



**SECOND QUARTER EARNINGS PRESENTATION
SEPTEMBER 5, 2013**



Safe Harbor Agreement

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such forward-looking statements include information concerning our future financial performance, business strategy, plans, goals and objectives. Statements containing the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should," or the negative of such terms or other similar expressions are generally forward-looking in nature and not historical facts. Although we believe that the expectations, opinions, projections, and comments reflected in these forward-looking statements are reasonable, we can give no assurance that such statements will prove to be correct. These risks are detailed in our SEC reports, including but not limited to, our Annual Report on Form 10-K. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, we are not obligated to publicly release any revisions or update to these forward-looking statements to reflect events or circumstances after the date of this presentation to reflect the occurrence of unanticipated events.

Same Store Sales Growth

	Same Store Sales <u>% Change for 2Q FY14</u>
Home appliance	13.3%
Furniture and mattress	33.7%
Consumer electronic	8.2%
Home office	18.9%
Other	21.6%
Product sales	17.6%
Repair service agreement commissions	29.8%
Total net sales	18.4%

Other category includes lawn and garden, general accessories and delivery and installation revenues



Gross Margin Performance by Product Category

	2Q FY14		2Q FY13		Basis Point Change
	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>	<u>ASP</u>	<u>Gross Margin</u>
Home appliance	30.2%	\$650	28.1%	\$588	210
Furniture and mattress	47.0%	\$411	43.7%	\$395	330
Consumer electronic	27.5%	\$703	22.2%	\$656	530
Home office	20.1%	\$634	15.3%	\$604	480
Other	35.6%	\$162	35.3%	\$136	30
Total product	33.1%	\$491	28.9%	\$460	420

ASP amounts exclude accessory items

Other category includes lawn and garden, general accessories, delivery and installation revenues

Sales Floor Execution

	<u>2Q FY14</u>	<u>2Q FY13</u>
Average Sales Per Associate	\$76,700	\$59,300
Customer Satisfaction	94%	90%

Furniture and Mattress Category

	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>2Q FY14</u>
Furniture and Mattress Information -				
All Stores:				
Percentage of total product sales	12.6%	16.7%	20.5%	24.9%
Percentage of total gross profit dollars	19.2%	23.5%	30.8%	35.3%
New Stores:				
Percentage of total product sales				38.3%

Providing Customers Additional Ways to Apply for Credit



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WAYS TO APPLY**



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conns.com



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Stop by
our Store

Providing Customers Additional Ways to Apply for Credit

	<u>August Application Volume</u>	
	<u>2013</u>	<u>2012</u>
Online via the Web	19,377	10,394
Telephone	2,932	565
Mail-in	3,125	-

