

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 4, 2014

**Conn's, Inc.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation)	<b>1-34956</b> (Commission File Number)	<b>06-1672840</b> (IRS Employer Identification No.)
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<b>4055 Technology Forest Blvd., Suite 210</b> <b>The Woodlands, Texas</b> (Address of principal executive offices)	<b>77381</b> (Zip Code)
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Registrant's telephone number, including area code: **(936) 230-5899**

**Not applicable**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## Item 1.01 Entry into a Material Definitive Agreement

### *Amendment to Revolving Credit Facility*

On September 4, 2015, Conn's, Inc. (the "**Company**") and certain of its subsidiaries entered into a Third Amendment (the "**Credit Facility Amendment**") to the Second Amended and Restated Loan and Security Agreement, dated as of September 26, 2012 (the "**Loan Agreement**"), among the Company, as parent and guarantor, Conn Appliances, Inc., Conn Credit I, LP and Conn Credit Corporation, Inc., as borrowers, certain banks and financial institutions named therein, as lenders, and Bank of America, N.A., as Administrative Agent for the Lenders. The Credit Facility Amendment (i) consents to the Company's entry into the Securitization Transaction, and (ii) amends certain covenants and definitions including, among other things, allowing the Company to repurchase shares of its outstanding common stock and its outstanding 7.250% Senior Notes due 2022, provided that the aggregate amount of such repurchases and redemptions does not exceed \$75,000,000.

The foregoing description of the Credit Facility Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference herein.

## Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers

### *Retirement of Chief Executive Officer and Appointment of a New Chief Executive Officer.*

Effective as of September 7, 2015, Mr. Theodore M. Wright retired as our Chief Executive Officer and President and the Board of Directors of the Company (the "**Board**") appointed Mr. Norman Miller to serve as the Company's Chief Executive Officer and President effective as of such date (the "**Commencement Date**"). Additionally, the Board appointed Mr. Miller as a member of the Board, filling a vacant seat, also effective as of September 7, 2015. Mr. Wright will remain Chairman of the Board, and until September 10, 2015, our Co-Principal Executive Officer, as part of the succession process described below.

Mr. Miller, age 54, most recently served as the Senior Vice President and President, Automotive at Sears Holdings, which operates over 700 Sears Auto Center locations. Prior to that, he served as President and Chief Operating Officer of DFC Global Corporation (formerly Dollar Financial Corp, NASDAQ: DLLR) from 2007 to 2014. DFC Global is a leading international non-bank provider of alternative financial services, which at the time had over 6,600 employees at more than 1,500 retail storefront locations and multiple Internet platforms in ten countries, with total revenues exceeding \$1.1 billion. Prior to his employment at DFC Global Corporation, Mr. Miller served as Group President, Sports and Entertainment unit at ARAMARK, where he worked for a decade. He was named to the role after serving as the President of that company's Correctional Services unit from 2002 to 2003. Mr. Miller's career also includes nine years with Nestle, Kraft General Foods and PepsiCo, serving in management positions in sales, marketing and operations. Mr. Miller received a Bachelor's of Science from the United States Military Academy at West Point.

Pursuant to a compensation package recommended by the Compensation Committee of the Board and approved by the Board, Mr. Miller will receive the following compensation:

*Annual Base Salary:* \$875,000 per year.

*Sign-On Bonus:* \$300,000 payable 30 days after the Commencement Date. If Mr. Miller's employment is terminated for any reason within six months of the Commencement Date, Mr. Miller must repay the entire signing bonus.

*Annual Cash Incentive Plan:* Mr. Miller will be eligible for a target cash bonus opportunity equal to 100% of his base salary and a maximum cash bonus opportunity equal to 200% of his base salary. The first-year cash incentive bonus will be pro-rated.

*Long-Term Incentive Plan:* Mr. Miller will be eligible for a target long-term incentive grant equal to the sum of 100% of the aggregate of (i) his annual base salary, plus (ii) his target-level annual cash bonus. The form of the grant and related performance requirements will be determined by the Compensation Committee of the Board.

*Initial Long-Term Incentive Award:* Mr. Miller will receive a grant of \$2,000,000 in restricted stock units (RSUs) on the Commencement Date based on the closing stock price on that date. These RSUs will ratably vest on each anniversary of the Commencement Date over five years.

*Other Benefits:* Mr. Miller will also be eligible for other benefits including participation in the Company's other employee benefit plans available to other employees of the Company (including healthcare), relocation assistance (including up to three months of temporary housing until he permanently relocates and commuting expenses from his current home until September 30, 2016).

Additionally, the Company will enter into a severance agreement with Mr. Miller (the “**Miller Severance Agreement**”) substantially similar to what the Company has entered into with certain of other executive officers and as described under the section entitled “Termination of Employment and Change of Control Arrangements-Executive Severance Agreements” in the Company’s 2015 Proxy Statement filed with the Securities and Exchange Commission on April 13, 2015, except as described below:

If Mr. Miller is terminated without cause or if he voluntarily terminates his employment for good reason, in each case other than in connection with a change of control, he will receive severance benefits for 24 months. If during the period beginning one year prior to a change of control and ending one year following the change in control, Mr. Miller is terminated without cause or if Mr. Miller voluntarily terminates his employment for good reason, then (i) Mr. Miller will receive a lump sum cash stipend equal to 24 times the portion of the monthly premium that would have been paid by the Company for the same level of health and dental coverage he had in effect immediately prior to such termination, and (ii) all equity awards held by Mr. Miller under our 2003 Incentive Stock Option Plan and 2011 Omnibus Incentive Plan will immediately vest on the later of the date of termination or the date of the change of control, and if applicable, these equity awards will continue to be exercisable for 24 months following Mr. Miller’s termination as if he had remained an employee of the Company. In addition, as a condition to receiving any benefits under the Miller Severance Agreement, Mr. Miller will be required to execute a waiver and release agreement.

The foregoing description of the Miller Severance Agreement does not purport to be complete and is qualified in its entirety by reference to the Miller Severance Amendment, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated by reference herein.

The Company will also enter into the Company’s standard form of Indemnification Agreement with Mr. Miller, the form of which was filed as Exhibit 10.16 to the Company’s Registration Statement on Form S-1 filed with the Securities and Exchange Commission on September 23, 2003 and is incorporated herein by reference as Exhibit 10.4.

There are no transactions in which Mr. Miller has an interest requiring disclosure under Item 404(a) of Regulation S-K or any family relationships requiring disclosure under Item 401(d) of Regulation S-K.

#### *Succession Plan and Appointment of Executive Chairman of the Board*

As part of the Company’s leadership succession plan, the Board, effective September 7, 2015, appointed Mr. Theodore M. Wright to serve the Company as its Executive Chairman of the Board. In connection with such appointment, the Company entered into a Transition Letter Agreement (the “**Transition Agreement**”) with Mr. Wright to set forth the terms of his continued service to the Company.

Under the Transition Agreement, Mr. Wright has agreed to serve as the Executive Chairman and provide transition and related services to the Company for a term beginning on September 7, 2015 and ending January 31, 2016 (the “**Transition Period**”) unless the Board terminates Mr. Wright for “cause” (as defined in Mr. Wright’s Severance Agreement dated as of December 5, 2011 (the “**Wright Severance Agreement**”) or the Board selects another individual to serve as Chairman of the Board (in which case he will continue to provide transition services through the Transition Period). If Mr. Wright voluntarily resigns as Executive Chairman or as a member of the Board for any reason prior to the end of the Transition Period, the Transition Period will terminate as of the date of such termination.

If the Transition Period continues through January 31, 2016, Mr. Wright has agreed to serve as the Non-Executive Chairman of the Board following the Transition Period. During the period that Mr. Wright serves as the Non-Executive Chairman of the Board, he will be entitled to be compensated in accordance with the Company’s nonemployee director compensation policy, as in effect from time to time. If the Board selects another individual to serve as the Chairman of the Board, Mr. Wright will continue to serve as a member of the Board in accordance with the Company’s Amended and Restated Bylaws.

If the Transition Period continues through January 31, 2016, Mr. Wright and the Company have also agreed that Mr. Wright will serve as a consultant to the Company for 18 months (the “**Consultant Period**”) following the Transition Period. Mr. Wright may terminate his service as a consultant prior to end of the Consultant Period for any reason with 30 days’ notice to the Company and the Board may terminate Mr. Wright’s service as a consultant for “cause” (as defined in the Wright Severance Agreement). During the Consulting Period, all awards held by Mr. Wright under the Company’s Amended and Restated 2003 Incentive Stock Option Plan or the Company’s 2011 Omnibus Incentive Plan will continue to vest or be exercisable as if Mr. Wright had remained an employee of the Company during the Consulting Period. Mr. Wright will not receive any additional compensation for his services as a consultant.

In addition, Mr. Wright will also continue to be bound by the covenants in the Wright Severance Agreement, including non-disclosure, non-competition and non-solicitation covenants for a period of 36 months after the last day of the Transition Period.

The Transition Agreement also imposes a standstill agreement on Mr. Wright for a period of 36 months following the last day of the Transition Period that prohibits him from acquiring 5% or more of the capital stock of the Company or from becoming involved in any proposal, offer or transaction to acquire any other ownership interest in the Company or to otherwise attempt to

control, advise, change or influence the management of the Company in any manner. Mr. Wright has also agreed that any payments received under the Transition Agreement or otherwise from the Company shall be subject to clawback by the Company to the necessary under applicable law.

The foregoing description of the Transition Agreement does not purport to be complete and is qualified in its entirety by reference to the Transition Agreement, which is filed as Exhibit 10.3 to this Current Report on Form 8-K and incorporated by reference herein.

#### Item 7.01 Regulation FD Disclosure.

On September 9, 2015, the Company issued a press release announcing (i) its second quarter fiscal 2016 financial results, (ii) sales results for the month ended August 31, 2015, and (iii) 60-plus day delinquency rate data as of August 31, 2015. A copy of the press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

The Company's press release announcing its financial results for the quarter ended July 31, 2015 contains non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Pursuant to the requirements of Regulation G, the Company has provided quantitative reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

On September 9, 2015, the Company issued a press release announcing the pricing of its approximate \$1.4 billion securitization transaction of its customer receivables (the "**Securitization Transaction**"). A copy of the press release is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

On September 9, 2015, the Company also announced that in connection with the Securitization Transaction, the Board approved the early termination of the Company stockholders' rights plan and approved an equity and debt repurchase program. The Company's press release announcing these initiatives is attached hereto as Exhibit 99.3.

The Company's press release announcing the matters disclosed in Item 5.02 above is attached hereto as Exhibit 99.4.

None of the information contained in Item 7.01 or Exhibits 99.1, 99.2, 99.3 or 99.4 of this Form 8-K shall be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and none of it shall be incorporated by reference in any filing under the Securities Act of 1933, as amended. Furthermore, this report will not be deemed an admission as to the materiality of any information in the report that is required to be disclosed solely by Regulation FD.

#### Item 9.01. Financial Statements and Exhibits.

Exhibit Number	Description of Document
10.1*	Third Amendment, dated September 4, 2015, to Second Amended and Restated Loan and Security Agreement, dated September 26, 2012, by and among the Company, as parent and guarantor, Conn Appliances, Inc., Conn Credit I, LP and Conn Credit Corporation, Inc., as borrowers, certain banks and financial institutions named therein, as lenders, and Bank of America N.A., in its capacity as agent for lenders.
10.2*	Executive Severance Agreement by and between the Company and Norman Miller, dated as of September 7, 2015.
10.3*	Transition Letter, dated September 7, 2015, by and between the Company and Theodore M. Wright.
10.4	Form of Indemnification Agreement (incorporated herein by reference to Exhibit 10.16 to Conn's, Inc. registration statement on Form S-1 (file no. 333-109046) as filed with the Securities and Exchange Commission on September 23, 2003)
99.1**	Press Release, dated September 9, 2015 relating to strategic repositioning of the business, planned leadership succession, second-quarter fiscal 2016 earnings, and August 2015 sales and delinquency data.
99.2**	Press Release, dated September 9, 2015, related to the pricing of the Securitization Transaction.
99.3**	Press Release, dated September 9, 2015, related to the Securitization Transaction and other corporate initiatives.
99.4**	Press Release, dated September 9, 2015, related to the succession of the Chief Executive Officer.

\* Filed herewith

\*\* Furnished herewith

**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 hereunto duly authorized.

Date: September 9, 2015

**CONN'S, INC.**

By: /s/ Thomas R. Moran

Name: Thomas R. Moran

Title: Executive Vice President and Chief Financial  
Officer

## EXHIBIT INDEX

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99.4**	Press Release, dated September 9, 2015, related to the succession of the Chief Executive Officer.

\* Filed herewith

\*\* Furnished herewith

**THIRD AMENDMENT TO  
SECOND AMENDED AND RESTATED  
LOAN AND SECURITY AGREEMENT  
AND CONSENT AGREEMENT**

This **THIRD AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT AND CONSENT AGREEMENT**, dated to be effective as of September 4, 2015 (this "Agreement") is made among **CONN'S, INC.**, a Delaware corporation (the "Parent"), **CONN APPLIANCES, INC.**, a Texas corporation ("CAI"), **CONN CREDIT I, LP**, a Texas limited partnership ("CCI"), **CONN CREDIT CORPORATION, INC.**, a Texas corporation ("CCCI"), together with CAI and CCI, individually, a "Borrower" and collectively, the "Borrowers", the banks and other financial institutions identified as "Lenders" on the signature pages hereof (the "Lenders") and **BANK OF AMERICA, N.A.**, a national banking association, as Administrative Agent for the Lenders ("Agent").

