

CONNS INC
Form DEF 14A
April 13, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant: ☒ Filed by a Party other than the Registrant: ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- ☒ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Rule 14a-12

Conn s, Inc.

(Name of Registrant as Specified in Its Charter)

N/A

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CONN S, INC.

3295 College Street

Beaumont, Texas 77701

(409) 832-1696

NOTICE OF 2010 ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 25, 2010

To the Stockholders of Conn s, Inc.:

NOTICE IS HEREBY GIVEN that the 2010 annual meeting of stockholders of Conn s, Inc. will be held on Tuesday, May 25, 2010, at 3295 College Street, Beaumont, Texas 77701, commencing at 11:00 A.M., local time, for the following purposes:

1. to elect nine (9) directors;
2. to ratify the Audit Committee s appointment of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2011; and
3. to transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on April 1, 2010, are entitled to notice of and to vote at the 2010 annual meeting of stockholders or any postponement or adjournment thereof. A list of such stockholders, arranged in alphabetical order and showing the address of and the number of shares registered in the name of each such stockholder, will be available for examination by any stockholder for any purpose relating to the meeting during ordinary business hours for a period of at least ten days prior to the meeting at the principal offices of the company located at 3295 College Street, Beaumont, Texas 77701.

We are pleased to take advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders over the Internet. As a result, we are mailing to our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of this proxy statement and our Annual Report on Form 10-K for the fiscal year ended January 31, 2010. We believe that this process allows us to provide our stockholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. The Notice contains instructions on how to access those documents over the Internet. The Notice also contains instructions on how to request a paper copy of our proxy materials, including this proxy statement, our Annual Report on Form 10-K for the fiscal year ended January 31, 2010 and a form of proxy card or voting instruction card.

Your vote is important. Whether or not you expect to be present at the meeting, please vote as soon as possible. You may vote your shares via a toll-free telephone number or over the Internet. If you received a proxy card or voting instruction card by mail, you may submit your proxy card or voting instruction card by completing, signing, dating and mailing your proxy card or voting instruction card in the envelope provided. Any stockholder attending the meeting may vote in person, even if you have already returned a proxy card or voting instruction card.

By Order of the Board of Directors,

/s/ Sydney K. Boone, Jr.
SYDNEY K. BOONE, JR.
Secretary

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April 13, 2010

Beaumont, Texas

The proxy materials, including this proxy statement, proxy card or voting instruction card, and our Annual Report on Form 10-K, are being distributed and made available on or about April 14, 2010.

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PROXY STATEMENT

2010 ANNUAL MEETING OF STOCKHOLDERS

Date: May 25, 2010

Time: 11:00 A.M., local time

Location: Conn's, Inc., 3295 College Street, Beaumont, Texas 77701

Record Date and Number of Votes: April 1, 2010. Holders of our common stock are entitled to one vote for each share of common stock they owned as of the close of business on April 1, 2010. You may not cumulate votes.

Agenda: 1. to elect nine (9) directors;

2. to ratify the Audit Committee's appointment of Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2011; and

3. to transact such other business as may properly come before the meeting.

Proxies: Unless you tell us on the enclosed form of proxy to vote differently, we will vote signed returned proxies FOR the board nominees. The proxy holders will use their discretion on other matters. If a nominee cannot or will not serve as a director, the proxy holders will vote for a person whom they believe will carry on our present policies.

Proxies

Solicited By: The board of directors

Distribution Date: The proxy materials, including this proxy statement, proxy card or voting instruction card and our Annual Report on Form 10-K, are being distributed and made available on or about April 14, 2010

Revoking Your Proxy: You may revoke your proxy before it is voted at the meeting. To revoke your proxy, follow the procedures beginning on page 2 under General Information Regarding the 2010 Annual Meeting of Stockholders; Revocation of Proxies.

YOUR VOTE IS IMPORTANT. PLEASE VOTE PROMPTLY.

Prompt return of your proxy will help reduce the costs of re-solicitation.

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GENERAL INFORMATION REGARDING THE 2010 ANNUAL MEETING OF STOCKHOLDERS

Quorum

The holders of a majority of the outstanding shares of common stock entitled to vote at the 2010 annual meeting of stockholders, represented in person or by proxy, will constitute a quorum at the meeting. However, if a quorum is not present or represented at the meeting, the stockholders entitled to vote at the meeting, present in person or represented by proxy, have the power to adjourn the meeting, without notice, other than by announcement at the meeting, until a quorum is present or represented. At any such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the original meeting.

Votes Required to Approve Proposals

To be elected, directors must receive a plurality of the shares voting in person or by proxy, provided a quorum exists. A plurality means receiving the largest number of votes, regardless of whether that is a majority. A majority of the votes cast is required to approve the ratification of Ernst & Young, LLP as our independent registered public accounting firm, provided a quorum exists.

Record Date, Shares Outstanding and Number of Votes

Only stockholders of record as of the close of business on April 1, 2010, the record date set for the meeting by our board, are entitled to notice of and to vote at the meeting or any adjournments of the meeting. On the record date, there were 22,471,350 shares of our common stock issued and outstanding and entitled to vote. Each share of common stock entitles the holder to one vote per share.

Method of Counting Votes, Abstentions and Broker Non-Votes

Votes cast by proxy or in person will be counted by the inspector of election appointed by the company.