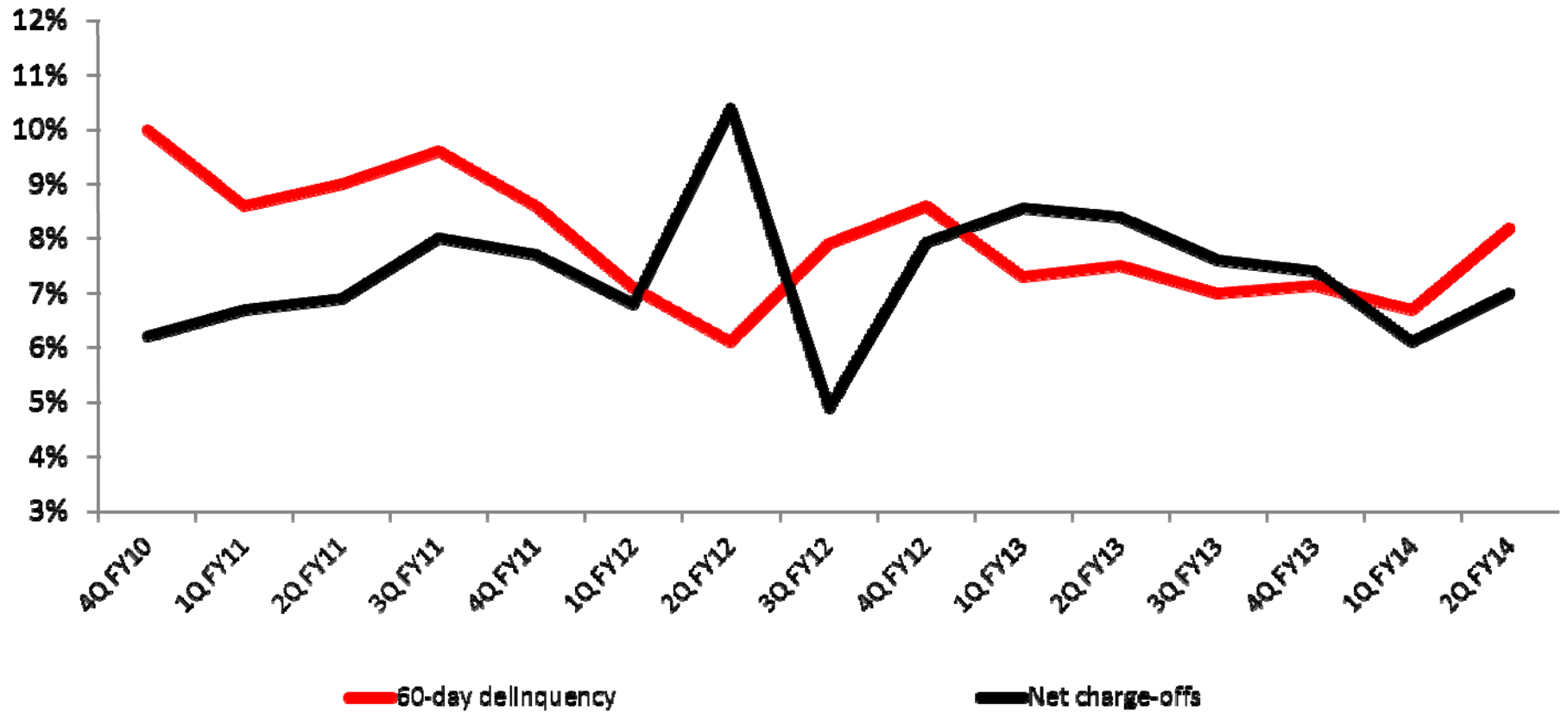
New Store Productivity – 2Q FY14

(dollars in thousands)

	<u>New Stores</u>	<u>All Stores</u>
Average 2Q FY14 New Store Product Sales as a Percentage of Average Sales for All Stores	112%	
Furniture and Mattress Sales as a Percentage of Total Product Sales	38%	25%