*Background*

A. Parent, Borrowers, Agent and Lenders have entered into a Second Amended and Restated Loan and Security Agreement, dated as of September 26, 2012 (as amended, modified or supplemented from time to time, the "Loan Agreement"). All capitalized terms used and not otherwise defined in this Agreement are used as defined in the Loan Agreement.

B. Parent, Borrowers, Agent and Required Lenders have agreed to amend certain provisions of the Loan Agreement as more specifically set forth herein.

C. Upon request by Parent and Borrowers, Agent and Required Lenders have agreed to provide their consent to the sale of all or substantially all of the portfolio of Contracts of CCI to a subsidiary of Parent for the purpose of obtaining a securitization facility supported by such Contracts.

NOW THEREFORE, in consideration of the premises and the mutual agreements, representations and warranties herein set forth and for other good and valuable consideration, Parent, Borrowers, Agent and Lenders hereto hereby agree as follows:

*Agreement*

1. *Amendment.*

(a) The definition of "2015 ABS Facility" is hereby added to Section 1.1 of the Loan Agreement in alphabetical order to read as follows:

2015 ABS Facility: that certain Permitted ABS Transaction entered into by Parent and its Subsidiaries as set forth in that certain Third Amendment to Second Amended and Restated Loan and Security Agreement and Consent Agreement dated as of September 4, 2015 by and among Parent, Borrowers, Lenders and Agent.

(b) The definition of "Permitted Redemption/Repurchase" is hereby added to Section 1.1 of the Loan Agreement in alphabetical order to read as follows:

Permitted Redemption/Repurchase: repurchase by Parent of its Equity Interests and redemption of the notes issued under the HY Note Facility by Parent and Borrowers using the cash proceeds of the 2015 ABS Facility so long as: (i) at the time of such repurchase or redemption and immediately after giving effect thereto, no Default or Event of Default exists, (ii) such repurchase or redemption is made within the 6 month period commencing on the closing of the 2015 ABS Facility, and (iii) the aggregate amount of such redemptions and repurchases at no time exceeds \$75,000,000.

(c) The definition of "Cash Recovery Percent" as set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

Cash Recovery Percent: the percent, calculated as of the end of the last day of each month, equal to the amount determined by dividing (i) the actual Gross Cash Collections received by Borrowers from payments made by Contract Debtors during the previous three (3) months by (ii) the sum of the Gross Contract Payments outstanding as of the beginning of the first day of each of the previous three (3)

months. The Cash Recovery Percent shall be calculated based on the lower of (x) the Cash Recovery Percent determined based on the portfolio of Contracts subject to Agent's Lien pursuant to the Security Documents, and (y) the Cash Recovery Percent determined based on the combined portfolio of Contracts subject to Agent's Lien pursuant to the Security Documents as well as those Contracts subject to the Existing Securitization Facility and any other Permitted ABS Transaction; provided however, that for a one-time period of 6 months after the closing of the 2015 ABS Facility, the Cash Recovery Percent shall be determined based on the combined portfolio of Contracts subject to Agent's Lien pursuant to the Security Documents as well as those Contracts subject to the 2015 ABS Facility.

(d) The definition of "Fixed Charges" as set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

Fixed Charges: without double counting, the sum of interest expense (other than payment-in-kind and original issue discount), scheduled/amortized principal payments made on Borrowed Money, un-scheduled principal payments made on Borrowed Money (other than payments on account of the Obligations, any other revolving Debt permitted hereunder), book rent expense, cash income taxes paid, and Distributions made, excluding amortization of closing costs and expenses incurred in connection with the Loan Documents, Existing Securitization Facility, a Permitted ABS Transaction, and excluding any amounts used to consummate a Permitted Redemption/Repurchase.

(e) The definition of "Leverage Ratio" as set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

Leverage Ratio: the ratio, determined as of the end of any Fiscal Quarter for the Parent and its Subsidiaries, on a consolidated basis, of (a) the result of (x) all items that would be included as liabilities on a balance sheet in accordance with GAAP as of the last day of such Fiscal Quarter, minus (y) Qualified Cash as of such date of measurement, to (b) Tangible Net Worth as of the last day of such Fiscal Quarter.

(f) The definition of "Permitted Distribution" as set forth in Section 1.1 of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

Permitted Distribution: (a) Distributions declared and made by Parent or any of its Subsidiaries solely for the purpose of making, or permitting Parent to make, payments on account of obligations owed under the HY Note Facility (including the Permitted Redemption/Repurchase) which payments are permitted to be made under **Section 10.2.8(c)**, and (b) other Distributions declared and made by Parent or any Borrower which are approved by Parent's board of directors so long as (i) immediately before and after giving effect thereto, (A) no Default or Event of Default exists, (B) Availability is not less than the greater of (x) \$75,000,000 and (y) 15% of the Borrowing Base in effect at the time of measurement, and (C) Fixed Charge Coverage Ratio is greater than 1.35:1.00, and (ii) projected Fixed Charge Coverage Ratio for the succeeding 6-month period after giving effect to declaring and making any such Distribution is greater than 1.35:1.00; provided, that the Availability requirement under clause (B) shall not be applicable to a Distribution made for the repurchase of Parent's Equity Interests pursuant to a Permitted Redemption/Repurchase.

(g) The definition of "Qualified Cash" is hereby added to Section 1.1 of the Loan Agreement in alphabetical order to read as follows:

Qualified Cash: as of any date of determination, the aggregate amount of unrestricted cash of Borrowers that (a) is subject to a first priority Lien in favor of Agent for the benefit of Secured Parties, and (b) is subject to a Deposit Account Control Agreement, in form and substance reasonably satisfactory to Agent.

(h) Section 6.2(f) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(f) (i) After giving effect to the funding of any Revolver Loan, issuance of any Letters of Credit or granting of any other accommodation to or for the benefit of the Borrowers, Borrowing Availability shall be in an amount greater than zero, and (ii) prior to giving effect to the funding of any Revolver Loan, Qualified Cash shall be in an amount less than \$100,000,000.



(i) Section 10.2.8(c) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

(c) Make any principal payments (whether voluntary or mandatory, or a prepayment, redemption, repurchase, retirement, defeasance or acquisition) with respect to the HY Note Facility unless immediately before and after giving effect to any such repayment (i) no Default or Event of Default exists and (ii) Availability exceeds the greater of (x) \$92,500,000 and (y) 12.5% of the Borrowing Base then in effect; provided, that the Availability requirement under clause (ii) shall not be applicable to a Permitted Redemption/Repurchase of the HY Note Facility.

2. *Consent.*

(a) Parent and Borrowers have informed Agent and Lenders that Parent and Borrowers intend to enter into a securitization transaction whereby pursuant to a one-time transaction, CCI will sell substantially all of its portfolio of Contracts to a Securitization Subsidiary which will directly or indirectly enter into a securitization facility with the securitization investors for the purpose of financing the purchased Contracts ("Proposed ABS Facility"). As set forth in the Loan Agreement, Borrowers and their Subsidiaries are not permitted to enter into a securitization facility without the consent of Agent and Required Lenders. Lenders party hereto hereby consent to the Proposed ABS Facility and agree that such facility will be deemed a Permitted ABS Transaction subject to the satisfaction of the conditions set forth in clause (b), below.

(b) In each case the consent, waiver and agreement set forth in clause (a) above is subject to:

(i) No Default or Event of Default shall exist prior to or immediately after giving effect to the consummation of the Proposed ABS Facility;

(ii) The net proceeds of the Proposed ABS Facility will be used to repay all Revolver Loans in full and for other general corporate purposes;

(iii) The Proposed ABS Facility satisfies all of the conditions of a Permitted ABS Transaction (other than the consent of Required Lenders);

(iv) Agent has reviewed and approved the structure and all documents related to the Proposed ABS Facility and such structure and documents are consistent with the Confidential Preliminary Term Sheet attached hereto as Exhibit A;

(v) Borrowers deliver to Agent (x) the draft documents evidencing the Proposed ABS Facility ("ABS Documents") within 5 Business Days (or such shorter period of time as reasonably acceptable to Agent) prior to the consummation of the Proposed ABS Facility, (y) the substantially final ABS Documents within 1 Business Day prior to the consummation of the Proposed ABS Facility and (z) a copy of the final executed ABS Documents contemporaneous with the consummation of the Proposed ABS Facility, all of which shall be in form and substance reasonably satisfactory to Agent; and

(vi) Immediately prior to the consummation of the Proposed ABS Facility, Borrowers deliver to Agent an updated Borrowing Base Certificate giving pro forma effect to the consummation of the Proposed ABS Facility.

(c) The consents, waivers and agreements set forth above shall be effective only in this specific instance and for the specific purpose for which they are given, and such consents, waivers and agreements shall not entitle Parent or Borrowers to any other or further consent or waiver in any similar or other circumstances. The consents, waivers and agreements set forth above shall be limited precisely as written and shall not be deemed to (i) be a waiver or modification of any other term or condition of the Loan Agreement or any other Loan Document or (ii) prejudice any right or remedy which Agent or any Lender may now have or may have in the future under or in connection with the Loan Agreement or any Loan Document.

3. *Representations and Warranties; No Default.* Each of the Parent and the Borrowers, hereby represents and warrants as of the effectiveness of this Agreement that:

(a) no Default or Event of Default exists; and

(b) its representations and warranties set forth in Section 9 of the Loan Agreement are true and correct as of the date hereof, as though made on and as of such date (except to the extent such representations and warranties relate solely to an earlier date and then as of such earlier date).

4. *Effectiveness.* This Agreement (and the consents and waivers set forth herein) shall become effective, as of the date first set forth above upon receipt by Agent of:

(a) Executed counterparts hereof from Parent, the Borrowers and each of the Required Lenders;

(b) Certificates, in the form of Exhibit B attached to the Loan Agreement, from a knowledgeable Senior Officer of Parent and each Borrower;

(c) A certificate of a duly authorized officer of each Obligor, certifying (i) that attached copies of such Obligor's Organic Documents are true and complete, and in full force and effect, without amendment except as shown; (ii) that an attached copy of resolutions authorizing execution and delivery of the Loan Documents is true and complete, and that such resolutions are in full force and effect, were duly adopted, have not been amended, modified or revoked, and constitute all resolutions adopted with respect to this credit facility; and (iii) to the title, name and signature of each Person authorized to sign the Loan Documents;

(d) A reaffirmation of its obligations under the Guaranty, duly executed by each Guarantor; and

(e) An amendment fee for the account of each Lender that executes and delivers a signature page hereto to Agent on or before 12:00 noon (Pacific time) on September 3, 2015 (each such Lender, a "Consenting Lender", and collectively, the "Consenting Lenders"), in an amount equal to ten (10) basis points on the aggregate Revolver Commitments of such Consenting Lender.

5. *Binding Effect; Ratification*

(a) Upon the effectiveness of this Agreement and thereafter this Agreement shall be binding on Agent, Parent, Borrowers and Lenders and their respective successors and assigns.

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

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

6. *Miscellaneous.* (a) THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS. EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER LOS ANGELES COUNTY, CALIFORNIA IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO THIS AGREEMENT OR ANY LOAN DOCUMENT AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH OF THE PARTIES HERETO HEREBY WAIVES ANY OBJECTION BASED ON FORUM NON CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

(b) All reasonable costs and expenses incurred by Agent in connection with this Agreement (including reasonable attorneys' costs) shall be paid by the Borrowers.