Those who fail to return a proxy or who do not attend the meeting will not count towards determining any required quorum, plurality or majority of votes cast. Stockholders and brokers returning proxies or attending the meeting who abstain from voting on the election of directors or on the proposal to ratify Ernst & Young, LLP as our independent registered public accounting firm will count towards determining a quorum. Such abstentions will have no effect on the election of our directors and will not impact how the shares in the Conn's Voting Trust are voted, which votes in the same proportion as the votes cast FOR and AGAINST a proposal by all other stockholders, not counting abstentions.

Brokers holding shares of record for customers generally are not entitled to vote on certain matters unless they receive voting instructions from their customers. Brokers are permitted to vote on routine, non-controversial proposals in instances where they have not received voting instructions from the beneficial owner of the stock, *e.g.*, ratification of independent public accountants, but are not permitted to vote on non-routine matters. In the event that a broker does not receive voting instructions for non-routine matters, a broker may notify us that it lacks voting authority to vote those shares. These broker non-votes refer to votes that could have been cast on the matter in question by brokers with respect to uninstructed shares if the brokers had received their customers' instructions. Pursuant to recent amendments to the New York Stock Exchange rules, all brokers who are members of the New York Stock Exchange will not have discretion to vote shares of their customers on the election of directors, even if the directors are of companies not listed on the New York Stock Exchange unless they receive directions from the customer. Accordingly, if your shares are held in your broker's account and you do not submit voting instructions to your broker, your shares will not be counted in determining the outcome of the election of the nine (9) director nominees at the annual meeting. In order to minimize the number of broker non-votes and to ensure that your voice is heard in the election of directors, we encourage you to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

The inspector of election will treat broker non-votes as shares that are present and entitled to vote for the purpose of determining the presence of a quorum. However, for the purpose of determining the outcome of any matter as to which the broker has indicated on the proxy that it does not have

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discretionary authority to vote, those shares will be treated as not present and not entitled to vote with respect to that matter (even though those shares are considered entitled to vote for quorum purposes and may be entitled to vote on other matters). These broker non-votes will have no effect on the outcome of the election of our directors or on the proposal to ratify Ernst & Young, LLP as our independent registered public accounting firm.

How the Proxies Will Be Voted

The enclosed proxies will be voted in accordance with the instructions you place on the form of proxy. Unless you tell us on the enclosed form of proxy to vote differently, we will vote properly executed proxies **FOR** the board nominees listed in this proxy statement and, **FOR** ratification of the selection of Ernst & Young as our independent registered public accounting firm for our fiscal year ending January 31, 2011. The proxy holders will use their discretion on other matters. If a nominee cannot or will not serve as a director, the proxy holders will vote for a person whom they believe will carry on our present policies.

Pursuant to the terms of a voting trust agreement entered into by Stephens Group, Inc., Stephens Inc. and certain affiliates of Stephens Inc., which collectively own approximately 23.35% of our common stock, unless the Voting Trust is revoked, the trustee of the Voting Trust must vote the shares of common stock held by the voting trust **FOR** or **AGAINST** any proposal or other matter submitted to the stockholders of the company for approval in the same proportion as the votes cast **FOR** and **AGAINST** such proposal or other matter by all other stockholders, not counting abstentions. Therefore, each proxy received voting **FOR** or **AGAINST** any proposal will result in a proportionate number of shares held in the Voting Trust to be voted **FOR** or **AGAINST** a proposal. Abstentions and broker non-votes will not impact how the shares in the voting trust are counted.

Methods of Voting

If you are a stockholder of record of the company, there are four ways for you to vote:

In Person. You may vote in person at the annual meeting. The company will give you a ballot when you arrive.

Via the Internet. You may vote by proxy via the Internet by following the instructions provided in the Notice.

By Telephone. If you request printed copies of the proxy materials by mail, you may vote by proxy by calling the toll-free number found on the proxy card.

By Mail. If you request printed copies of the proxy materials by mail, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided.

If your shares are held in street name by a broker, bank or other nominee, please refer to the instructions they provide regarding how to vote. In addition, if you are a street name holder and you wish to vote in person at the annual meeting, you must obtain a legal proxy from your broker, bank or other nominee in order to vote at the meeting.

Revocation of Proxies

You may revoke your proxy and change your vote at any time before the final vote at the annual meeting. You may vote again on a later date via the Internet or by telephone (only your latest Internet or telephone proxy submitted prior to the annual meeting will be counted), by signing and returning a new proxy card or vote instruction form with a later date, or by attending the annual meeting and voting in person. However, your attendance at the annual meeting will not automatically revoke your proxy unless you vote again at the annual meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation prior to the annual meeting to Broadridge Financial Services, 51 Mercedes Way, Edgewood, NY 11717, Attn: Vote Processing.

Stockholder Proposals and Other Business

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From time to time, stockholders seek to nominate directors or present proposals for inclusion in our proxy statement and form of proxy for consideration at an annual meeting of stockholders. To be

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included in our proxy statement and form of proxy or considered at our next annual meeting, you must timely submit nominations of directors or proposals, in addition to meeting other legal requirements. We must receive your nominations and/or proposals for the 2011 annual meeting for possible consideration at the meeting no earlier than December 20, 2010 and no later than January 16, 2011 and by no later than December 20, 2010 for possible inclusion in the proxy statement. However, if the date of the 2011 annual meeting changes by more than 30 days from the date of this year's meeting, then we must receive your nominations and/or proposals within a reasonable time before we begin to print and mail our proxy materials.