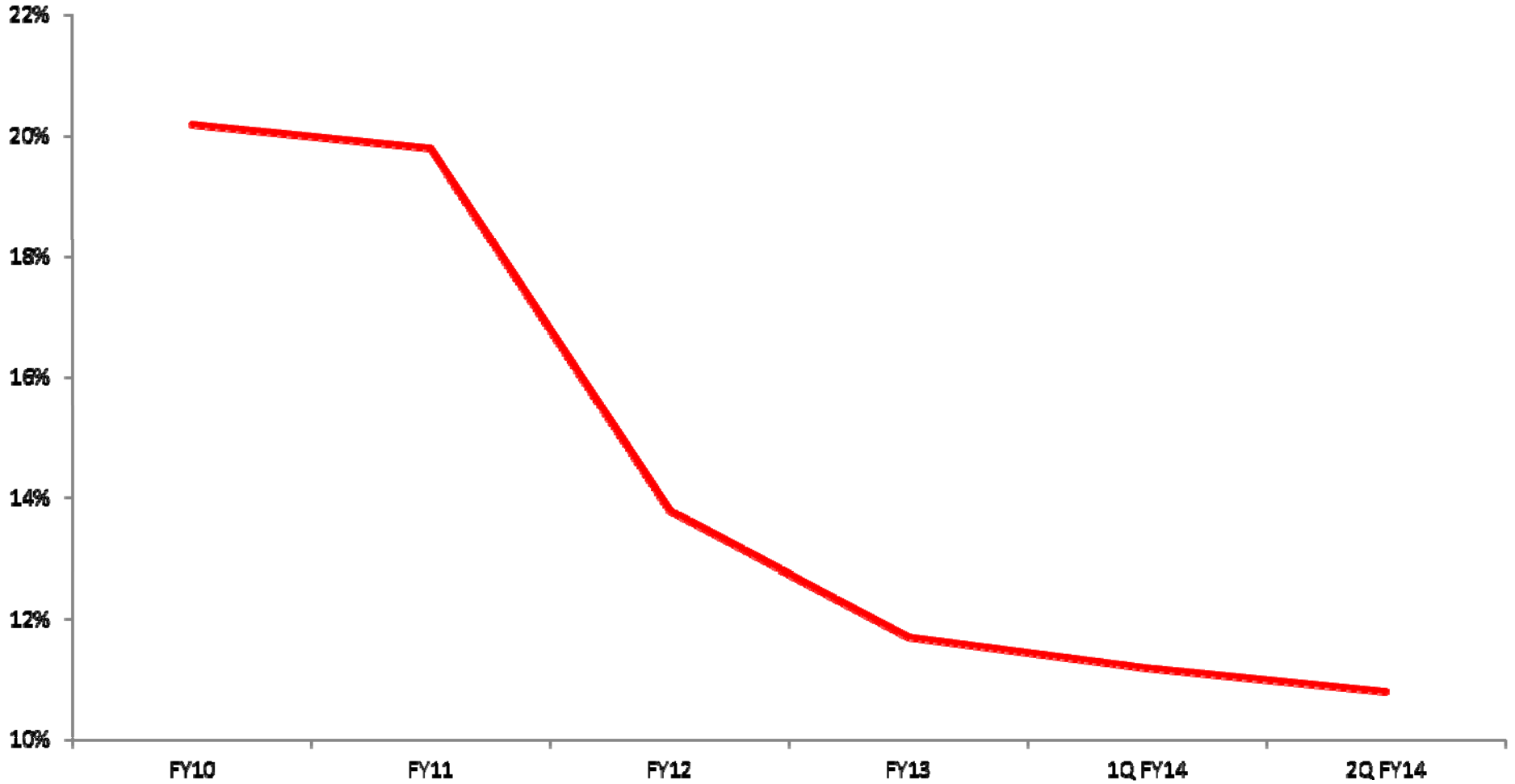
(1) Excludes the three Phoenix, AZ market area stores opened in June, July and August.