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

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

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

**PARENT:**

**CONN'S, INC.,**  
a Delaware corporation

By: /s/ Michael J. Poppe  
Name: Michael J. Poppe  
Title: Executive Vice President and Chief Operating Officer

**BORROWERS:**

**CONN APPLIANCES, INC.,**  
a Texas corporation

By: /s/ Michael J. Poppe  
Name: Michael J. Poppe  
Title: Executive Vice President and Chief Operating Officer

**CONN CREDIT I, LP,**  
a Texas limited partnership

By: Conn Credit Corporation, Inc.,  
a Texas corporation,  
its sole general partner

By: /s/ Michael J. Poppe  
Name: Michael J. Poppe  
Title: Executive Vice President and Chief Operating Officer

**CONN CREDIT CORPORATION, INC.,**  
a Texas corporation

By: /s/ Michael J. Poppe  
Name: Michael J. Poppe  
Title: Executive Vice President and Chief Operating Officer

**AGENT AND LENDERS:**

**BANK OF AMERICA, N.A.,**  
as Agent and Lender

By: /s/ Carlos Gil

Name: Carlos Gil

Title: Senior Vice President

**JPMORGAN CHASE BANK, N.A.**

By: /s/ Jennifer Heard

Name: Jennifer Heard

Title: Authorized Officer

**REGIONS BANK**

By: /s/ Eric Krimm  
Name: Eric Krimm  
Title: Vice President

**MUFG UNION BANK, N.A.**

By: /s/ Nadia Mitevska

Name: Nadia Mitevska

Title: Vice President

**COMPASS BANK**

By: /s/ Michael Sheff

Name: Michael Sheff

Title: SVP



**AMEGY BANK**

By: /s/ Mark L. Wayne

Name: Mark L. Wayne

Title: SVP

**FIRST TENNESSEE BANK NATIONAL ASSOCIATION**

By: /s/ Daniel McCarthy  
Name: Daniel McCarthy  
Title: VP

**SYNOVUS BANK**

By: /s/ David W. Bowman

Name: David W. Bowman

Title: Director

**WHITNEY BANK**

By: /s/ Katie Sandoval

Name: Katie Sandoval

Title: Senior Vice President

**AMALGAMATED BANK**

By: /s/ Michael LaManes

Name: Michael LaManes

Title: First Vice President

**MB FINANCIAL BANK, N.A.**

By: /s/ Pavo Hrkac

Name: Pavo Hrkac

Title: AVP

**CATHAY BANK**

By: /s/ Humberto Campos  
Name: Humberto Campos  
Title: Vice President

**ISRAEL DISCOUNT BANK OF NEW YORK**

By: /s/ Dionne S. Rice  
Name: Dionne S. Rice  
Title: First Vice President

By: /s/ Richard Miller  
Name: Richard Miller  
Title: Senior Vice President



**GREEN BANK, N.A.**

By: /s/ Glen R. Bell

Name: Glen R. Bell

Title: Executive Vice-President

**CITY NATIONAL BANK**

By: /s/ David Knoblauch

Name: David Knoblauch

Title: SVP

**BOKE, NA dba Bank of Texas**

By: /s/ Marian Livingston  
Name: Marian Livingston  
Title: Senior Vice President

**EXECUTIVE SEVERANCE AGREEMENT**

THIS EXECUTIVE SEVERANCE AGREEMENT (this "Agreement") is made as of September 7, 2015 ("Effective Date"), by and between Conn's, Inc., a Delaware corporation with its principal offices at 4055 Technology Forest Blvd, The Woodlands, Texas 77381 ("Conn's"), and Norman Miller, an individual (the "Executive").

**WHEREAS**, Executive has agreed to commence employment with Conn's as its President and Chief Executive Officer as of the Effective Date;

**WHEREAS**, Conn's desires to provide the Executive certain benefits in the event of a termination of Executive's employment, subject to the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing and in consideration of the mutual promises and agreements contained herein, the parties hereto agree as follows:

1. Term of Agreement. This Agreement will commence on the Effective Date and will continue in effect for one (1) year from such date, and shall automatically renew for successive one (1) year periods unless terminated by mutual written agreement of Executive and Conn's prior to the end of the then-existing term.

2. At-Will Employment. Conn's and Executive acknowledge that the Executive's employment shall be at-will, within the meaning of applicable law.

3. Severance Benefits Under this Agreement.

(a) *Termination of Employment for Any Reason*. The following payments will be paid to Executive upon Executive's termination of employment for any reason:

(i) Earned but unpaid Base Salary through the date of termination;

(ii) Any annual incentive plan bonus, or other form of incentive compensation, for which the performance measurement period has ended, but which is unpaid at the time of termination;

(iii) Any accrued but unpaid vacation and unused sick days;

(iv) Unreimbursed business expenses incurred by the Executive on behalf of Conn's.

(b) *Termination Without Cause, or Voluntary Termination by the Executive for Good Reason not in Connection with a Change of Control*. Except as otherwise provided in Section 3(c), and subject to Executive's execution and non-revocation of a release of claims pursuant to Section 3(d), if (x) Conn's terminates Executive's employment other than (A) for Cause or (B) as a result of Executive's death or Disability, or (y) Executive voluntarily terminates his employment for Good Reason, Conn's will pay Executive the following amounts and provide the following benefits:

(i) Executive shall continue to receive his Base Salary for the twenty-four (24) month period (the "Severance Period") following such termination, payable in accordance with Conn's normal payroll practices.

(ii) During the Severance Period, Executive shall receive continued coverage under the Conn's medical, dental, life, disability, and other employee welfare benefit plans in which senior executives of Conn's are eligible to participate, to the extent Executive is eligible under the terms of such plans immediately prior to Executive's termination. For purposes of clarity, during the term of this Agreement Conn's shall provide Executive coverage under a major medical plan. Conn's obligation to provide the foregoing benefits shall terminate upon Executive's becoming eligible for comparable employee welfare benefits under a plan or arrangement provided by a new employer. Executive agrees to promptly notify Conn's of any such employment and the material terms of any employee welfare benefits offered to Executive in connection with such employment.

(iii) All awards held by Executive under the Conn's Amended and Restated 2003 Incentive Stock Option Plan and/or the Conn's 2011 Omnibus Incentive Plan shall continue to vest and, if applicable, be exercisable, during the Severance Period as if Executive had remained an employee of Conn's.

(c) *Termination in Connection with a Change of Control.* If during the two (2) year period that begins on the date that is one (1) year prior to a Change of Control and ends on that date which is one (1) year following a Change of Control, Conn's (or its successor) terminates Executive's employment other than (A) for Cause or (B) as a result of Executive's death or Disability, or Executive voluntarily terminates his employment for Good Reason, then subject to Executive's execution and non-revocation of a release of claims pursuant to Section 3(d), Conn's will pay the following amounts and provide the following benefits:

(i) A lump-sum cash payment in an amount equal to three (3) times the Executive's Base Salary, which, subject to Section 16, shall be payable not later than (i) sixty (60) days following (A) Executive's termination (if Executive's employment terminates on or after the date of the Change of Control), or (B) the date of the Change of Control (if Executive's employment terminates during the one-year period prior to the date of the Change of Control); *provided, however*, that if the Change of Control is not a "change in control event," within the meaning of Treasury Regulations issued under Section 409A of the Code, then such amount shall be paid in monthly installments over a period of three years, rather than a lump sum payment. Notwithstanding the provisions of Section 3(c)(i)(B), the amount payable to Executive under this Section 3(c)(i) shall be reduced by the payments, if any, received by Executive pursuant to Section 3(b)(i).

(ii) Conn's will offer the Executive and any eligible family members the opportunity to elect to continue medical and dental coverage pursuant to COBRA. The Executive will be responsible for paying the required monthly premium for that coverage, but Conn's will pay the Executive a lump sum cash stipend equal to 24 times the portion of the monthly premium that would have been paid by Conn's for the same level of health and dental coverage the Executive had in effect immediately prior to his termination if the Executive were actively employed by Conn's, and the Executive may, but is not required to, choose to use the stipend for the payment of COBRA premiums for any COBRA coverage that the Executive or eligible family members may elect. Conn's will pay the stipend to the Executive within sixty (60) days after Executive's termination of employment, or such later date required under Section 16, whether or not the Executive or any eligible family member elects COBRA coverage, whether or not the Executive continues COBRA coverage for the maximum period permitted by law, and whether or not the Executive receives medical or dental coverage from another employer while the Executive is receiving COBRA continuation coverage. Payment of the stipend will not in any way extend or modify the Executive's continuation coverage rights under COBRA or any similar continuation coverage law.

(iii) All awards held by Executive under the Conn's Amended and Restated 2003 Incentive Stock Option Plan and/or the Conn's 2011 Omnibus Incentive Plan shall immediately vest and, if applicable, continue to be exercisable during the 24-month period following the date of termination as if Executive had remained an employee of Conn's.

The terms of this Section 3(c) are continuing in nature and shall survive until the one (1) year anniversary of the earlier of Executive's termination of employment or termination of this Agreement.

(d) *Waiver and Release.* Executive's rights to any payments under 3(b) or 3(c) of this Agreement are contingent on Executive signing and returning, within 21 days following the date of termination (or, if permitted by Conn's, within 45 days following the date of termination), an executed release of claims in a form prescribed by Conn's, and not revoking such release within seven (7) days thereafter. Any amounts payable under Section 3(b)(i), 3(c)(i) and 3(c)(ii) shall be delayed until such conditions have been satisfied; *provided, however*, that if the period during which Executive may consider whether to execute or revoke such a release of claims begins in one calendar year and ends in a subsequent calendar year, all payments under Section 3(b) or 3(c) that otherwise would be payable in the first of such calendar years shall be paid in the subsequent calendar year in accordance with Section 409A of the Code.

4. Attorneys' Fees, Costs and Expenses. Conn's will reimburse Executive for the reasonable attorney fees, costs and expenses incurred by the Executive in connection with any claim made or action brought by Executive to enforce his rights hereunder, provided such action is not decided in favor of Conn's.

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).

6. Certain Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “*Affiliate*” shall mean, with respect to a person, any other person controlling, controlled by or under common control with the first person.

(b) “*Base Salary*” shall mean Executive’s annual base salary, as approved by the Compensation Committee of the Board, and effective as of the date immediately prior to the Executive’s termination of employment.

(c) “*Board*” shall mean the Board of Directors of Conn’s.

(d) “Cause” shall mean (i) behavior of Executive which is adverse to Conn’s interests, (ii) Executive’s dishonesty, criminal charge or conviction, grossly negligent misconduct, willful misconduct, acts of bad faith, neglect of duty or (iii) material breach of this Agreement.

(e) “Change of Control” means the occurrence of any of the following events:

(i) Any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Act”)) becomes the “beneficial owner” (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of Conn’s representing thirty-five percent (35%) or more of the total voting power represented by Conn’s then outstanding voting securities;

(ii) A change in the composition of the Board occurring within a twelve-month period, as a result of which fewer than a majority of the directors are Incumbent Directors. “Incumbent Directors” will mean directors who either (A) are directors of Conn’s as of the effective date of this Agreement, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the Incumbent Directors at the time of such election or nomination (but will not include an individual whose election or nomination is in connection with an actual or threatened proxy contest relating to the election of directors to Conn’s);

(iii) The consummation of a merger or consolidation of Conn’s with any other entity or corporation, other than a merger or consolidation that would result in the voting securities of Conn’s outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or such surviving entity’s parent) at least fifty percent (50%) of the total voting power represented by the voting securities of Conn’s or such surviving entity or such surviving entity’s parent outstanding immediately after such merger or consolidation; or

(iv) The sale, lease, exchange or other transfer, directly or indirectly, of (A) all or substantially all of the assets of Conn’s (in one transaction or in a series of related transactions), or (B) one of the significant operating divisions of Conn’s, including the Retail and Credit Divisions.

(f) “Confidential Information” shall mean information: (i) disclosed to or known by the Executive as a consequence of or through his employment with Conn’s, (ii) not generally known outside Conn’s and (iii) which relates to any aspect of Conn’s or its business, research, or development. “Confidential Information” includes, but is not limited to Conn’s trade secrets, proprietary information, business plans, marketing plans, methodologies, computer code and programs, formulas, processes, compilations of information, results of research, proposals, reports, records, financial information, compensation and benefit information, cost and pricing information, customer lists and contact information, supplier lists and contact information, vendor lists and contact information, and information provided to Conn’s by a third party under restrictions against disclosure or use by Conn’s or others; provided, however, that the term “Confidential Information” does not include information that (a) at the time it was received by Executive was generally available to the public, (b) prior to its use by Executive, becomes generally available to the public through no act or failure of Executive, (c) is received by Executive from a person or entity other than Conn’s or an Affiliate of Conn’s who is not under an obligation of confidence with respect to such information or (d) was generally known by Executive by virtue of his experience and know-how gained prior to employment with Conn’s.

(g) “Control” and correlative terms shall mean the power, whether by contract, equity ownership or otherwise, to direct the policies or management of a person.

(h) “Copyright Works” shall mean materials for which copyright protection may be obtained including, but not limited to literary works (including all written material), computer programs, artistic and graphic works (including designs, graphs, drawings, blueprints, and other works), recordings, models, photographs, slides, motion pictures, and audio-visual works, regardless of the form or manner in which documented or recorded.

(i) “Disability” shall mean Executive’s permanent disability (A) as determined in accordance with the disability insurance that Conn’s may then have in effect, if any, or (B) if no such insurance is in effect, shall mean that Executive is subject to a medical determination that he, because of a medically determinable disease, injury, or other mental or physical disability, is unable to perform substantially all of his then regular duties, and that such disability is determined or reasonably expected to last at least twelve (12) months, based on then-available medical information.

(j) “Good Reason” shall mean, (A) without Executive’s express written consent, the material diminution of the Executive’s title, duties, authority or responsibilities, relative to Executive’s duties, authority or responsibilities as

in effect immediately prior to such reduction, or the assignment to Executive of such reduced duties, authority or responsibilities, (B) without Executive's express written consent, a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction, (C) a material reduction of Executive's Base Salary or annual bonus opportunity, each as in effect as of the Effective Date, (D) a material reduction in the kind or level of employee benefits, including additional bonus opportunities, to which the Executive was entitled immediately prior to such reduction with the result that the Executive's overall benefits package is significantly reduced, (F) for purposes of Section 3(c) only, the failure of Conn's to obtain the assumption of this Agreement by any successors contemplated in Section 9 below, or (G) for purposes of Section 3(c) only, the transfer of Executive's principal place of employment to a location that is more than one-hundred (100) miles from Executive's principal place of employment immediately prior to the Change of Control, or (H) any act or set of facts or circumstances that would, under case law or statute, constitute a constructive termination of Executive. Executive may terminate his employment for Good Reason only if (1) Executive provides written notice to Conn's of the occurrence of the Good Reason event (as described above) within thirty (30) days after Executive knows or reasonably should know of the circumstances constituting Good Reason, which notice shall specifically identify the circumstances which Executive believes constitute Good Reason; (2) Conn's fails to correct the circumstances constituting Good Reason within thirty (30) days after such notice; and (3) Executive resigns for Good Reason within thirty (30) days after the expiration of the correction period described in clause (2) hereof.