We do not intend to bring any business before the 2010 annual stockholders meeting other than the matters described in this proxy statement nor have we been informed of any matters that may be presented at the meeting by others. If however, any other business should properly arise, the persons appointed in the enclosed proxy have discretionary authority to vote in accordance with their best judgment.

Solicitation of Proxies

The cost of soliciting proxies will be borne by the company. In addition to the solicitation of proxies by mail, solicitation may be made by our directors, officers and employees by other means, including telephone, email or in person. No special compensation will be paid to directors, officers or employees for the solicitation of proxies. To solicit proxies, we also will request the assistance of banks, brokerage houses and other custodians, nominees or fiduciaries, and, upon request, will reimburse such organizations or individuals for their reasonable expenses in forwarding the Notice and other soliciting materials to beneficial owners and in obtaining authorization for the execution of proxies.

Electronic Delivery of Proxy Materials

Pursuant to rules adopted by the SEC, the company has elected to provide access to its proxy materials over the Internet. Accordingly, the company is sending a Notice of Internet Availability of Proxy Materials (the "Notice") to the company's stockholders. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. The Notice also contains instructions on how to request a paper copy of our proxy materials, including this proxy statement, our Annual Report on Form 10-K for the fiscal year ended January 31, 2010 and a form of proxy card or voting instruction card. In addition, the Notice will provide stockholders with instructions on how to request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. A stockholder's election to receive proxy materials by mail or electronically by email will remain in effect until the stockholder terminates such election. The company encourages stockholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of the annual meeting and lower the costs of printing and distributing our proxy materials. If you choose to receive future proxy materials by email, you will receive an email message next year with instructions containing a link to those materials and a link to the proxy voting website. Your election to receive proxy materials by email will remain in effect until you terminate it. The company's proxy materials are also available on the company's website at www.conns.com, at www.proxyvote.com, and at the SEC's website at www.sec.gov.

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PROPOSALS FOR STOCKHOLDER ACTION

PROPOSAL ONE:

ELECTION OF DIRECTORS

Number of Directors to be Elected

Our board is currently constituted with ten director positions, nine (9) of which positions are to be elected at the 2010 annual meeting of stockholders. Thomas J. Frank retired from the board of directors of the company effective September 14, 2009, creating the open directorship position. The company currently intends to leave the vacant board position in place at least until the annual meeting of stockholders held in 2011, to allow time to determine whether we wish to fill the position or eliminate it. The nine (9) directors elected at the annual meeting will hold office until the 2011 annual meeting of stockholders or until their respective successors have been elected and qualified or their earlier death resignation or removal. You may not vote for a greater number of directors than those nominated.

In determining the original and current nominations of directors, the company, when it determined that it would attempt to become a publicly held company in 2003, and the Nominating and Corporate Governance Committee of the company's board of directors in considering the nomination of the directors to serve until the 2011 annual meeting, sought and considered individuals with strong personal reputations and experience in business and other areas that are relevant and important to the financing, strategy and operations of the company. Each nominee for election as a director at this annual meeting of the stockholders of the company holds or has held senior executive positions in organizations providing such background and expertise objectives, and each has the necessary business and financial experience sought by the company in those areas, including strategic and financial planning, public company financing and reporting, compliance, risk management and leadership. Each of the nominated directors also has experience of serving on boards or in senior executive management of publicly held companies or governmental services requiring strong business and leadership acumen and implementation.

The Nominating and Corporate Governance Committee also considered and believes that each of the nominated individuals to serve as members of the board of directors has valuable personal and business attributes that have and will continue to be valuable to the company in their advice and guidance to the executive members of the company. The Nominating and Corporate Governance Committee takes into account in its considerations, diversity in range of backgrounds, perspectives and experience of the individuals it recommends for nomination to the company's board of directors. The specific experience of each nominee considered by the Nominating and Corporate Governance Committee is detailed in their respective biographies set forth below.

Board Nominees

Our board of directors met in March 2010 and considered the candidates for election to the board at the 2010 annual meeting. The Nominating and Corporate Governance Committee of the board of directors, consisting of three independent members of the current board of directors, recommended that the full board nominate:

Marvin D. Brailsford

Timothy L. Frank

Jon E.M. Jacoby

Bob L. Martin

Douglas H. Martin

William C. Nylin, Jr.

Scott L. Thompson

William T. Trawick

Theodore M. Wright

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for re-election to the board of directors at the 2010 annual meeting. Each of the nominated directors was elected at the 2009 annual meeting and served on the board of directors during fiscal year ended January 31, 2010 and during the current fiscal year through the date of the 2010 annual meeting. In making these

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recommendations, the Nominating and Corporate Governance Committee considered the experience, qualifications, attributes and skills of each of the nominees as described under Board of Directors; Board Nominees beginning on page 7 of this Proxy Statement and the requirements and qualifications discussed under Board of Directors; Nominating Policies on page 9 of this Proxy Statement. Based on this recommendation, our board of directors has nominated:

Marvin D. Brailsford

Timothy L. Frank

Jon E.M. Jacoby

Bob L. Martin

Douglas H. Martin

William C. Nylin, Jr.