Credit Portfolio Trends

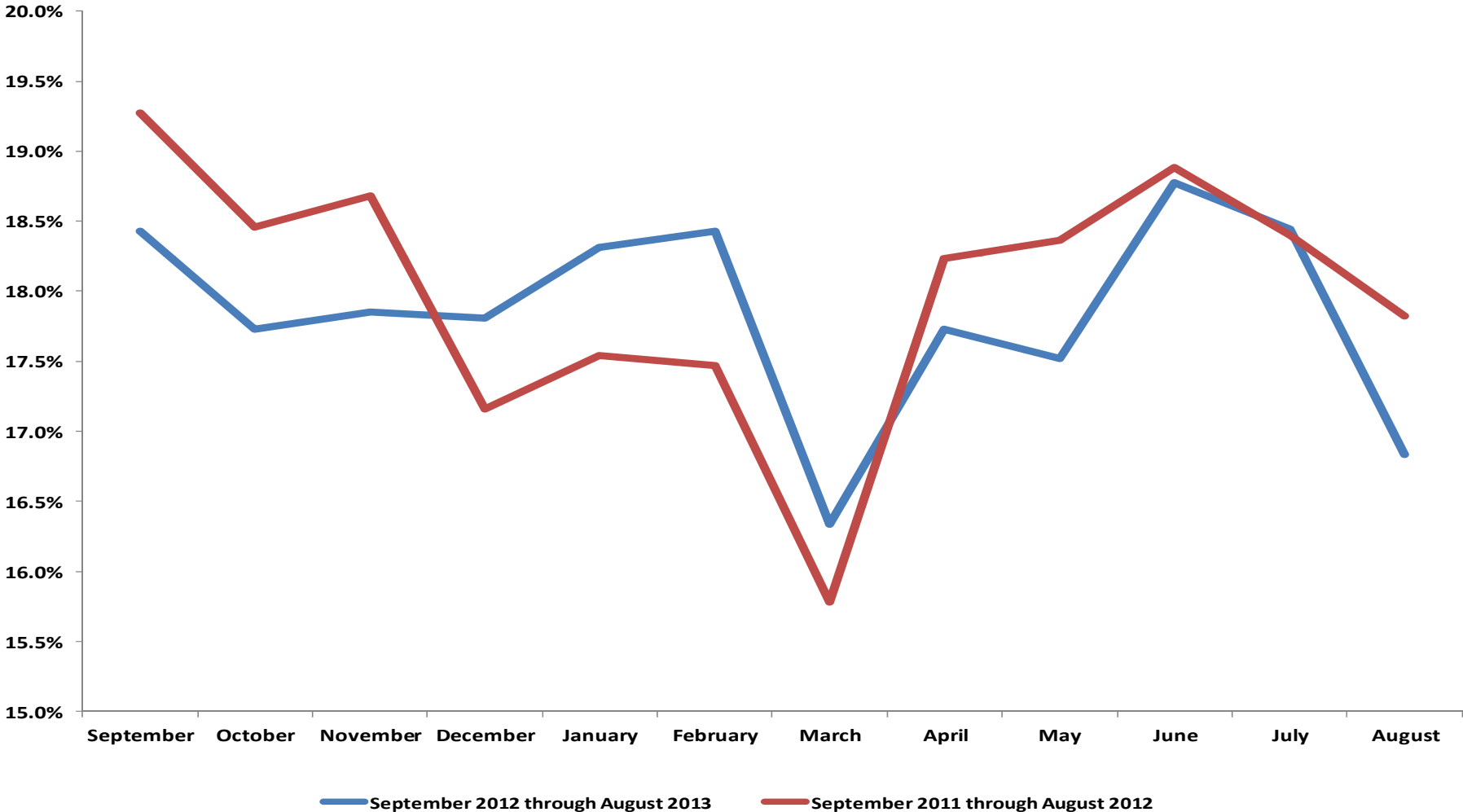


Reduced Balances Re-aged