(k) "Person" shall mean an individual, partnership, corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

(l) "Work Product" shall mean all methods, analyses, reports, plans, computer files and all similar or related information which (i) relate to Conn's or any of its Affiliates and (ii) are conceived, developed or made by Executive in the course of his employment by Conn's.

7. Non-Disclosure, Non-Competition and Non-Solicitation. Executive and Conn's acknowledge and agree that during and solely as a result of his employment by Conn's, Conn's has provided and will continue to provide Confidential Information and special training to Executive in order to allow Executive to fulfill his obligations as an executive of a publicly-held company and under this Agreement. In consideration of the special and unique opportunities afforded to Executive by Conn's as a result of Executive's employment, as outlined in the previous sentence, Executive hereby agrees as follows:

(a) Executive agrees that Executive will not, except as Conn's may otherwise consent or direct in writing, reveal or disclose, sell, use, lecture upon, publish or otherwise disclose to any third party any Confidential Information of Conn's or any of its Affiliates, or authorize anyone else to do these things at any time either during or subsequent to Executive's employment with Conn's. This Section 7(a) shall continue in full force and effect after termination of Executive's employment for any reason. Executive's obligations under this Section 7(a) with respect to any specific Confidential Information shall cease only when that specific portion of the Confidential Information becomes publicly known, other than as a result of disclosure by Executive, in its entirety and without combining portions of such information obtained separately. It is understood that such Confidential Information of Conn's and any of its Affiliates includes matters that Executive conceives or develops, as well as matters Executive learns from other executives of Conn's and any of its Affiliates. Notwithstanding anything herein to the contrary, nothing in this Agreement shall (i) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (ii) require notification or prior approval by the Company of any reporting described in clause (i) above.

(b) Executive agrees that for the duration of this Agreement, and for a period of eighteen (18) months following Executive's termination of employment for any reason other than in connection with a Change of Control (as described in Section 3(c)), Executive shall not (other than for the benefit of Conn's or any of its Affiliates pursuant to this Agreement) compete with Conn's or any of its Affiliates by engaging in the conception, design, development, production, marketing, or servicing of any product or service that is substantially similar to the products or services which Conn's or any of its Affiliates provides, and that he will not work for, assist, loan money, extend credit or become affiliated with as an individual, owner, partner, director, officer, stockholder, employee, advisor, independent contractor, joint venturer, consultant, agent, representative, salesman or any other capacity, either directly or indirectly, any individual or business which offers or performs services, or offers or provides products substantially similar to the services and products provided by Conn's or any of its Affiliates. The restrictions of this Section 7(b) shall not be violated by the ownership of no more than 1% of the outstanding securities of any company whose equity securities are traded on a national securities exchange, including the NASDAQ Global Select Market.



(c) Executive agrees that for the duration of this Agreement, and for a period of eighteen (18) months following Executive's termination of employment for any reason, Executive shall not either directly or indirectly, on his behalf or on behalf of others, solicit, attempt to hire, or hire any person employed by Conn's and any of its Affiliates to work for Executive or for another entity, firm, corporation, or individual.

(d) Executive acknowledges that Conn's has taken reasonable steps to maintain the confidentiality of its Confidential Information and the ownership of its Work Product and Copyright Works, which is extremely valuable to Conn's and provides Conn's with a competitive advantage in its market. Executive further acknowledges that Conn's would suffer irreparable harm if Executive were to use or enable others to use such knowledge, information, and business acumen in competition with Conn's. Executive acknowledges the necessity of the restrictive covenants set forth herein to: protect Conn's legitimate interests in Conn's Confidential Information; protect Conn's customer relations and the goodwill with customers and suppliers that Conn's has established at its substantial investment; and protect Conn's as a result of providing Executive with specialized knowledge, training, and insight regarding Conn's operations as a publicly-held company. Executive further agrees and acknowledges that these restrictive covenants are reasonably limited as to time, geographic area, and scope of activities to be restricted and that such promises do not impose a greater restraint on Executive than is necessary to protect the goodwill, Confidential Information and other legitimate business interests of Conn's. Executive agrees that any breach of this Section 7 cannot be remedied solely by money damages, and that in addition to any other remedies Conn's may have, Conn's is entitled to obtain injunctive relief against Executive without the requirement of posting bond or other security. Nothing herein, however, shall be construed as limiting Conn's right to pursue any other available remedy at law or in equity, including recovery of damages and termination of this Agreement.

(e) Executive acknowledges that all writings, records, and other documents and things comprising, containing, describing, discussing, explaining, or evidencing any Confidential Information, Work Product, and/or Copyright Works of Conn's, any Affiliate of Conn's, or any third party with which Conn's has a confidential relationship, is the property of Conn's or such Affiliate. All property belonging to Conn's in Executive's custody or possession that has been obtained or prepared in the course of Executive's employment with Conn's shall be the exclusive property of Conn's, shall not be copied and/or removed from the premises of Conn's, except in pursuit of the business of Conn's, and shall be delivered to Conn's, along with all copies or reproductions of same, upon notification of the termination of Executive's employment or at any other time requested by Conn's. Conn's shall have the right to retain, access, and inspect all property of any kind in Executive's office, work area, and on the premises of Conn's upon termination of Executive's employment and at any time during Executive's employment, to ensure compliance with the terms of this Agreement.

The terms of this Section 7 are continuing in nature and shall survive the termination or expiration of this Agreement.

8. Notices. All notices and other communications under this Agreement shall be in writing and shall be delivered personally or by facsimile or electronic delivery, given by hand delivery to the other party, sent by overnight courier or sent by registered or certified mail, return receipt requested, postage prepaid, to:

If to Executive: Norman Miller  
4055 Technology Forest Blvd  
The Woodlands, Texas 77381  
Fax No: (877) 303-2445

If to Conn's: Conn's, Inc.  
4055 Technology Forest Blvd  
The Woodlands, Texas 77381  
Attn: Office of the General Counsel  
Fax No: (877) 303-2445

9. Assignment. Conn's shall require any successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to a controlling interest in the business, assets or equity of Conn's (or, if applicable, a material division of Conn's, including the Retail or Credit division) to assume and agree to perform this Agreement in the same manner and to the same extent that Conn's would be required to perform if no such succession had taken place. This Agreement is a personal employment contract and the rights, obligations and interests of Executive under this Agreement may not be sold, assigned, transferred, pledged or hypothecated by Executive.

10. Binding Agreement. Executive understands that his obligations under this Agreement are binding upon Executive's heirs, successors, personal representatives and legal representatives.

11. Arbitration. Except for any controversy or claim relating to Section 7 of this Agreement, any controversy or claim arising out of or relating to this Agreement or the breach of any provision of this Agreement, including the arbitrability of any controversy or claim, shall be settled by arbitration administered by the American Arbitration Association ("AAA") under its National Rules for the Resolution of Employment Disputes and the Optional Rules for Emergency Measures of Protection of the AAA, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Any provisional remedy which would be available from a court of law, shall be available from the arbitrator to the parties to this Agreement pending arbitration. Arbitration of disputes is mandatory and in lieu of any and all civil causes of action and lawsuits either party may have against the other arising out of Executive's employment with Conn's. Civil discovery shall be permitted for the production of documents and taking of depositions. The arbitrator(s) shall be guided by the Texas Rules of Civil Procedure in allowing discovery and all issues regarding compliance with discovery requests shall be decided by the arbitrator(s). The Federal Arbitration Act shall govern this Section 11. This Agreement shall in all other respects be governed and interpreted by the laws of the State of Texas, excluding any conflicts or choice of law rule or principles that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. The arbitration shall be conducted in the city of Conn's corporate offices by one neutral arbitrator chosen by AAA according to its National Rules for the Resolution of Employment Disputes if the amount of the claim is one million dollars (\$1,000,000.00) or less and by three neutral arbitrators chosen by AAA in the same manner if the amount of the claim is more than one million dollars (\$1,000,000.00). Neither party nor the arbitrator(s) may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties unless compelled to do so either by judicial process or in order to enforce an arbitration award rendered pursuant to this Section 11. All fees and expenses of the arbitration shall be borne by the parties equally.

12. Waiver. No waiver by either party to this Agreement of any right to enforce any term or condition of this Agreement, or of any breach of this Agreement, shall be deemed a waiver of such right in the future or of any other right or remedy available under this Agreement.

13. Severability. If any provision of this Agreement as applied to either party or to any circumstances shall be adjudged by a court of competent jurisdiction or arbitrator to be void or unenforceable the same shall in no way affect any other provision of this Agreement or the validity or enforceability of this Agreement. If any court or arbitrator construes any of the provisions of Section 7 of this Agreement, or any part thereof, to be unreasonable because of the duration of such provision or the geographic or other scope thereof, such court or arbitrator shall reduce the duration or restrict the geographic or other scope of such provision or enforce such provision to the maximum extent possible as so reduced or restricted.

14. Entire Agreement; Amendment. This Agreement shall constitute the entire agreement between the parties with respect to compensation and benefits payable to Executive upon his termination of employment with Conn's. This Agreement replaces and supersedes any and all existing agreements entered into between Executive and Conn's, whether oral or written, regarding the subject matter of this Agreement, except that this Agreement shall modify and supersede any equity award agreement between Executive and Conn's under the Conn's Amended and Restated 2003 Incentive Stock Option Plan and/or the Conn's 2011 Omnibus Incentive Plan as expressly set forth herein. The terms of this Agreement shall prevail to the extent of any conflict between the terms of this Agreement and any equity award agreement between Executive and Conn's under the Conn's Amended and Restated 2003 Incentive Stock Option Plan and/or the Conn's 2011 Omnibus Incentive Plan. This Agreement may not be amended or modified other than by a written agreement executed by the parties to this Agreement or their respective successors and legal representatives.

15. Understand Agreement. Executive represents and warrants that he has (i) read and understood each and every provision of this Agreement, (ii) been given the opportunity to obtain advice from legal counsel of choice, if necessary and desired, in order to interpret any and all provisions of this Agreement and (iii) freely and voluntarily entered into this Agreement.

16. Section 409A of the Code. This Agreement is intended to comply with the requirements of Section 409A of the Code, and shall be interpreted and construed consistently with such intent. The payments to Executive pursuant to this Agreement are also intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury regulation §1.409A-1(b)(4), and for such purposes, each payment to Executive under this Agreement shall be considered a separate payment. In the event the terms of this Agreement would subject Executive to taxes or penalties under Section 409A of the Code ("409A Penalties"), Conn's and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible; *provided, however*, that in no event shall Conn's be responsible for any 409A Penalties that arise in connection with any amounts payable under this Agreement. To the extent any amounts under this Agreement are payable by reference to Executive's "termination of employment" such term and similar terms shall be deemed to refer to Executive's

“separation from service,” within the meaning of Section 409A of the Code. Notwithstanding any other provision in this Agreement, to the extent any payment hereunder constitutes nonqualified deferred compensation, within the meaning of Section 409A, and Executive is a specified employee (within the meaning of Section 409A of the Code) as of the date of Executive’s separation from service, each such payment that is payable upon Executive’s separation from service and would have been paid prior to the six-month anniversary of Executive’s separation from service, shall be delayed until the earlier to occur of (i) the first day of the seventh month following Executive’s separation from service or (ii) the date of Executive’s death. Any reimbursement payable to Executive pursuant to this Agreement shall be conditioned on the submission by Executive of all expense reports reasonably required by Employer under any applicable expense reimbursement policy, and shall be paid to Executive in accordance with Conn’s expense reimbursement policy, but in no event later than the last day of the calendar year following the calendar year in which Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement, or in-kind benefit *provided*, during a calendar year shall not affect the amount of expenses eligible for reimbursement, or in-kind benefit to be provided, during any other calendar year. The right to any reimbursement or in-kind benefit pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

17. **Recoupment.** Any portion of the payments and benefits provided under this Agreement, as well as any other payments and benefits which you receive pursuant to a Company plan or other arrangement, shall be subject to clawback to the extent necessary to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, any Securities and Exchange Commission rule, or any policy that may be adopted by the Company’s Board of Directors, as amended from time to time. Executive agrees to fully cooperate with Conn’s in assuring compliance with such policies and provisions of applicable law.

18. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and is performable in the city of Conn’s corporate offices.

19. **Professional/Personal.** Membership by Executive on corporate and civic boards should be accepted only after consideration of conflict of interest and consultation with the Chairman of the Board. Conn’s requires Executive to have a comprehensive annual medical physical examination, at the expense of Conn’s.

20. **Titles; Pronouns and Plurals.** The titles to the sections of this Agreement are inserted for convenience of reference only and should not be deemed a part hereof or affect the construction or interpretation of any provision hereof. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.

**[Signature Page Follows]**

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective as of the date first written above.

**CONN’S, INC.**

By: /s/ Robert F. Bell

Name: Robert F. Bell

Title: Vice President and General Counsel

**EXECUTIVE**

By: /s/ Norman Miller

Name: Norman Miller



4055 Technology Forest Blvd, Suite 210  
The Woodlands, TX 77381

September 7, 2015

Mr. Theodore M. Wright  
796 Stendal Road  
Lewistown, MT 59457

Dear Theo:

We want to acknowledge your decision to retire as our Chief Executive Officer and President and thank you for your dedicated service and commitment to Conn's, Inc. (the "Company").