Scott L. Thompson

William T. Trawick

Theodore M. Wright

to be elected by the stockholders at the 2010 annual meeting. All nominees have consented to serve as directors. The board has no reason to believe that any of the nominees will be unable or unwilling to act as a director. In the event any of these nominated directors is unable to stand for election, the board of directors may either reduce the size of the board or designate a substitute.

For biographical information regarding each of the board's nominees for director, please refer to Board of Directors; Board Nominees on page 7 of this Proxy Statement.

We Recommend That You Vote For Each Of The Board Nominees.

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PROPOSAL TWO:

RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

Ernst & Young LLP served as our independent registered public accounting firm for the fiscal year ended January 31, 2010. The Audit Committee of the board of directors has selected Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ending January 31, 2011. Our board of directors has further directed that we submit the selection of our independent registered public accounting firm for ratification by the stockholders at the 2010 annual meeting. Stockholder ratification of the selection of Ernst & Young, LLP as our independent registered public accounting firm is not required by our Bylaws or otherwise. However, the board is submitting the selection of Ernst & Young, LLP to the stockholders for ratification as a matter of good corporate practice. The Audit Committee believes it to be in the best interests of our stockholders to retain Ernst & Young, LLP as our independent registered public accounting firm for the fiscal year ended January 31, 2011. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Ernst & Young, LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent public accounting firm at any time during the year if they determine that such a change would be in our best interests and those of our stockholders. The Audit Committee annually reviews the performance of our independent public accountants and the fees charged for their services. The Audit Committee anticipates, from time to time, obtaining competitive proposals from other independent public accounting firms for our annual audit. Based upon the Audit Committee's analysis of this information, we will determine which independent public accounting firms to engage to perform our annual audit each year. Representatives of Ernst & Young, LLP will attend the 2010 annual meeting of stockholders and will be available to respond to appropriate questions that may be asked by stockholders. These representatives will also have an opportunity to make a statement at the meeting if they desire to do so.

We Recommend That You Vote For the Ratification of Ernst & Young, LLP As Our Independent

Registered Public Accounting Firm.

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BOARD OF DIRECTORS

Board of Director Nominees:

Marvin D. Brailsford has served as a director since September 2003. From 1996 until 2002, General Brailsford served as Vice President-Material Stewardship Project Manager for the U.S. government's Rocky Flats Environmental Technology Site where he was responsible for managing engineered systems and commodities purchasing. From 1992 to 1996, General Brailsford was president of the Brailsford Group, Inc., a management consulting company, and served as president of Metters Industries, Inc., an information technology and systems engineering company, during this time period. In 1992, he retired from the U.S. Army as a Lieutenant General, after 33 years of service, most recently where he served as Deputy Commanding General Materiel Readiness/Executive Director for Conventional Ammunition at the U.S. Materiel Command in Alexandria, Virginia. Since 1996, General Brailsford has served on the board of directors of Illinois Tool Works, Inc. and has been a member of its audit committee and chairman of its corporate governance and nominating committee. He also serves or has served on the boards of directors of various private and governmental entities. General Brailsford earned a B.S. degree in biology from Prairie View A & M University and a M.S. degree in bacteriology from Iowa State University. He is also a graduate of the Executive Program at the Graduate School of Business Administration, University of California at Berkeley; Harvard University's John F. Kennedy School of Government; the U.S. Army Command and General Staff College; and the Army War College. General Brailsford is 71 years old.

Timothy L. Frank has served as a director since November 23, 2008, when he was appointed by our board to fill a newly created tenth board position. Mr. Frank was elected Chief Executive Officer effective June 2, 2009 by our board of directors on March 24, 2009, Chief Executive Officer Designate on June 3, 2008 by our board of directors, and President of our company by our board of directors on March 28, 2006, effective April 1, 2006. Mr. Frank was previously our Chief Operating Officer effective June 1, 2007. Mr. Frank has also previously served as our Senior Vice President - Retail from May, 2005. He joined us in September 1995 and has served in various roles throughout our company, including Director of Advertising, Director of Credit, Director of Legal Collections, Director of Direct Marketing, and as Vice President of Special Projects. Prior to joining our company, Mr. Frank served in various marketing positions with a nationally known marketing consulting company. Mr. Frank holds a B.S. in Liberal Arts from Texas A&M University and an M.B.A. in Marketing from the University of North Texas. Mr. Frank has also completed a post-graduate program at Harvard University. Mr. Frank is 42 years old.

Jon E. M. Jacoby has served as a director since April 2003. In September 2006 Mr. Jacoby was elected Vice Chairman and Senior Principal of Stephens Group LLC, a family-owned investment company, and, on June 30, 2006, was elected as Executive Vice President of SF Holdings, Inc., formerly known as The Stephens Group, Inc. In September 2003, he retired as a Vice Chairman of Stephens Inc., where he was employed since 1963. His positions included Investment Analyst, Assistant to the President and Manager of the Corporate Finance Department and the Special Investments Department for Stephens Group, Inc. During the previous five years, Mr. Jacoby served as a director of Stephens Group, Inc. and its then wholly-owned subsidiary Stephens Inc. until 2006, and of Sangamo BioSciences, Inc. until 2007. Mr. Jacoby has also previously served on the board of directors of Delta and Pine Land Company, Power-One, Inc. and Eden Bioscience Corporation. He received his B.S. from the University of Notre Dame and his M.B.A. from Harvard Business School. Mr. Jacoby is 72 years old.