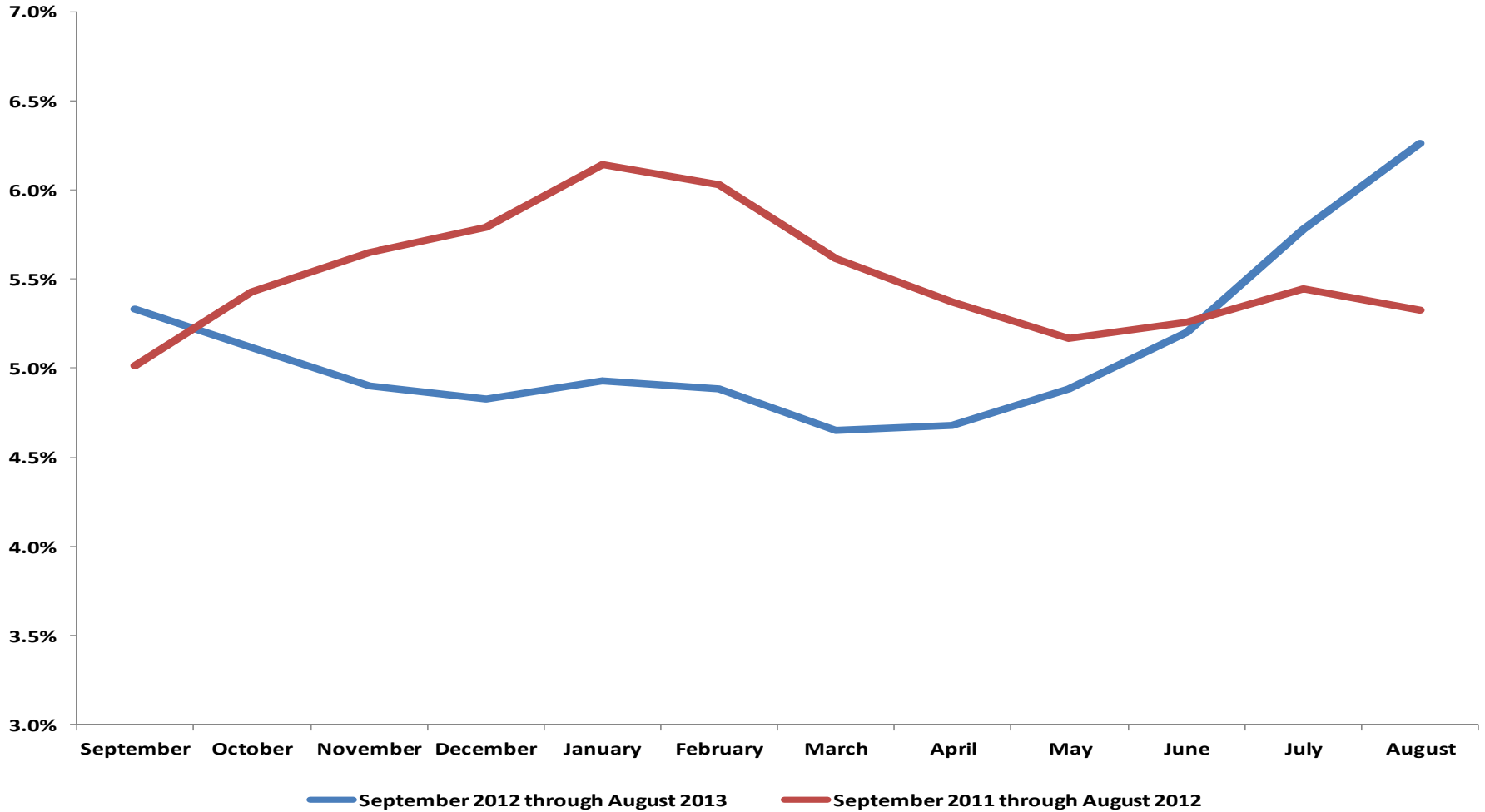
Percent of the Portfolio Re-aged at End of Period