The purpose of this letter is to memorialize certain terms by which you will continue to be employed by the Company as the Company's Executive Chairman of the Board of Directors (the "Board") and thereafter serve as its Non-Executive Chairman of the Board and Senior Advisor to the Company following your service as Executive Chairman.

1. **Executive Chairman.** Your voluntary retirement as Chief Executive Officer and President shall become effective on September 7, 2015 (the "Transition Date"). Following the Transition Date, you agree to serve as Executive Chairman through January 31, 2016 (the "Transition Period"); provided, however, that (i) the Company may terminate the Transition Period at any time for Cause, as defined in your Executive Severance Agreement, dated December 5, 2011, as amended by that certain first amendment and second amendment thereto (the "Executive Severance Agreement"), and (ii) the Board may select another individual to serve as Chairman of the Board (in which case you will continue to provide Transition Services (as defined below) during the remainder of the Transition Period and you will continue to serve as a member of the Board until your service ends in accordance with the Company's bylaws). In addition to the duties normally assigned to an Executive Chairman of a publicly-traded corporation, you agree to provide transition and other related services to the Company ("Transition Services") during the Transition Period to provide an effective transition of your executive responsibilities to the Company's incoming Chief Executive Officer and President. During the Transition Period, your compensation and benefits arrangements will continue at the same level as in effect immediately prior to the Transition Date. If you voluntarily resign as Executive Chairman or as a member of the Board, in either case for any reason prior to January 31, 2016, the Transition Period will immediately terminate as of the effective date of such termination.
2. **Non-Executive Chairman.** If the Transition Period continues through January 31, 2016, then following the Transition Period, you agree to serve as Non-Executive Chairman; provided that the Board may select another individual to serve as Chairman of the Board (in which case you would continue to serve as a member of the Board until your service ends in accordance with the Company's bylaws) or you may resign as Chairman of the Board at any time, and your service as Non-Executive Chairman shall automatically cease if you cease to serve on the Board for any reason. During the period in which you are serving as Non-Executive Chairman, you shall be compensated in accordance with the Company's nonemployee director compensation policy, as in effect from time to time. Nothing in this letter shall confer any right or expectation that you will continue to be nominated or serve as a member of the Board for any specified period of time.
3. **Senior Advisor.** If the Transition Period continues through January 31, 2016, then following the Transition Period, you also agree to serve as Senior Advisor to the Company for a period of 18 months (the "Consulting Period"); provided that (i) you may terminate the Consulting Period earlier than as set forth herein following thirty (30) days' prior written notice of such termination to the Company, and (ii) the Company may terminate the Consulting Period at any time for Cause, as defined in your Executive Severance Agreement. During the Consulting Period, you agree to use good faith efforts to make yourself available to, and as requested by, the Company to provide advice and counsel to the Company's leadership, which may include both senior management and the Board. There is no set time commitment related to your services as a Senior Advisor. During the Consulting Period, all awards held by you under the Company's Amended and Restated 2003 Incentive Stock Option Plan and/or the Company's 2011 Omnibus

Incentive Plan (the “Equity Awards”) shall continue to vest and, if applicable, be exercisable, as if you had remained an employee of the Company during the Consulting Period, but you shall not receive any other compensation or benefits for your services as Senior Advisor.

4. **Executive Severance Agreement.** You and the Company hereby acknowledge and agree that your voluntary retirement as Chief Executive Officer and President of the Company does not entitle you to any benefits under your Executive Severance Agreement. Accordingly, effective on the Transition Date your Executive Severance Agreement shall terminate; provided, however, you acknowledge that you shall continue to be bound by the covenants set forth in Section 7 of the Executive Severance Agreement including, without limitation, the non-disclosure, non-competition and non-solicitation covenants set forth therein. In consideration for the continued vesting of your Equity Awards during the Consulting Period, as described above, the non-competition and nonsolicitation covenants set forth in Section 7 of your Executive Severance Agreement shall continue for 36 months after the last day of the Transition Period, determined without regard to any early termination thereof by either you or the Company.

5. **Additional Covenants.** In addition to the non-disclosure, non-competition and non-solicitation covenants set forth in your Executive Severance Agreement, as amended herein:

(a) You agree on your own behalf and on behalf of, through or in association with any other person or entity, that during the period of your employment with the Company (including the Transition Period), the Consulting Period and for a period of 36 months following the last day of your Transition Period, determined without regard to any early termination thereof by either you or the Company, you will not, in any manner, directly or indirectly, take any of the following actions: (a) acquire, agree or seek to acquire or make any proposal or offer to acquire, or announce any intention to acquire, any securities, including any debt securities (“Securities”) of the Company, or beneficial ownership thereof, or any Securities convertible or exchangeable into or exercisable for any Securities of the Company, or beneficial ownership thereof (other than Securities issued pursuant to a stock split, stock dividend or similar corporate action initiated by the Company with respect to any Securities beneficially owned by you on the date hereof or Securities issued to you upon the exercise or settlement of any Equity Awards held by you as of the date hereof) if such acquisition would, directly or indirectly, cause you together with your affiliates to have a beneficial ownership interest, as defined in Rule 13d-3 under the Securities Exchange Act of 1934, of five percent (5%) or more of the issued and outstanding capital stock of the Company, (b) acquire, agree or seek to acquire or make any proposal or offer to acquire, or announce any intention to acquire, any property, asset or business of the Company or any of its affiliates, (c) acquire, agree or seek to acquire or make any proposal or offer to acquire, or announce any intention to acquire, any ownership interest in any joint venture in which the Company or any of its affiliates is a party or any ownership interest in any partner of the Company or any of its affiliates in such a joint venture, (d) propose to any person, or effect or seek to effect, whether alone or in concert with others, any tender or exchange offer, merger, consolidation, acquisition, scheme, business combination, recapitalization, restructuring, liquidation, dissolution or other extraordinary transaction with respect to the Company, (e) make, or in any way participate in any “solicitation” of “proxies” (as such terms are used in the proxy rules of the Securities and Exchange Commission but without regard to the exclusion set forth in Rule 14a-1(l)(2)(iv)) to vote in favor of any proposal for which such solicitation is being made (other than any proposal supported by the Board), or seek to advise or influence any person with respect to the voting of, any voting securities of the Company for any purpose, (f) form, join, encourage, influence, advise or in any way participate in a “group” (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934) with respect to any voting securities of the Company or otherwise in any manner agree, attempt, seek or propose to deposit any voting securities of the Company or any securities convertible or exchangeable into or exercisable for any such securities in any voting trust or similar arrangement, (g) otherwise act, alone or in concert with others, other than in your role as an officer or director of the Company, to seek to control, advise, change or influence the management, Board, governing instruments, policies or affairs of the Company, (h) disclose any intention, plan or arrangement inconsistent with the foregoing or (i) encourage, advise, assist or facilitate the taking of any actions by any other person in connection with any of the foregoing. You further agree that, if at any time during such period, you are approached, directly or indirectly, by any third party concerning your participation in any of the above-mentioned matters, you shall promptly inform the Company of the nature of any such matters and the parties involved.

(b) In addition to, and not in limitation of, any duties that you may already owe to the Company by virtue of your prior service as a director or officer of the Company, you, on your own behalf or on behalf of, through or in association with any other person or entity, agree that you shall not directly or indirectly, for yourself or on behalf of any other person, participate in, invest in, purchase, or otherwise pursue in any

manner any business opportunity that the Company is currently pursuing or has pursued during your service as a director or officer of, or Senior Advisor to, the Company, or that you have otherwise been made aware of as a result of your service as a director or officer of, or Senior Advisor to, the Company.

(c) You agree to cooperate fully with the Company and its counsel with respect to any litigation, investigation, government proceedings or general claims which relate to matters with which you were involved during the term of employment or service with the Company, subject to reimbursement of reasonable out-of-pocket travel costs and expenses. Such cooperation may include appearing from time to time at the offices of the Company or the Company's counsel, or telephonically, for conferences and interviews and providing truthful testimony in depositions, court proceedings and administrative hearings as necessary for the Company to lawfully defend or prosecute claims, and in general providing the Company and its counsel with the full benefit of your knowledge with respect to any such matter. You agree to render such cooperation in a timely fashion and at such times as may be mutually agreeable to the parties concerned.

(d) You shall be entitled to indemnification in connection with any claims asserted against you relating to your employment with the Company or your service on the Board, to the maximum extent provided under the terms of the Indemnification Agreement, dated October 22, 2003 between you and the Company, the Company's charter and by laws or any other applicable documentation, in accordance with the terms and conditions set forth therein.

(e) Furthermore, you will not take any actions that would reasonably be expected to be detrimental to the interests of the Company or make derogatory statements, either written or oral, to any third party, or otherwise publicly disparage the Company or its products, services, or present or former employees, officers or directors, and will not authorize others to make such derogatory or disparaging statements on your behalf. Similarly, the Company will instruct its executive officers and directors not to make derogatory statements, either written or oral, to any third party, or otherwise publicly disparage you, and will not authorize others to make such derogatory or disparaging statements on its behalf. This provision does not, and is not intended to, preclude you, the Company or any of its employees or directors from providing truthful testimony in response to legal process or governmental inquiry.

(f) Any portion of the payments and benefits provided under this letter agreement, as well as any other payments and benefits which you receive pursuant to a Company plan or other arrangement, shall be subject to clawback to the extent necessary to comply with the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, any Securities and Exchange Commission rule or any other applicable law, regulation or stock exchange requirement.

(g) You agree that during the Transition Period and the Consulting Period, you will continue to comply with all Company policies that apply (i) to Company employees and Board members while serving as Executive Chairman, and (ii) Board members while serving in your role as Non-Executive Chairman.

Again, thank you for your dedicated service to the Company and your agreement to assist the Company in its leadership transition.

Sincerely,

**CONN'S, INC.**

By: \_\_\_\_\_  
Lead Independent Director, on Behalf of the Board of Directors

This letter agreement correctly reflects our understanding, and I hereby confirm my agreement to the same as of the date set forth above.

\_\_\_\_\_  
**THEODORE M. WRIGHT**



**CONN'S, INC. COMPLETES STRATEGIC REPOSITIONING OF BUSINESS, ANNOUNCES  
PLANNED LEADERSHIP SUCCESSION, AND REPORTS SECOND QUARTER FISCAL 2016 FINANCIAL RESULTS AND  
AUGUST 2015 SALES AND DELINQUENCY DATA**

THE WOODLANDS, TEXAS, September 9, 2015 – **Conn's, Inc. (NASDAQ:CONN)**, a specialty retailer of furniture and mattresses, home appliances, consumer electronics and home office products, and provider of consumer credit, today announced that, following a thorough exploration of strategic alternatives to enhance shareholder value, it has completed a strategic repositioning of its business and implemented a long-planned leadership succession. The Company today also reported financial results for the second quarter ended July 31, 2015 and August 2015 sales and delinquency data.

### **Strategic Initiatives**

In separate press releases issued today, Conn's announced a number of strategic initiatives that collectively represent a major transformation in the business and position the Company to execute its growth strategies while reducing risk and enhancing shareholder value. These actions include the appointment of a new Chief Executive Officer, entering into an agreement to securitize \$1.4 billion of retail installment contract receivables, Board authorization to repurchase up to \$75.0 million of securities, and termination of the stockholders' rights plan. The actions represent the culmination of an exploration of strategic alternatives that was initiated by the Company's Board of Directors in October 2014.

Further details are as follows:

#### Management and Governance Changes

- The Board of Directors, implementing a long-planned leadership succession, has appointed Norman Miller to serve as Chief Executive Officer and President. Mr. Miller is a seasoned executive with considerable experience in retail and consumer finance, having previously served as President of both Sears Automotive and DFC Global. He succeeds Theodore Wright, who will remain on the Conn's Board of Directors as Executive Chairman, transitioning to Non-Executive Chairman at the end of the fiscal year.
- As previously reported, the Board of Directors established a Credit Risk and Compliance Committee to review credit risk, underwriting strategy, credit compliance activities, and the provision methodology. An independent evaluation of these areas at the direction of this committee did not result in changes to any of the Company's practices or procedures.
- In the past year, the Company added a Chief Credit Officer to provide additional capability in analyzing and assessing credit risk, named a new Chief Financial Officer, and created and filled the role of Credit Compliance Officer.

#### Securitization Transaction

- The Company entered into an agreement to securitize \$1.4 billion of retail installment contract receivables. Conn's intends to execute periodic securitizations of future originated loans including the sale of any remaining residual equity. The Company intends to retain origination and servicing of contracts.
- The Company will maintain its existing asset-based revolving credit facility and at least a portion of its outstanding senior notes.
- This approach creates a diversified capital structure to improve access to multiple debt markets and results in an asset-light business model with less balance sheet risk.
- This transaction is an important step toward creating a simplified capital structure that is also intended to provide a model that is more easily understood by investors.

## Repurchase of Securities

- The Board of Directors authorized the Company to repurchase up to a total of \$75.0 million of outstanding shares of its common stock or its 7.250% Senior Notes Due 2022. This authorization is the maximum amount permitted under the Company's credit facility and senior note indenture.
- The Company believes the repurchase program underscores its confidence in its long-term growth prospects, consistent with Conn's overall commitment to generate continued profitable growth and enhanced long-term shareholder value.