Bob L. Martin has served as director since September 2003. Mr. Martin has over 34 years of retailing and merchandising experience. Prior to retiring from the retail industry in 1999, he headed the international operations of Wal-Mart International, Inc. for 15 years. From 1968 to 1983 Mr. Martin was responsible for technology services for Dillard's, Inc. During the previous five years, Mr. Martin served as a director of Dillard's, Inc. until 2006, and currently serves on the board of directors of Gap, Inc., Sabre Holdings Corporation, Furniture Brands International and Guitar Center, Incorporated. He has experience as chairman of the corporate governance committee and compensation committee, and has been a member of the audit committee of publicly held companies. Mr. Martin attended South Texas University and holds an honorary doctorate degree from Southwest Baptist University. Mr. Martin is 61 years old.

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Douglas H. Martin has served as a director of the predecessor to the company since 1998, and was appointed a director of the company in September 2003, when it became a publicly held entity. Mr. Martin is an Executive Vice President of Stephens Inc. where he has been employed since 1981. He is responsible for the investment of the firm's capital in private companies. Mr. Martin serves as a member of the board of directors of numerous privately held companies. He received his B.A. in physics and economics from Vanderbilt University and his M.B.A. from Stanford University. Mr. Martin is 56 years old.

William C. Nylin, Jr. was appointed as Chairman of our board on June 2, 2009, and previously served as Executive Vice Chairman of the Board by the board of directors from March 28, 2006 until his current position. Dr. Nylin served as our Chief Operating Officer from 1995 until June 1, 2007. From 1995 until April 1, 2006, Dr. Nylin also served as our President. He was a director of the predecessor to the company commencing in 1993, and remained a member of that board of directors until September 2003, when the company became a publicly held entity. Dr. Nylin currently provides services to the company in the specific areas of information technology and risk management, while providing counsel and advice in all areas of our operations. From 1984 to 1995, Dr. Nylin held several executive management positions, including Deputy Chancellor and Executive Vice President of Finance and Operation, at Lamar University in Beaumont, Texas. Dr. Nylin obtained his B.S. degree in mathematics from Lamar University, and holds both a masters and doctorate degree in computer sciences from Purdue University. He has also completed a post-graduate program at Harvard University. Dr. Nylin is 67 years old.

Scott L. Thompson has served as a director since June 2004. Mr. Thompson has been designated as a certified director by the National Association of Corporate Directors. Mr. Thompson is currently the Chief Executive Officer and President of Dollar Thrifty Automotive Group, Inc., and a member of its board of directors, positions he has held since October 13, 2008. From May 2008 until October 13, 2008, Mr. Thompson served as Senior Executive Vice president and Chief Financial Officer of Dollar Thrifty. Mr. Thompson retired from Group 1 Automotive, Inc. where he played a major role in the founding and subsequent growth of that New York Stock Exchange listed and Fortune 500 Company. He served as Executive Vice President, Chief Financial Officer and Treasurer of Group 1 from February 2002 until his retirement in January 2004. From 1996 until February 2002, Mr. Thompson served as Senior Vice President, Chief Financial Officer and Treasurer of Group 1. From 1991 to 1996, Mr. Thompson served as Executive Vice President, Operations and Finance for KSA Industries, Inc., a billion dollar diversified enterprise with interests in automotive retailing, investments, energy and professional sports. Mr. Thompson has previously served, during the previous five years, on the board of directors of UAP Holding Corp. through 2008, and is currently the Chairman of the Board of Houston Wire and Cable. Mr. Thompson has extensive experience in automotive retailing, investments, energy and professional sports and is a certified public accountant. Mr. Thompson is 51 years old.

William T. Trawick has served as a director of the company since September 2003, when the company became a publicly held entity. Since August 2000, Mr. Trawick has served as Executive Director of NATM Buying Corporation where he oversees the administrative activities of the multi-billion dollar regional group purchasing program of which we are a member. He also functioned as a consultant to our merchandising department until September, 2006. From September 1996 to July 1999, Mr. Trawick served as our Vice President of Merchandising and was responsible for all product purchasing, merchandising and store operations. Mr. Trawick is 63 years old.

Theodore M. Wright has served as a director since September 2003, when the company became a publicly held entity. Mr. Wright served as the President of Sonic Automotive, Inc., a New York Stock Exchange listed and Fortune 300 automotive retailer, from October 2002 until his retirement in April 2005. Previously Mr. Wright served as its Chief Financial Officer from April 1997 to April 2003. Mr. Wright also served on Sonic Automotive, Inc. board of directors from 1997 through 2004. From 1995 to 1997, Mr. Wright was a Senior Manager in Deloitte & Touche LLP's Columbia, South Carolina office. From 1994 to 1995, he was a Senior Manager in Deloitte & Touche LLP's National Office of Accounting Research and SEC Services Department. Mr. Wright currently serves on the board of directors of Titan Machinery, Inc., and serves as a member of its audit committee and its compensation committee. Mr. Wright received a B.A. from Davidson College. Mr. Wright is 47 years old.

If elected, these directors will serve one year terms which expire at our 2011 annual meeting of stockholders.