Early Stage Delinquency (1-90 Days Past Due)



Late Stage Delinquency (91-209 Days Past Due)



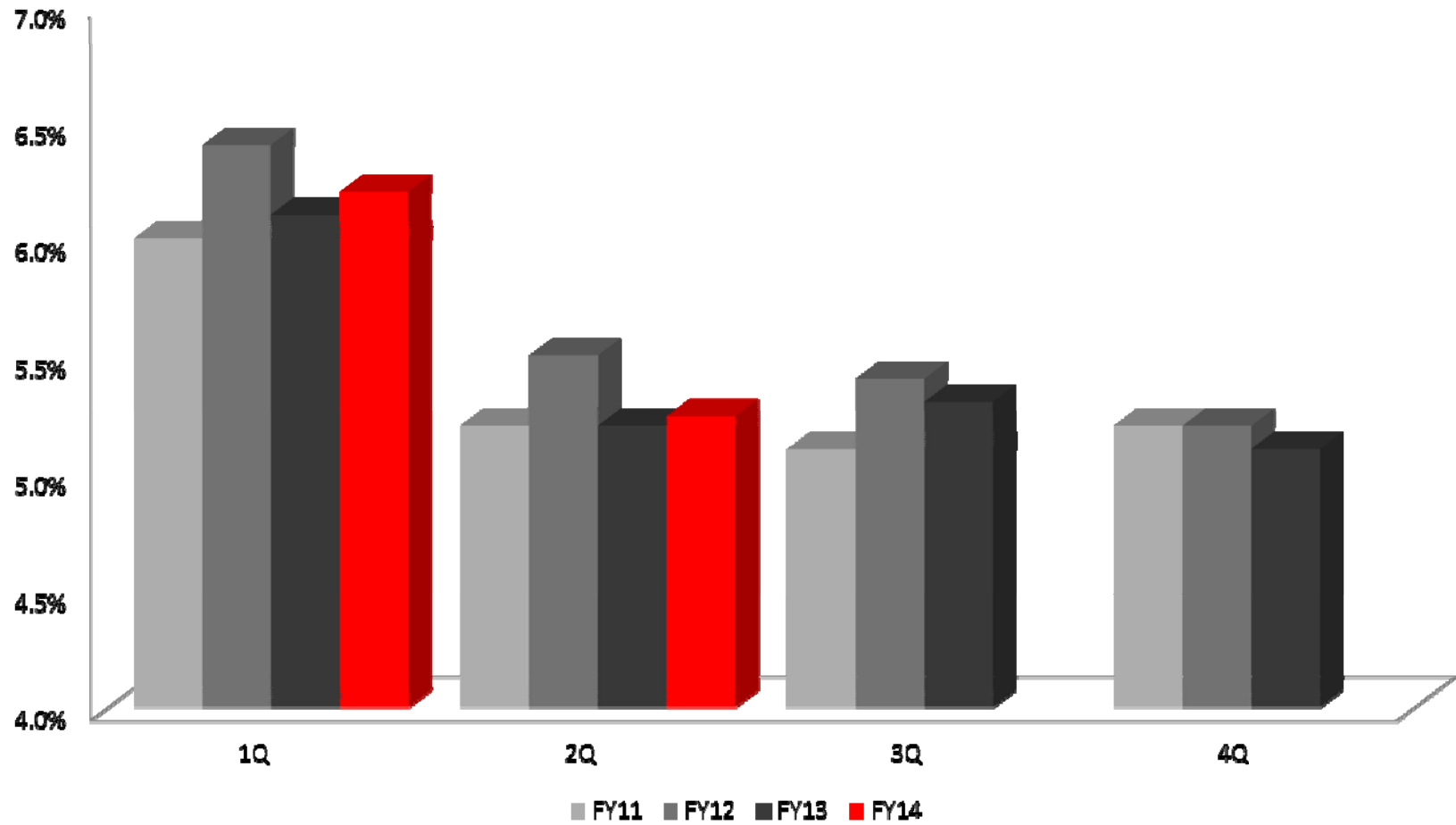
Static Pool Loss Analysis

Cumulative Loss Rate as a % of Balance Originated

Fiscal Year of Origination	Year From Origination					% <i>Outstanding as of 7/31</i>
	0	1	2	3	Terminal	
2005	0.3%	1.8%	3.5%	4.4%	5.1%	0.0%
2006	0.3%	1.9%	3.6%	4.8%	5.8%	< 0.1%
2007	0.2%	1.7%	3.5%	4.8%	5.8%	< 0.1%
2008	0.2%	1.8%	3.6%	5.1%	5.9%	< 0.1%
2009	0.2%	2.1%	4.6%	6.1%	6.6%	0.1%
2010	0.2%	2.4%	4.6%	6.0%	6.1%	0.2%
2011	0.4%	2.6%	5.2%	5.7%		2.4%
2012	0.2%	3.1%	4.5%			14.9%
2013	0.4%	2.1%				46.2%

The static loss analysis presents the percentage of balances charged off, based on the fiscal year the credit account was originated and the period the balance was charged off. The percentage computed is calculated by dividing the cumulative amount charged off since origination, net of recoveries, by the original balance of accounts originated during the applicable fiscal year. Period 0 is the year of origination.