## Termination of Stockholders' Rights Plan

- The Board of Directors approved the termination of the Company's stockholders' rights plan, effective at the close of the securitization transaction, currently anticipated to be on or about September 10, 2015.
- The Company had adopted its stockholders' rights plan in October 2014 to enable management and the Board of Directors to explore strategic alternatives while reducing the likelihood that any person or group would gain control of Conn's through open market accumulation or otherwise without appropriately compensating all of the Company's stockholders.

Taken together, these actions represent the completion of a carefully considered strategic plan, developed under the leadership of Conn's Board of Directors, to position the Company for continued future growth and enhanced long-term shareholder value.

## **Financial Results**

Second quarter fiscal 2016 significant items included (on a year-over-year basis unless noted):

- Consolidated revenues increased 12.2% to \$396.1 million due to: an increase in retail revenue from new store openings and an increase in same store sales of 3.1%, partially offset by store closures; as well as an increase in credit revenue from growth in the average balance of the customer receivable portfolio, partially offset by a 210 basis point decrease in portfolio yield;
- Same store sales for the quarter increased 6.7%, excluding the impact of the Company's decision to exit video game products, digital cameras, and certain tablets;
- Retail gross margin increased 100 basis points to 41.8%;
- Adjusted retail segment operating income increased 29.2% to \$46.1 million;
- Credit segment operating loss was \$9.0 million, driven primarily by increased provision for bad debts;
- The percentage of the customer portfolio balance 60+ days delinquent was 9.2% as of July 31, 2015 compared to 8.7% as of July 31, 2014; and
- Diluted earnings for the three months ended July 31, 2015 were \$0.45 per share compared to diluted earnings of \$0.48 per share for the three months ended July 31, 2014.

Theodore M. Wright, Conn's Executive Chairman, commented, "In the second quarter of fiscal 2016, the retail segment expanded with new store growth and positive same store sales. Greater than 60-day delinquency was 9.2% as of the end of the current quarter, compared to 8.7% as of the comparable quarter last year and 8.4% as of the end of the previous quarter."

Mr. Wright continued, "The retail segment successfully opened four new stores during the second quarter in key existing markets, consistent with our proven growth strategy of planned store openings. Furniture and mattress sales were 33.7% of total product sales for the quarter. Retail gross margin was 41.8% compared to our long term goal of 42%."



## Retail Segment Second Quarter Results (on a year-over-year basis unless otherwise noted)

Total retail revenues were \$325.6 million for the second quarter of fiscal 2016, an increase of \$37.0 million, or 12.8%. The retail revenue growth reflects the impact of the net addition of 9 stores over the past 12 months, resulting from 15 new store openings and 6 store closures since July 31, 2014, and an increase in same store sales of 3.1%. Excluding the impact of our decision to exit video game products, digital cameras, and certain tablets, same store sales for the quarter increased 6.7%.

The following table presents net sales and changes in net sales by category:

(dollars in thousands)	Three Months Ended July 31,				Change	%	Same store
	2015	% of Total	2014	% of Total		Change	% change
Furniture and mattress	\$ 98,882	30.4%	\$ 81,373	28.2%	\$ 17,509	21.5 %	6.9 %
Home appliance	97,260	29.9	\$ 84,355	29.3	\$ 12,905	15.3	9.2
Consumer electronics	69,682	21.5	68,945	23.9	737	1.1	(5.9)
Home office	22,940	7.1	24,061	8.3	(1,121)	(4.7)	(9.6)
Other	4,975	1.5	5,432	1.9	(457)	(8.4)	(12.9)
<b>Product sales</b>	<b>293,739</b>	<b>90.4</b>	<b>264,166</b>	<b>91.6</b>	<b>29,573</b>	<b>11.2</b>	<b>2.2</b>
Repair service agreement commissions	27,756	8.5	20,732	7.2	7,024	33.9	9.7
Service revenues	3,451	1.1	3,383	1.2	68	2.0	
<b>Total net sales</b>	<b>\$ 324,946</b>	<b>100.0%</b>	<b>\$ 288,281</b>	<b>100.0%</b>	<b>\$ 36,665</b>	<b>12.7 %</b>	<b>3.1 %</b>

The following provides a summary of items impacting performance by product category during the quarter compared to the prior-year period:

- Furniture unit volume increased 28.3%, offset by a 3.1% decrease in average selling price;
- Mattress unit volume increased 26.7%, offset by an 8.3% decrease in average selling price;
- Home appliance unit volume increased 21.2%, offset by a 4.6% decrease in average selling price. Refrigeration sales increased 14.9%, laundry sales increased 9.6%, and cooking sales increased by 23.7%;
- Consumer electronic average selling price increased by 18.1%, offset by a 13.7% decrease in unit volume. Television sales increased 11.4% as average unit selling price increased 17.5% offset by a 5.2% decrease in unit volume. Excluding the impact from exiting video game products and digital cameras, consumer electronics same store sales increased 2.1% with an increase in television same store sales of 3.4%;
- Home office average selling price increased 12.9%, offset by a 15.2% decrease in unit volume. Excluding the impact from exiting certain tablets, home office same store sales increased 3.0%; and
- The increase in repair service agreement commissions was driven by higher retrospective commissions and increased retail sales.

Retail gross margin was 41.8% for the second quarter of fiscal 2016, an increase of 100 basis points from the prior-year period, primarily due to higher retrospective commissions on repair service agreements.

## Credit Segment Second Quarter Results (on a year-over-year basis unless otherwise noted)

Credit revenues increased 9.5% in the second quarter to \$70.4 million. The credit revenue growth was attributable to the increase in the average receivable portfolio balance outstanding. The total customer portfolio balance was \$1.5 billion at July 31, 2015, rising 23.1%, or \$272.6 million from July 31, 2014. The portfolio interest and fee income yield on an annualized basis was 16.1% for the second quarter, a decline of 210 basis points year-over-year primarily as a result of the introduction of 18- and 24-month equal-payment, no-interest finance programs beginning in October 2014 to certain higher credit quality borrowers, as well as higher provision for uncollectible interest and our discontinuation of charging customers certain payment fees.

Provision for bad debts for the second quarter of fiscal 2016 was \$51.3 million, an increase of \$11.7 million from the same prior-year period. This increase was impacted by the following:

- A 24.5% increase in the average receivable portfolio balance resulting from new store openings and same store growth over the past 12 months;
- A 26.1% increase in the balances originated during the quarter compared to the prior year quarter;
- An increase of 50 basis points in the percentage of customer accounts receivable balances greater than 60 days delinquent to 9.2% at July 31, 2015 as compared to the prior year period. Delinquency increased year-over-year across product categories and years of origination and many of the credit quality levels and geographic regions;
- An increase in the proportion of new customers of the total customer portfolio balance compared to the prior year period; and
- The balance of customer receivables accounted for as troubled debt restructurings increased to \$101.5 million, or 7.0% of the total portfolio balance, driving \$3.4 million of the increase in provision for bad debts.

Additional information on the credit portfolio and its performance may be found in the Customer Receivable Portfolio Statistics table included within this press release and in the Company's Form 10-Q for the quarter ended July 31, 2015, to be filed with the Securities and Exchange Commission.

## **Second Quarter Net Income Results**

Net income for the three months ended July 31, 2015 was \$16.5 million, or \$0.45 per diluted share, which included net charges of \$1.0 million, or \$0.02 per diluted share on an after-tax basis, from legal and professional fees related to the exploration of strategic alternatives and securities-related litigation. This compares to net income for the three months ended July 31, 2014 of \$17.7 million, or \$0.48 per diluted share, which included net charges of \$1.5 million, or \$0.03 per diluted share on an after-tax basis, related to store closures and relocations.

## **Store Update**

During the second quarter, the Company opened four new Conn's HomePlus® stores in Colorado, Georgia, North Carolina, and South Carolina. Since July 31, 2014, the Company has had 15 new store openings and 6 store closures, for a net increase of 9 stores during this time.

## **Capital and Liquidity**

The recently announced securitization transaction will result in Conn's receiving upfront proceeds of approximately \$1.08 billion, net of transaction costs and reserves, that will be used to pay down the entire balance on the Company's revolving credit facility. The securitization transaction did not include the sale of the residual equity in the securitization portfolio. Conn's is in the process of selling the residual equity of the securitized portfolio. The Company may elect to retain all or a portion of the residual equity in the securitized portfolio if that is determined to be in its best economic interest. Conn's intends to execute periodic securitizations of future originated loans including the sale of any remaining residual equity. This approach creates a diversified capital structure that provides the Company with access to multiple debt markets by maintaining its existing asset-based revolving credit facility and its outstanding senior notes.

Under the terms of the securitization transaction, the customer loan principal and interest payment cash flows will go first to the servicer and the holders of the securitization bonds, and then to the residual equity holders. The Company will retain the servicing of the securitized loan portfolio and will receive a monthly fee of 4.75% (annualized) based on the outstanding balance of the securitized loans. For the month ended August 31, 2015, the resulting servicing revenue to us is expected to be approximately \$5.7 million. This amount will decline over time as the account balances are repaid or charged off. In addition, the Company will retain all credit insurance income together with certain recoveries related to credit insurance and repair service agreements on charged-off accounts previously reflected as a reduction of net charge-offs.

The Board of Directors authorized an aggregate repurchase program of up to \$75.0 million of outstanding shares of its common stock or its 7.250% Senior Notes Due 2022. This authorization is the maximum amount permitted under the Company's credit facility and senior note indenture. Common stock and senior note repurchases may be made from time to time on the open market or through privately negotiated transactions, at management's discretion, based on market and business conditions. We have no obligation to repurchase shares or senior notes under the authorization, and the timing and value of the shares and notes that are repurchased will be at the discretion of management and will depend on a number of factors, including the price of the Company's common stock and the senior notes. We may suspend or discontinue repurchases at any time without notice.

As of July 31, 2015, the Company had \$563.9 million of borrowings outstanding under its revolving credit facility, including standby letters of credit issued, with immediately available borrowing capacity of \$315.0 million.

### August 2015 Sales and Delinquency Data

Conn's reported \$112.7 million in total retail net sales for the month ended August 31, 2015, a 5.3% increase compared to the same prior year period. The following table presents the Company's percentage change in same store sales for the month ended August 31, 2015, compared to the same prior-year period, and the 60-plus day delinquency rate as of August 31, 2015:

	<b>Month Ended August 31, 2015</b>
<b>Same store sales % change (as compared to the same prior-year period):</b>	
Furniture and mattress	9.5 %
Home appliance	2.0
Consumer electronic	(7.2)
Home office	(12.7)
Other	(28.6)
<b>Product sales</b>	<b>(0.5)</b>
Repair service agreement commissions	2.2
<b>Total net sales</b>	<b>(0.2)%</b>
	<b>As of August 31, 2015</b>
<b>60-plus day delinquency rate</b>	<b>9.7 %</b>

Mr. Wright commented, "Greater than 60-day delinquency was 9.7% as of August 31, 2015 compared to 9.2% as of August 31, 2014. Greater than 60-day delinquency as of August 31, 2015 increased seasonally compared to the July 31, 2015 rate of 9.2%."

"Same store sales for the month decreased 0.2% against an increase of 3.3% in August last year. Same store sales were impacted by our decision to exit video game products, digital cameras, and certain tablets. Excluding the impact from these products, same store sales for the month increased 3.7%. Same store sales for the month ended August 31, 2015 were also negatively impacted by the fact that August of last year included our Labor Day weekend promotions and three days out of the four day holiday weekend. In particular, sales of furniture, mattresses and appliances are significantly elevated on holiday weekends. Considering this impact of the holiday shift, we are pleased with recent trends in these categories."

"For the month of August, excluding the impact from video game products and digital cameras, same store sales for consumer electronics increased by 2.3%. The television category increased 2.9% due to higher average selling prices as a result of an increase in the proportion of television sales from Ultra HD televisions, partially offset by lower same store unit sales. Same store unit sales increased in the furniture and mattress category, partially offset by lower average selling prices. Same store unit sales and average selling prices increased in the home appliance category. Excluding

the impact from tablets, same store sales for home office were down 2.2% due to lower average selling prices, partially offset by higher same store unit sales."

The above August 2015 amounts are preliminary estimates and are subject to change upon completion of the Company's financial statement closing process. The Company has provided monthly same store sales, portfolio balance and 60-plus day delinquency rate data for all monthly periods since and including February 2012 on its investor relations website, at [ir.connss.com](http://ir.connss.com).

The Company expects to release September sales and delinquency data on October 8, 2015.

## Outlook and Guidance

During fiscal 2016, the Company discontinued offering video game products, digital cameras and certain tablets. During fiscal 2015, net sales and product margin from the sale of these products were approximately \$50.0 million and \$5.0 million, respectively. The Company also experienced significantly higher charge-off rates and lower product margins associated with purchases of these products by its customers.

The following are the Company's expectations for the business for the third quarter of fiscal 2016:

- Percent of bad debt charge-offs (net of recoveries) to average outstanding balance between 11.25% and 11.75% (annualized); and
- Interest income and fee yield between 16.0% and 16.5% (annualized) (as a point of reference, generally for every 100 basis point change in the provision rate, yield is impacted by approximately 15 basis points).