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Nomination Policies and Procedures Governance

In preparation of our initial public offering, we conducted a thorough process of selecting qualified directors for our board. All directors whose terms expire at this annual meeting, except Timothy L. Frank, Mr. Jacoby, Dr. Nylin, and Mr. Thompson, were appointed in September 2003 in preparation for that offering. Mr. Jacoby was appointed to our board in April 2003, Mr. Thompson was appointed to our board in June 2004, Dr. Nylin was appointed to our board in March 2006 and Timothy L. Frank was appointed to our board in November 2008. Our independent directors acted as the nominating committee prior to the creation of the Nominating and Corporate Governance Committee at our board meeting held in March 2008, consisting of three of our independent directors.

The goal of our board has been, and continues to be, to identify nominees for service on the board of directors who will bring a diversity and variety of perspectives and skills from their professional and business experience. In carrying out its function to nominate candidates for election to our board, the Nominating and Corporate Governance Committee considers the mix of skills, experience, character, commitment, and diversity – diversity being broadly construed to mean a variety of opinions, perspectives, experiences and backgrounds, such as gender, race and ethnicity differences, as well as other differentiating characteristics, all in the context of the requirements of our board at that point in time. The Nominating and Corporate Governance Committee will assess the effectiveness of this policy annually in connection with the nomination of directors for election at the annual meeting of stockholders. In furtherance of our board’s goal of identifying and selecting nominees, our board has adopted nominating policies and procedures which are available on our website at www.conns.com under Investor Relations Corporate Governance .

The Nominating and Corporate Governance Committee assists the board in fulfilling its responsibilities by (1) identifying individuals believed to be qualified to become members of the board, consistent with criteria approved by the board, (2) recommending to the board candidates for election or reelection as directors, including director candidates submitted by the company’s stockholders, and (3) overseeing, reviewing and making periodic recommendations to the board concerning the company’s corporate governance policies.

The Nominating and Corporate Governance Committee will consider candidates for nomination proposed by stockholders so long as they are made in accordance with the provisions of Section 2.14 of our Bylaws. Section 2.14 of our Bylaws requires that the stockholder provide written notice to our Secretary no later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the anniversary date of the mailing of the proxy statement for the immediately preceding annual meeting of the stockholders. The notice to our Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election or re-election as a director, information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934 (including such person’s written consent to being named in the proxy statement as a nominee and to serve as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of such business, the reasons for conducting such business at the meeting and any material interest in the business by the stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address, as they appear on the company’s books, of such stockholder and beneficial owner; and (ii) the class and number of shares of the company that are owned beneficially and held of record by such stockholder and such beneficial owner. Notwithstanding this procedure, the board may, in its discretion, exclude from any proxy materials sent to stockholders any matters that may properly be excluded under the Exchange Act, Securities and Exchange Commission rules or other applicable laws.

The Charter of the Nominating and Corporate Governance Committee sets forth the minimum requirements for a person to be qualified to be a member of the board of directors, which are that a person must (i) be an individual of the highest character and integrity and have an inquiring mind, vision, a willingness to ask hard questions and the ability to work well with others; (ii) be free of any conflict of interest that would violate any applicable law or regulation or interfere with the proper and reasonable performance of the responsibilities of a director; (iii) be willing and able to devote sufficient time to the affairs of the company and be diligent in fulfilling the responsibilities of a director and board committee member (including developing and maintaining sufficient knowledge of the company and its industry; reviewing and analyzing reports and other information important to the board and committee

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responsibilities; preparing for, attending and participating in board and committee meetings; and satisfying appropriate orientation and continuing education guidelines); and (iv) have the capacity and desire to represent the balanced, best interest of the stockholders as a whole and not primarily a special interest group or constituency. The Nominating and Corporate Governance Committee evaluates whether certain individuals possess the foregoing qualities and recommends to the board for nomination candidates for election or re-election as directors at the annual meeting of stockholders, or if applicable, at a special meeting of stockholders. This process is the same regardless of whether the nominee is recommended by our board or one of our stockholders.

Independent Board Composition

NASDAQ requires that a majority of the board of directors of a listed company be independent. NASDAQ's rules provide that an independent director is a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship that, in the opinion of the company's board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The board has determined that each of Marvin D. Brailsford, Jon E.M. Jacoby, Bob L. Martin, William T. Trawick, Scott L. Thompson, and Theodore M. Wright is independent as defined under SEC and NASDAQ rules.

In the course of determination of director independence, the board considered Mr. Jacoby's service as Vice Chairman and Senior Principal of Stephens Group LLC, a merchant banking firm, and as Executive Vice President of SF Holdings, Inc. The board also considered the transfer of shares of our Common Stock equal to 24.1% of our outstanding shares by and out of the Stephens Voting Trust, including shares held by Mr. Jacoby to SG-1890 LLC. Mr. Jacoby is affiliated with SG-1890 LLC, but is neither involved in nor affiliated with Stephens, Inc., which provides investment banking and brokerage services to us. Stephens Inc. and its affiliates hold its shares in our company through the Conn's Voting Trust. After taking into account such positions held by Mr. Jacoby with a significant stockholder, given his exercise of independent judgment as one of our directors over the years, and the fact that Mr. Jacoby is not involved with Stephens, Inc., the investment banking firm, our board has determined that the above-described relationships would not interfere with the exercise of Mr. Jacoby's independent judgment in carrying out his responsibilities as one of our directors.