Payment Rate by Quarter



Valuable Credit Offering for All Consumers

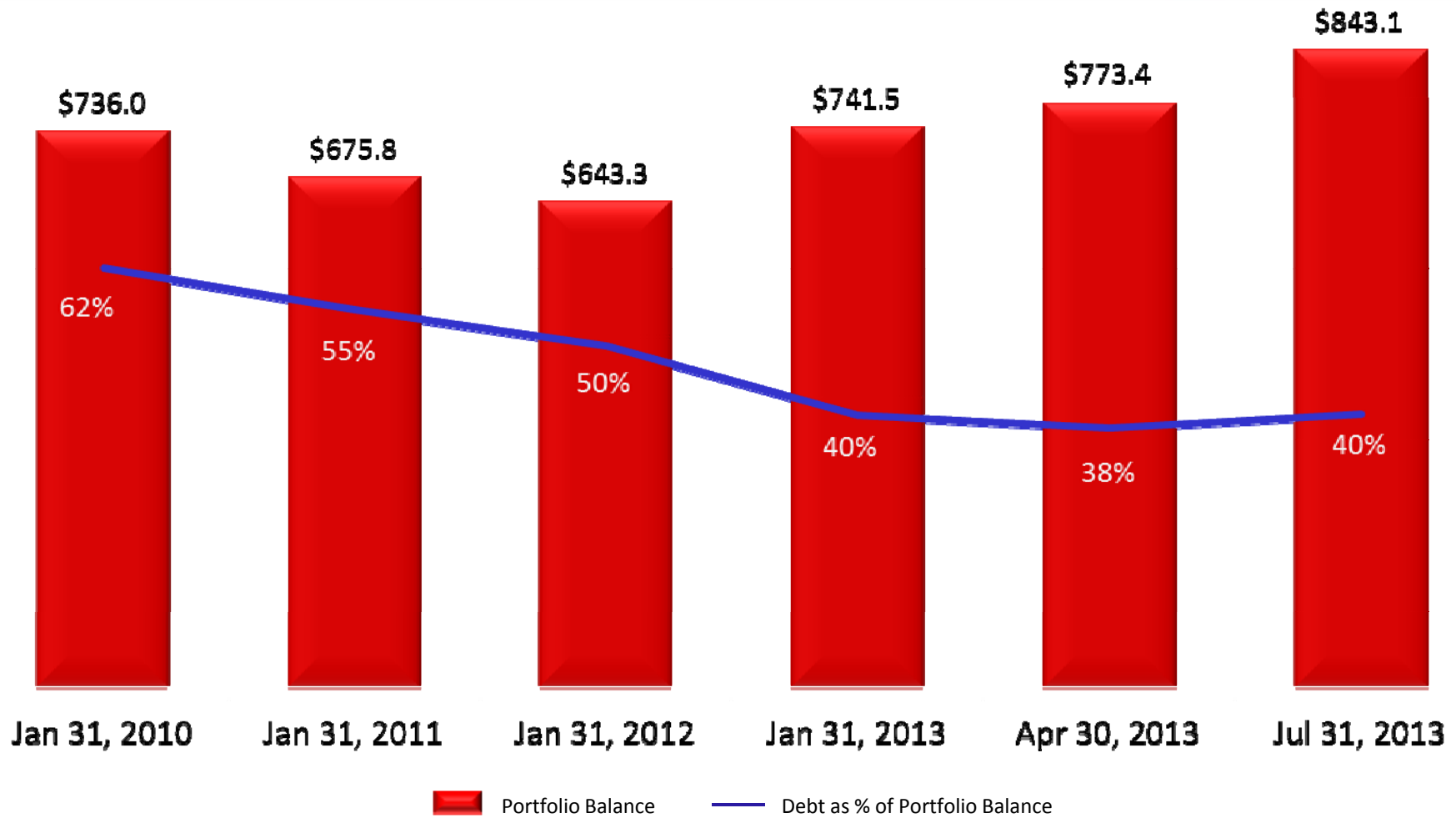
Percent of Sales Generated by Payment Option

	<u>2Q FY14</u>	<u>2Q FY13</u>
Conn's Credit (including down payment)	76.8%	69.4%
GE Capital	12.2%	15.8%
RAC Acceptance (Rent-to-Own)	<u>2.5%</u>	<u>3.2%</u>
Total	91.5%	88.4%

Retail SG&A Comparison

	% of Sales <u>2Q FY14</u>	% of Sales <u>2Q FY13</u>	Basis Point <u>Change</u>
Advertising	4.7%	4.6%	10
Compensation	14.4%	14.5%	(10)
Other SG&A	<u>8.1%</u>	<u>8.0%</u>	<u>10</u>
Retail SG&A	<u>27.2%</u>	<u>27.1%</u>	<u>10</u>
Retail SG&A as % of Retail Gross Profit	70.4%	78.2%	(780)