For fiscal year 2016, the Company is:

- Reaffirming its expectations for change in same stores sales to range from flat to up low single digits;
- Updating guidance for retail gross margin between 40.5% and 41.5%; and
- Reaffirming its plans for opening 15 to 18 new stores, with no store closures in addition to those made in the first quarter of fiscal 2016 for the remainder of the fiscal year.

## Conference Call Information

We will host a conference call on September 9, 2015, at 10 a.m. CT / 11 a.m. ET, to discuss our second quarter fiscal 2016 financial results. Participants can join the call by dialing 877-754-5302 or 678-894-3020. The conference call will also be broadcast simultaneously via webcast on a listen-only basis. A link to the earnings release, webcast and second quarter fiscal 2016 conference call presentation will be available at [ir.Connss.com](http://ir.Connss.com).

Replay of the telephonic call can be accessed through September 16, by dialing 855-859-2056 or 404-537-3406 and Conference ID: 23023875.

## About Conn's, Inc.

Conn's is a specialty retailer currently operating approximately 95 retail locations in Arizona, Colorado, Georgia Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. The Company's primary product categories include:

- Furniture and mattress, including furniture and related accessories for the living room, dining room and bedroom, as well as both traditional and specialty mattresses;
- Home appliance, including refrigerators, freezers, washers, dryers, dishwashers and ranges;
- Consumer electronics, including LCD, LED, 3-D and Ultra HD, Blu-ray players, home theater and portable audio equipment; and
- Home office, including computers, printers and accessories.

Additionally, Conn's offers a variety of products on a seasonal basis. Unlike many of its competitors, Conn's provides flexible in-house credit options for its customers in addition to third-party financing programs and third-party rent-to-own payment plans.

*This press release 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 the Company's 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, and actual results may differ materially. A wide variety of potential risks, uncertainties, and other factors could materially affect the Company's ability to achieve the results either expressed or implied by the Company's forward-looking statements including, but not limited to: general economic conditions impacting the Company's customers or potential customers; the Company's ability to execute periodic securitizations of future originated loans including the sale of any remaining residual equity on favorable terms; the Company's ability to continue existing customer financing programs or to offer new customer financing programs; changes in the delinquency status of the Company's credit portfolio; unfavorable developments in ongoing litigation; increased regulatory oversight; higher than anticipated net charge-offs in the credit portfolio; the success of the Company's planned opening of new stores; technological and market developments and sales trends for the Company's major product offerings; the Company's ability to protect against cyber-attacks or data security breaches and to protect the integrity and security of individually identifiable data of the Company's customers and employees; the Company's ability to fund its operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from the Company's revolving credit facility, and proceeds from accessing debt or equity markets; and the other risks detailed in the Company's most recent SEC reports, including but not limited to, the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may*

*vary materially from those reflected in our forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.*

CONN-G

S.M. Berger & Company  
Andrew Berger (216) 464-6400

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

	Three Months Ended July 31,		Six Months Ended July 31,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Total net sales	\$ 324,946	\$ 288,281	\$ 623,425	\$ 565,910
Finance charges and other revenues	71,104	64,683	137,701	122,502
<b>Total revenues</b>	<b>396,050</b>	<b>352,964</b>	<b>761,126</b>	<b>688,412</b>
<b>Costs and expenses:</b>				
Cost of goods sold, including warehousing and occupancy costs	187,124	168,717	360,596	329,499
Cost of service parts sold, including warehousing and occupancy costs	1,550	1,871	2,862	3,290
Delivery, transportation and handling costs	13,787	13,164	26,136	25,327
Selling, general and administrative expenses	104,832	94,139	200,507	182,180
Provision for bad debts	51,646	39,585	99,189	61,843
Charges and credits	1,013	1,492	1,632	3,246
<b>Total costs and expenses</b>	<b>359,952</b>	<b>318,968</b>	<b>690,922</b>	<b>605,385</b>
<b>Operating income</b>	<b>36,098</b>	<b>33,996</b>	<b>70,204</b>	<b>83,027</b>
Interest expense	10,055	6,247	19,483	10,971
<b>Income before income taxes</b>	<b>26,043</b>	<b>27,749</b>	<b>50,721</b>	<b>72,056</b>
Provision for income taxes	9,505	10,099	18,506	25,937
<b>Net income</b>	<b>\$ 16,538</b>	<b>\$ 17,650</b>	<b>\$ 32,215</b>	<b>\$ 46,119</b>
<b>Earnings per share:</b>				
Basic	\$ 0.45	\$ 0.49	\$ 0.88	\$ 1.27
Diluted	\$ 0.45	\$ 0.48	\$ 0.87	\$ 1.25
<b>Weighted average common shares outstanding:</b>				
Basic	36,466	36,209	36,416	36,172
Diluted	37,042	36,972	36,967	36,951

**CONN'S, INC. AND SUBSIDIARIES**  
**CONDENSED RETAIL SEGMENT FINANCIAL INFORMATION**  
(unaudited)  
(dollars in thousands)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2015	2014	2015	2014
<b>Revenues:</b>				
Product sales	\$ 293,739	\$ 264,166	\$ 565,365	\$ 518,386
Repair service agreement commissions	27,756	20,732	51,552	40,986
Service revenues	3,451	3,383	6,508	6,538
Total net sales	324,946	288,281	623,425	565,910
Other revenues	659	343	808	809
<b>Total revenues</b>	<b>325,605</b>	<b>288,624</b>	<b>624,233</b>	<b>566,719</b>
<b>Costs and expenses:</b>				
Cost of goods sold, including warehousing and occupancy costs	187,124	168,717	360,596	329,499
Cost of service parts sold, including warehousing and occupancy costs	1,550	1,871	2,862	3,290
Delivery, transportation and handling costs	13,787	13,164	26,136	25,327
Selling, general and administrative expenses	76,683	69,172	144,910	133,339
Provision for bad debts	324	—	393	44
Charges and credits	1,013	1,492	1,632	3,246
<b>Total costs and expenses</b>	<b>280,481</b>	<b>254,416</b>	<b>536,529</b>	<b>494,745</b>
<b>Operating income</b>	<b>45,124</b>	<b>34,208</b>	<b>\$ 87,704</b>	<b>\$ 71,974</b>
Retail gross margin	41.8%	40.8%	41.5%	41.1%
Delivery, transportation and handling costs as a percent of product sales and repair service agreement commissions	4.3%	4.6%	4.2%	4.5%
Selling, general and administrative expense as percent of revenues	23.6%	24.0%	23.2%	23.5%
Operating margin	13.9%	11.9%	14.0%	12.7%
<b>Store count:</b>				
Beginning of period	91	79	90	79
Opened	4	8	7	10
Closed	—	(1)	(2)	(3)
End of period	95	86	95	86

**CONN'S, INC. AND SUBSIDIARIES**  
**CONDENSED CREDIT SEGMENT FINANCIAL INFORMATION**  
(unaudited)  
(dollars in thousands)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2015	2014	2015	2014
<b>Revenues -</b>				
<b>Finance charges and other revenues</b>	<b>\$ 70,445</b>	<b>\$ 64,340</b>	<b>\$ 136,893</b>	<b>\$ 121,693</b>
<b>Costs and expenses:</b>				
Selling, general and administrative expenses	28,149	24,967	55,597	48,841
Provision for bad debts	51,322	39,585	98,796	61,799
<b>Total costs and expenses</b>	<b>79,471</b>	<b>64,552</b>	<b>154,393</b>	<b>110,640</b>
<b>Operating income (loss)</b>	<b>(9,026)</b>	<b>(212)</b>	<b>(17,500)</b>	<b>11,053</b>
Interest expense	10,055	6,247	19,483	10,971
<b>Income (loss) before income taxes</b>	<b>\$ (19,081)</b>	<b>\$ (6,459)</b>	<b>\$ (36,983)</b>	<b>\$ 82</b>
Selling, general and administrative expense as percent of revenues	40.0 %	38.8 %	40.6 %	40.1 %
Selling, general and administrative expense as percent of average total customer portfolio balance (annualized)	7.9 %	8.8 %	8.0 %	8.8 %
Operating margin	(12.8)%	(0.3)%	(12.8)%	9.1 %



**CONN'S, INC. AND SUBSIDIARIES**  
**CUSTOMER RECEIVABLE PORTFOLIO STATISTICS**

(unaudited)

(dollars in thousands, except average outstanding customer balance and average income of credit customer)

	<b>As of July 31,</b>				
	<b>2015</b>		<b>2014</b>		
Total customer portfolio balance	\$	1,451,937	\$	1,179,314	
Weighted average credit score of outstanding balances		596		592	
Number of active accounts		738,508		666,099	
Weighted average months since origination of outstanding balance		8.6		8.5	
Average outstanding customer balance	\$	2,366	\$	2,272	
Percent of balances 60+ days past due to total customer portfolio balance		9.2%		8.7%	
Percent of re-aged balances to total customer portfolio balance		13.0%		12.1%	
Account balances re-aged more than six months	\$	52,688	\$	28,224	
Percent of total allowance for bad debts to total customer portfolio balance		11.3%		7.2%	
Percent of total customer portfolio balance represented by no-interest receivables		36.1%		36.6%	
		<b>Three Months Ended July 31,</b>		<b>Six Months Ended July 31,</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Total applications processed		311,995	295,983	604,597	561,248
Weighted average origination credit score of sales financed		617	607	617	606
Percent of total applications approved and utilized		44.9%	45.3%	44.6%	46.6%
Average down payment		3.3%	3.6%	3.7%	3.9%
Average income of credit customer at origination	\$	40,600	\$ 39,700	\$ 40,500	\$ 39,200
Average total customer portfolio balance	\$	1,417,100	\$ 1,137,890	\$ 1,393,603	\$ 1,110,501
Interest income and fee yield (annualized)		16.1%	18.2%	16.3%	17.9%
Percent of charge-offs, net of recoveries, to average total customer portfolio balance (annualized)		11.7%	10.0%	11.9%	9.0%
Weighted average monthly payment rate		4.9%	5.0%	5.2%	5.4%
Provision for bad debts (credit segment) as a percentage of average total customer portfolio balance (annualized)		14.5%	13.9%	14.2%	11.1%
Percent of retail sales paid for by:					
In-house financing, including down payment received		82.5%	77.0%	83.9%	77.2%
Third-party financing		7.0%	13.0%	4.9%	12.1%
Third-party rent-to-own options		4.1%	3.9%	4.6%	4.0%
		<u>93.6%</u>	<u>93.9%</u>	<u>93.4%</u>	<u>93.3%</u>

**CONN'S, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(unaudited)  
(in thousands)

Assets	July 31, 2015	January 31, 2015
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 6,868	\$ 12,223
Customer accounts receivable, net of allowances	685,933	643,094
Other accounts receivable	78,939	67,703
Inventories	173,577	159,068
Deferred income taxes	22,504	20,040
Income taxes recoverable	615	11,058
Prepaid expenses and other current assets	17,198	12,529
<b>Total current assets</b>	<b>985,634</b>	<b>925,715</b>
Long-term portion of customer accounts receivable, net of allowances	583,082	558,257
Property and equipment, net	133,674	120,218
Deferred income taxes	41,386	33,505
Other assets	8,296	9,627
<b>Total assets</b>	<b>\$ 1,752,072</b>	<b>\$ 1,647,322</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Current portion of debt	\$ 789	\$ 395
Accounts payable	105,311	85,355
Accrued expenses	41,675	39,630
Other current liabilities	19,308	19,629
<b>Total current liabilities</b>	<b>167,083</b>	<b>145,009</b>
Deferred rent	62,669	52,792
Long-term debt	811,240	774,015
Other long-term liabilities	22,459	21,836
<b>Total liabilities</b>	<b>1,063,451</b>	<b>993,652</b>
Stockholders' equity	688,621	653,670
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,752,072</b>	<b>\$ 1,647,322</b>

**CONN'S, INC. AND SUBSIDIARIES**  
**NON-GAAP RECONCILIATION OF RETAIL SEGMENT OPERATING INCOME, AS ADJUSTED**  
(unaudited)  
(dollars in thousands)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2015	2014	2015	2014
<b>Retail segment operating income, as reported</b>	\$ 45,124	\$ 34,208	\$ 87,704	\$ 71,974
Adjustments:				
Store and facility closure and relocation costs	—	1,492	425	3,246
Legal and professional fees related to evaluation of strategic alternatives and securities-related litigation	1,013	—	1,207	—
<b>Retail segment operating income, as adjusted</b>	<b>\$ 46,137</b>	<b>\$ 35,700</b>	<b>\$ 89,336</b>	<b>\$ 75,220</b>
Retail segment total revenues	\$ 325,605	\$ 288,624	\$ 624,233	\$ 566,719
<b>Retail segment operating margin:</b>				
As reported	13.9%	11.9%	14.0%	12.7%
As adjusted	14.2%	12.4%	14.3%	13.3%

**Basis for presentation of non-GAAP disclosures:**

To supplement the condensed consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"), we also provide retail segment adjusted operating income and adjusted operating margin. These non-GAAP financial measures are not meant to be considered as a substitute for comparable GAAP measures but should be considered in addition to results presented in accordance with GAAP, and are intended to provide additional insight into our operations and the factors and trends affecting the business. Management believes these non-GAAP financial measures are useful to financial statement readers because (1) they allow for greater transparency with respect to key metrics we use in our financial and operational decision making and (2) they are used by some of its institutional investors and the analyst community to help them analyze our operating results.