The independent directors of the board held executive sessions at each meeting of the board of directors during fiscal 2010.

Board Meetings

During fiscal 2010, the board held four regularly scheduled meetings, four telephonic meetings, and took action by unanimous written consent three times. Each person serving as a director during fiscal 2010 attended at least seventy-five percent (75%) of the board meetings held during the period he served as director during fiscal 2010.

Policy Regarding Director Attendance at the Annual Meeting of Stockholders

It is our policy that each member of the board of directors is encouraged to attend our annual meeting of stockholders. Each director serving at the time of last year's annual meeting attended our annual meeting of stockholders.

Committees of the Board

Audit Committee

The Audit Committee is responsible for the appointment, compensation, retention and oversight of the work of our independent auditors. It also approves audit reports and plans, accounting policies, audit fees and certain other expenses. In connection with the rules adopted by the SEC and NASDAQ, we adopted a written charter for the Audit Committee, which is posted on our website at www.conns.com under Investor Relations Corporate Governance. The Audit Committee reviews and reassesses the adequacy of the written charter on an annual basis.

Messrs. Wright, Brailsford and Thompson serve on the Audit Committee. The Audit Committee held four regularly scheduled meetings, two telephonic meetings and took action by unanimous written

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consent one time in fiscal 2010. Each meeting was attended by all of the members of the Audit Committee, except for one telephonic meeting. The board has determined that each of Mr. Wright and Mr. Thompson is an audit committee financial expert as defined by SEC rules. In addition, each of the members of the Audit Committee is independent as defined by the NASDAQ listing standards and the Sarbanes-Oxley Act of 2002.

Compensation Committee

The Compensation Committee establishes, reviews and approves the CEO compensation package, and reviews and approves other senior executive officer compensation. It also evaluates the compensation plans, policies and programs of the executive officers of the company and makes recommendations to the board of directors concerning such plans, policies and programs, advises the board regarding compensation plans, policies and programs applicable to non-employee directors for their services as a director, and administers the company's stock option, stock purchase and other plans. The Compensation Committee also evaluates the competitiveness of our compensation and the performance of our Chief Executive Officer and other executive officers. In connection with the rules adopted by the SEC and NASDAQ, the company adopted a written charter for the Compensation Committee, which is posted on our website at www.conns.com under Investor Relations Corporate Governance.

Messrs. Jacoby, Trawick, and Wright serve on the Compensation Committee. The Compensation Committee held three regular meetings in fiscal 2010, three telephonic meetings and took action by two unanimous written consents during fiscal 2010. Each meeting was attended by all members of the committee. All members of the Compensation Committee were determined to be independent directors as defined by NASDAQ listing standards. Additional information on the Compensation Committee's processes and procedures for consideration of executive compensation are addressed in the Compensation Discussion and Analysis section of this proxy statement below.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee assists the board in identifying and recommending individuals for election or reelection as directors, including director candidates submitted by the company's stockholders, and advises the board with respect to corporate governance policies and procedures. The committee will periodically review and make recommendations regarding the company's corporate governance policies and procedures and copies of which are discussed below under Corporate Governance and are posted on the company's website at www.conns.com under Investor Relations Corporate Governance. The company adopted a written charter for the Nominating and Corporate Governance Committee, which is also posted on our website at www.conns.com under Investor Relations Corporate Governance.

Members of the Nominating and Corporate Governance Committee are appointed by the board. The members of the Committee serve until their successors are duly elected and qualified, and they may be removed by the board of directors in its discretion. Members of the Committee are independent directors who are not employees of the company or any of its subsidiaries. The members of the Committee are Messrs. Jacoby, Bob L. Martin and Trawick. All members of the Nominating and Corporate Governance Committee were determined to be independent as defined by the SEC and NASDAQ listing standards.

The Nominating and Corporate Governance Committee held one regular meetings in fiscal 2010. This meeting was attended by all members of the Committee.

Transition Committee

The Transition Committee consists of four members of the board of directors, Douglas H. Martin, and three independent directors Messrs. Jacoby, Bob L. Martin and Trawick. The Transition Committee evaluates and assists in the implementation of the succession planning and specifically transition planning for the company's executive officers, particularly that for the President and Chief Executive Officer of the company, which was implemented during fiscal year 2010. The Transition Committee had one regular meeting during fiscal 2010, which was attended by all members.

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

We have developed a compensation program for executives and key employees designed to: (i) reward performance that increases the value of our common stock; (ii) attract, retain and motivate executives and key employees with competitive compensation opportunities; and (iii) build and encourage ownership of our shares of common stock. Toward these goals, our compensation program has been designed and implemented to reward our executives for strong financial and operating performance and leadership attributes and examples, and to coordinate these criteria with those of our stockholders. These goals are intended to reward our executive officers and encourage their long term commitment to the company. We believe that our compensation programs, consisting of base salary, annual bonus programs tied to the objective success of our company's financial performance, and an equity incentive compensation program through granting of stock options tied to the executive officers performance and retention desires, fulfill our objectives.