Debt as Percent of Portfolio Balance

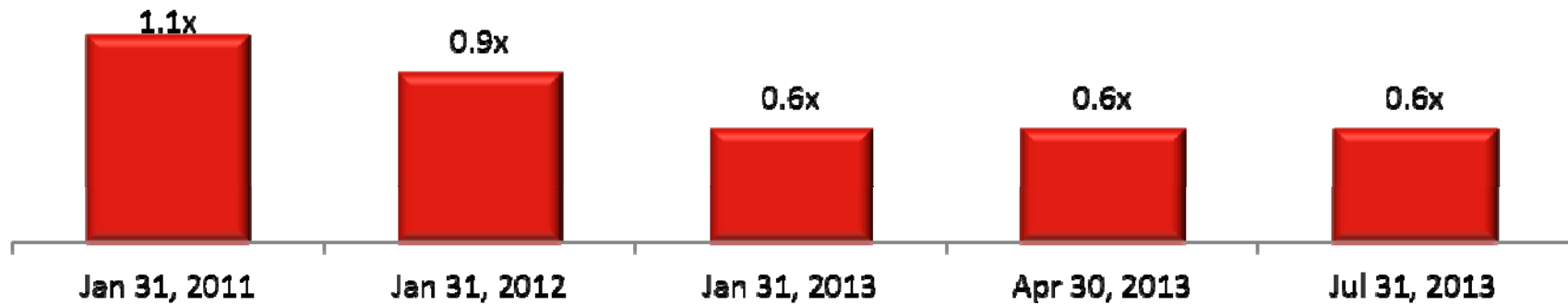


- Portfolio balance in millions
- Debt as a percent of portfolio balance = Total debt/Portfolio Balance

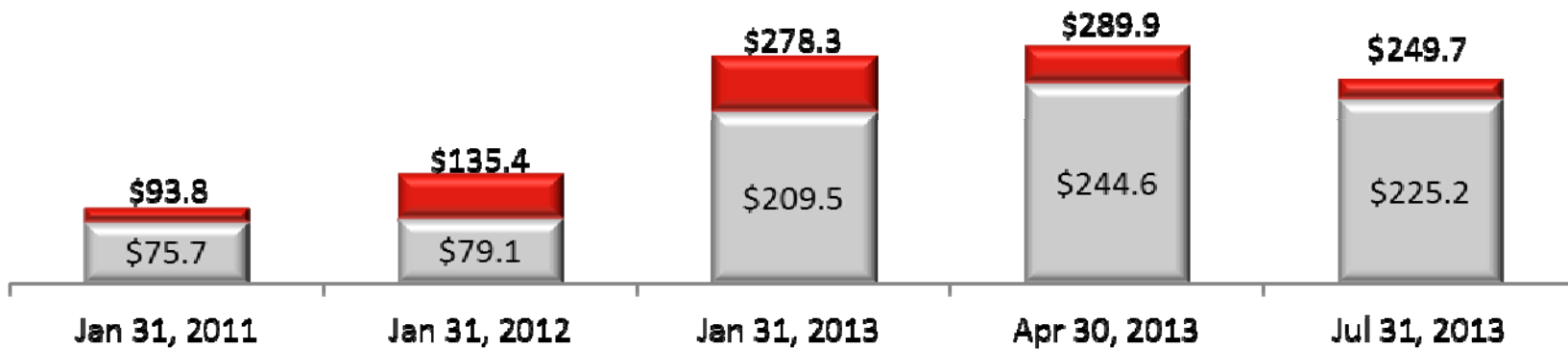


Considerable Access to Capital

Total Debt to Stockholders' Equity



Borrowing Capacity (\$ in mm)



■ Borrowing Capacity
 Available Liquidity



Full-Year FY2014 EPS Guidance Reaffirmed

- Same store sales growth 15% to 20%
- New store openings 10 to 12 stores
- Retail gross margin 37.5% to 38.5%
- Credit portfolio interest and fee yield 17.8% to 18.1%
- Provision for bad debts as % average portfolio balance 8.5% to 9.0%
- SG&A expense as % of total revenues 28.0% to 29.0%
- Diluted EPS \$2.50 to \$2.65



Conn's

Impact of Originations on Credit Segment Performance

The following provides a summary of the estimated income statement impact of the origination of a single \$2,000 installment loan over two quarters. The analysis assumes an annual interest rate of 21%, a term of 24 months and an origination date of March 31.

	<u>Q1</u>	<u>Q2</u>
Beginning principal balance	\$ -	\$ 1,932
March 31 loan origination	2,000	-
Principal payments	(68)	(211)
Ending principal balance	<u>\$ 1,932</u>	<u>\$ 1,721</u>
Interest income	\$ 35	\$ 98
Estimated origination costs	11	-
Bad debt provision estimate ^(a)	35	-
Operating income (loss)	<u>\$ (11)</u>	<u>\$ 98</u>
Average principal balance	\$ 983	\$ 1,827
Annualized provision rate	14%	0%

Results from annualizing a full-year provision amount.

^(a) Twelve months of expected losses provided in the month a loan originates. Assumes loan remains current over the periods.