## CONN'S, INC. ANNOUNCES SECURITIZATION TRANSACTION

THE WOODLANDS, TEXAS, September 9, 2015 – **Conn's, Inc. (NASDAQ:CONN)**, today announced that it has entered into an agreement to securitize \$1.4 billion of retail installment contract receivables, with closing expected on or about September 10, 2015.

The face amount of the notes to be issued in the securitization is \$1.12 billion, with an advance rate of 77.5% of the outstanding customer receivables portfolio balance, or approximately 89.5% of net book value at July 31, 2015. Net book value reflects not only the bad debt reserve, but also interest deferrals, allowances for cash option loans (specific loans on which customers can earn a waiver of interest), and allowances for charged off interest. Conn's will receive upfront proceeds of approximately \$1.08 billion, net of transaction costs and reserves. The notes are not rated and the all-in cost of funds is 9.1%. The coupon rate to investors is 6.03%, with the difference to the all-in cost of funds driven by the transaction being a bought deal versus a marketed deal and the relatively short term over which the costs of the deal will be amortized. The securitization transaction did not include the residual equity in the securitization portfolio, which may be sold in a separate transaction or retained by Conn's.

The notes will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. The notes will be offered and sold in the United States in accordance with Rule 144A under the Securities Act. This press release shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the notes in any jurisdiction in which such offer, solicitation or sale would be unlawful under the laws of such jurisdiction.

### About Conn's, Inc.

Conn's is a specialty retailer currently operating approximately 95 retail locations in Arizona, Colorado, Georgia, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. The Company's primary product categories include:

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

Additionally, Conn's offers a variety of products on a seasonal basis. Unlike many of its competitors, Conn's provides flexible in-house credit options for its customers in addition to third-party financing programs and third-party rent-to-own payment plans.

*This press release 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 the Company's 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, and actual results may differ materially. A wide variety of potential risks, uncertainties, and other factors could materially affect the*

*Company's ability to achieve the results either expressed or implied by the Company's forward-looking statements including, but not limited to: general economic conditions impacting the Company's customers or potential customers; the Company's ability to close the securitization of its loan portfolio or to sell the residual equity on favorable terms; the Company's ability to execute periodic securitizations of future originated loans including the sale of any residual equity on favorable terms; the Company's ability to continue existing customer financing programs or to offer new customer financing programs; changes in the delinquency status of the Company's credit portfolio; unfavorable developments in ongoing litigation; increased regulatory oversight; higher than anticipated net charge-offs in the credit portfolio; the success of the Company's planned opening of new stores; technological and market developments and sales trends for the Company's major product offerings; the Company's ability to protect against cyber-attacks or data security breaches and to protect the integrity and security of individually identifiable data of the Company's customers and employees; the Company's ability to fund its operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from the Company's revolving credit facility, and proceeds from accessing debt or equity markets; and the other risks detailed in the Company's most recent SEC reports, including but not limited to, the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.*

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**CONN'S, INC. PROVIDES UPDATE ON SECURITIZATION TRANSACTION AND  
ANNOUNCES AUTHORIZATION OF SECURITIES REPURCHASES AND  
TERMINATION OF STOCKHOLDERS' RIGHTS PLAN**

THE WOODLANDS, TEXAS, September 9, 2015 – **Conn's, Inc. (NASDAQ:CONN)**, disclosed earlier today that it has entered into an agreement to securitize \$1.4 billion of retail installment contract receivables, with closing expected on or about September 10, 2015. This transaction represents the successful outcome of the Company's previously announced exploration of strategic alternatives to enhance value for stockholders. In addition, and as part of Conn's ongoing commitment to returning value to stockholders, the Company's Board of Directors has authorized the repurchase of up to \$75.0 million of its outstanding common stock or senior notes. Conn's has also terminated the Company's stockholder rights plan, which was put in place upon the initiation of the strategic review in October 2014.

**Update on Sale of Retail Installment Contract Receivables**

Theodore M. Wright, Conn's Executive Chairman, commented, "We are pleased to have entered into this transaction. The advance rate we received is a compelling indicator of the value of our loan portfolio. This transaction represents a significant milestone in diversifying the Company's capital structure to improve access to capital and is a critical step in our progression to an asset-light business model."

The securitization transaction which was disclosed today did not include sale of the residual equity in the securitization portfolio. Conn's is engaged in a process to sell the residual equity of the securitized portfolio. The Company may elect to retain all or a portion of the residual equity in the securitized portfolio if that is determined to be in the best interest of its stockholders.

In October 2014, the Company announced that its Board of Directors authorized management to explore a full range of strategic alternatives to enhance value for stockholders. In March 2015, it announced that the Board authorized management to actively pursue the sale of all or a portion of the loan portfolio, or other refinancing of the loan portfolio. This transaction represents the completion of the initial sale process and Conn's intends to execute periodic securitizations of future originated loans including the sale of any remaining residual equity. This approach creates a diversified capital structure that provides the Company with access to multiple debt markets by maintaining its existing asset-based revolving credit facility and its outstanding senior notes.

Under the terms of this transaction, the loan principal and interest payment cash flows will go first to the holders of the securitization bonds, and then to the residual equity holders. Conn's will retain the servicing of the securitized loan portfolio and will collect a monthly fee of 4.75% (annualized) based on the outstanding balance of the securitized receivables. For the month ended August 31, 2015, the resulting servicing revenue to Conn's is expected to be approximately \$5.7 million. This amount will decline over time as the loan balances are paid off. In addition, Conn's will retain all credit insurance income together with certain recoveries related to credit insurance and repair service agreements on charged-off accounts.

Conn's expects that the securitized customer receivables will be derecognized from its balance sheet if it executes a sale of all or a significant portion of the residual equity, subject to meeting certain accounting requirements. If a significant portion of the residual equity is not sold, the debt and securitized portfolio will remain on the Company's balance sheet. The receivables and the debt will be held in a legally isolated, bankruptcy remote entity. As a result, the debt is non-recourse to Conn's and the financial risk to the Company is limited to the net book value of the residual equity retained (which is the net book value of the receivables, plus the cash reserve, minus the securitized debt).

The Company anticipates that the financial terms (advance rates and interest rates) of future securitization transactions will improve based on the following factors:

- Future pools are expected to be recently originated receivables, which have traditionally had lower net losses as a percentage of the pool, than a seasoned pool;
- There are higher amounts of anticipated future interest earnings to be realized from accounts which will ultimately be repaid;
- Repeat issuers typically receive improved financial terms after their first transaction in the securitization market; and
- The Company anticipates obtaining ratings for its future transactions.

When the securitization transaction closes, the significant proceeds made available to Conn's will enable the Company to pay down its asset-based credit line and have approximately \$380.0 million in cash on the balance sheet. The Company intends to initially use cash proceeds from the transaction to pay off the outstanding balance on the Company's asset-based revolving credit facility. Considering cash on hand, the immediate impact of this transaction will be leverage neutral.

### **Authorization of Securities Repurchases**

The Board of Directors authorized an aggregate repurchase program of up to \$75.0 million (the maximum amount permitted under the Company's credit facility and senior note indenture) consisting of (i) shares of the Company's outstanding common stock; (ii) 7.250% Senior Notes Due 2022; or (iii) a combination thereof. Common stock and senior note repurchases may be made from time to time on the open market or through privately negotiated transactions, at management's discretion, based on market and business conditions. The Company has no obligation to repurchase shares or senior notes under the authorization, and the timing and value of the shares and notes that are repurchased will be at the discretion of management and will depend on a number of factors, including the price of the Company's common stock and the senior notes. The Company may suspend or discontinue repurchases at any time without notice.

Mr. Wright added, "We will continue to invest in our business and believe the repurchase programs underscore our confidence in our long-term growth prospects, consistent with our overall commitment to generate continued profitable growth and enhanced long-term shareholder value."

The Company is considering alternatives for further use of the net proceeds from the securitization transaction, including funding the growth of the business and potentially providing additional returns of capital to stockholders or additional repurchases of senior notes. Conn's has entered into an amendment of its credit facility with its lenders to permit the securitization transaction and to allow for the repurchase program. Additional repurchases of Conn's common stock or senior notes above the \$75.0 million would require further amendment to the Company's credit agreement and indenture governing its senior notes.

### **Termination of Stockholders' Rights Plan**

In connection with the completion of the Company's strategic review, the Board of Directors has approved the termination of the Company's stockholders' rights plan, effective at the close of the securitization transaction, currently anticipated to take place on or about September 10, 2015. The Company adopted its stockholders' rights plan in October 2014 to enable management and the Board to explore strategic alternatives while reducing the likelihood that any person or group would gain control of Conn's through open market accumulation or otherwise without appropriately compensating all of the Company's stockholders.

None of the securities described in this press release have been registered under the Securities Act of 1933, as amended, or applicable state securities laws, and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, and there shall not be any offer or sale of these securities in any state in which such offer, solicitation or sale would be unlawful.

## About Conn's, Inc.

Conn's is a specialty retailer currently operating approximately 95 retail locations in Arizona, Colorado, Georgia, Louisiana, Mississippi, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee and Texas. The Company's primary product categories include:

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

Additionally, Conn's offers a variety of products on a seasonal basis. Unlike many of its competitors, Conn's provides flexible in-house credit options for its customers in addition to third-party financing programs and third-party rent-to-own payment plans.

*This press release 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 the Company's 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, and actual results may differ materially. A wide variety of potential risks, uncertainties, and other factors could materially affect the Company's ability to achieve the results either expressed or implied by the Company's forward-looking statements including, but not limited to: general economic conditions impacting the Company's customers or potential customers; the Company's ability to close the securitization of its loan portfolio or to sell the residual equity on favorable terms; the Company's ability to execute periodic securitizations of future originated loans including the sale of any residual equity on favorable terms; the Company's ability to continue existing customer financing programs or to offer new customer financing programs; changes in the delinquency status of the Company's credit portfolio; unfavorable developments in ongoing litigation; increased regulatory oversight; higher than anticipated net charge-offs in the credit portfolio; the success of the Company's planned opening of new stores; technological and market developments and sales trends for the Company's major product offerings; the Company's ability to protect against cyber-attacks or data security breaches and to protect the integrity and security of individually identifiable data of the Company's customers and employees; the Company's ability to fund its operations, capital expenditures, debt repayment and expansion from cash flows from operations, borrowings from the Company's revolving credit facility, and proceeds from accessing debt or equity markets; and the other risks detailed in the Company's most recent SEC reports, including but not limited to, the Company's Annual Report on Form 10-K and the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If one or more of these or other risks or uncertainties materialize (or the consequences of such a development changes), or should our underlying assumptions prove incorrect, actual outcomes may vary materially from those reflected in our forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We disclaim any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise. All forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.*

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## CONN'S APPOINTS NORMAN MILLER AS CHIEF EXECUTIVE OFFICER AND PRESIDENT

THE WOODLANDS, TEXAS, September 9, 2015 - **Conn's, Inc. (NASDAQ:CONN)**, today announced that its Board of Directors, implementing a long-planned leadership succession, has appointed Norman Miller to serve as the Company's new Chief Executive Officer and President, effective September 7, 2015. Mr. Miller will also be elected to the Board of Directors.

Mr. Miller brings over 30 years of transformational business leadership experience to Conn's, including serving as President of Sears Automotive and as President and Chief Operating Officer of DFC Global Corporation. He also has held progressive management and leadership roles at ARAMARK, Nestle, Kraft and Pepsi. Mr. Miller brings a unique and highly relevant combination of leading businesses with retail models as well as financial services serving unbanked and under-banked consumers. Mr. Miller is a graduate of the United States Military Academy at West Point and began his career as an officer in the U.S. Army.

Mr. Miller's appointment as Chief Executive Officer and President of Conn's follows a year-long initiative to explore strategic alternatives and to prepare the Company to execute its growth strategies.

Bob L. Martin, lead independent director on the Conn's Board, said, "As Conn's completes a significant repositioning, we expect the Company to derive significant benefits from Norm's proven ability to deliver deep operational excellence at scale and his significant leadership experience managing larger workforces with a decentralized operating model. He also brings in-depth understanding of the needs of the unbanked consumer and the critical importance of providing great service and value to these consumers."

As CEO, Mr. Miller will work with senior management and the Board to develop strategies to further strengthen Conn's strategic position. Key to the role is the ability to strengthen oversight of its credit and risk function, including working with the Credit Risk and Compliance Committee responsible for reviewing credit risk, underwriting strategy and credit compliance activities.

"It is an honor to be selected as the next Conn's CEO," said Mr. Miller. "This is a business where there is tremendous opportunity to scale once we set the foundation right to support its growth. Given my own modest beginning in life, I have a deep connection to the purpose of Conn's mission in serving the unbanked consumer and look forward to leading our like-minded employees while meeting our shareholders' goals."

Mr. Miller succeeds Theodore M. Wright, who will remain on the Conn's Board as Executive Chairman. Mr. Martin commented, "We are deeply appreciative of Theo's many years of service to Conn's as a board member and as Chairman and CEO. Under Theo's leadership, Conn's has delivered a total return to shareholders of approximately 540% since his appointment as Chairman in December 2010. He has positioned us well for continued growth and success."

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