The following discussion and analysis are focused primarily on the compensation of our executive officers during fiscal 2010, with additional detail provided for our chief executive officer and our other named executive officers. Our named executive officers are the individuals who served as our chief executive officer and our chief financial officer and our three other most highly compensated executive officers for fiscal 2010. Information regarding the compensation of our named executive officers is provided under the heading "Compensation Tables" following this section.

Objectives/Reward

Reward Performance: The company's performance is a key consideration in determining executive compensation, combined with the continued performance and service to us by each executive officer over an extended period of time. We also consider the accomplishment of strategic direction and goals, including specific business objectives. While our compensation policy recognizes that stock price performance is one measure of performance, given business conditions in the industry and our long-term strategic direction and goals, we believe that it may not necessarily be the best current measure of executive performance. Our compensation packages are based upon a company-wide compensation structure that emphasizes bonus compensation based upon company pre-tax income performance and is consistent for each position relative to its authority and responsibility. Additionally, for fiscal 2011, bonus calculations for certain of our executive officers will be calculated in part based upon the performance of their respective divisional responsibilities.

Attract, Retain and Motivate: We design our compensation program with the goal to obtain and retain the benefits of excellent executives in our significant areas of operations – sales, merchandising, financial and liquidity, distribution, product service, consumer credit and training. We understand that we must be competitive within our industry, including providing competitive salary, annual bonus opportunities and long-term compensation as part of our overall compensation program. Our equity compensation generally provides for vesting periods of five (5) years for our stock option programs for all but one of our employees – our Chairman, who has an Employment Agreement providing for less than five (5) years before retirement. This equity compensation aligns our executive officers' goals with those of our stockholders, in providing for long term growth and related compensation.

Encourage Ownership of our Shares of Common Stock: Equally important in our compensation objectives is our desire for our executive officers to obtain and benefit from ownership of our common stock. This is accomplished through the deferred vesting of our stock option program, as explained above, and the resulting accumulation of shares of common stock by our executive officers.

Determining Compensation

Our compensation program consists of three basic elements: (i) base salary; (ii) annual bonus (both predetermined based on company performance and individual performance based); and (iii) equity awards. These components work together in determining the overall compensation of our executive officers.

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In applying the above-described objectives for our executive compensation program, the Compensation Committee, in making its final determination, primarily relies upon:

input and recommendations received from the Chairman and the Chief Executive Officer, and other supervisors of each executive officer except the Chief Executive Officer, regarding the day-to-day performance of each individual and each executive officer's areas of responsibilities and expectations for future performance;

publicly available information with respect to the executive compensation practices of certain public companies in our industry; and

its own judgment and knowledge of the industry.

Input Received from Supervisors and our Executive Committee. The Compensation Committee has historically relied in part on the input and recommendations of the Chairman and the Chief Executive Officer and, when the office was occupied, the Executive Vice Chairman, and other supervisors of our executive officers in making its final determination regarding annual increases to base salaries of the executive officers, individual levels for bonus compensation, and whether to grant long-term equity awards to our executive officers and if so, in what forms and amounts. The Compensation Committee believes that the Chairman and the Chief Executive Officer, by virtue of their role in overseeing the day-to-day performance of such individuals and their positions with us and their experience in the industry, are appropriately suited to make informed recommendations to the Compensation Committee with respect to the foregoing elements of our executive compensation program. As discussed below, the Compensation Committee alone determines the compensation for our Chief Executive Officer.

Peer Group Data. While the Compensation Committee does not deem it necessary or appropriate to base our executive compensation program on any comparative analyses of the amounts and forms of compensation which are paid to executive officers with comparable titles at other public companies in the home appliance and consumer electronics industry, it does review annually such other public information of public companies of comparable size and nature to ours of a retail business, as well as similarly situated public companies outside the retail business industry. We refer to such companies collectively as our peer group. For the year ended January 31, 2010, the companies which comprised our peer group for this review were hhgregg, Inc., Best Buy Co., Inc., Aaron Rents, Inc., and Rent-A-Center, Inc. The amount and structure of peer company compensation is a factor in the Compensation Committee's determination of the compensation of executive officers, but the Compensation Committee does not target compensation of its executive officers based upon the levels of compensation of executives of the companies in our peer group due to the nature and responsibility level of each of our executive officers, since our business model and resulting levels of responsibility are not directly comparable with those of our peer group. However, based on the results of the review of peer companies, the Compensation Committee may determine to modify compensation of our executive officers. Unlike the home appliance and electronics retailing companies in our peer group, we provide financing to our customers to assist in their purchases. This provision of financing provides us with income opportunities not available to our peers, and requires additional management responsibilities and activities by our executive officers that are not commensurate with or comparable to any executive officers of companies in our peer group.

Other Factors. Key factors which also affect our executive compensation program include our financial performance, to the extent that the Compensation Committee believes it may be fairly attributed or related to the performance of a particular executive officer, as well as the contribution of each executive officer relative to his individual responsibilities and capabilities. While the Compensation Committee does consider our stock price performance, it has not utilized it as a measure of our financial performance, or the performance of our executive officers, given the fact that it may not take into account a variety of factors including, but not limited to, the business conditions within the industry as well as our long-term strategic direction and goals.

Elements of Compensation

Our compensation program consists of three basic elements: (i) base salary; (ii) bonus (both pre-determined based on our performance and individual performance based); and (iii) equity awards. These components work together in determining the overall compensation of our executive officers.