later than the end of the calendar year following the calendar year in which the Executive remitted the related taxes. In the event of an Overpayment, the amount of such Overpayment will be paid to Conn's by the Executive not later than five business days after the amount of such Overpayment is subsequently determined (together with interest at 120% of the rate provided in Section 1274(b)(2)(B) of the Code).

[Signature Page Follows]

IN WITNESS WHEREOF, this Amendment is adopted and effective as of this 3rd day of December, 2013.

EXECUTIVE

CONN'S, INC.

/s/ Brian E. Taylor

By:/s/ Robert F. Bell

Brian E. Taylor

Name: Robert F. Bell

Title: VP and General Counsel

Statement of Computation of Ratio of Earnings to Fixed Charges
(Dollars in thousands)

	Nine Months Ended October 31,	
	2013	2012
Income before income taxes	\$ 103,216	\$ 55,027
Fixed charges	23,188	21,936
Capitalized interest	(289)	(139)
Total earnings	<u>\$ 126,115</u>	<u>\$ 76,824</u>
Interest expense (including capitalized interest)	\$ 8,674	\$ 10,374
Amortized premiums and expenses	2,335	2,924
Estimated interest within rent expense	12,179	8,638
Total fixed charges	<u>\$ 23,188</u>	<u>\$ 21,936</u>
Ratio of earnings to fixed charges	5.44	3.50

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Theodore M. Wright, 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/ Theodore M. Wright

Theodore M. Wright

Chief Executive Officer and President

Date: December 5, 2013

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brian E. Taylor, 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/ Brian E. Taylor

Brian E. Taylor

Vice President, Chief Financial Officer and Treasurer

Date: December 5, 2013

**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 October 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "*Report*"), we, Theodore M. Wright, Chief Executive Officer and President of the Company and Brian E. Taylor, Vice President, Chief Financial Officer and Treasurer 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/ Theodore M. Wright

Theodore M. Wright

Chief Executive Officer and President

/s/ Brian E. Taylor

Brian E. Taylor

Vice President, Chief Financial Officer and Treasurer

Dated: December 5, 2013

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.