



TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF SHARES OF COMMON STOCK OF CONN'S, INC. ("CONN'S") AS OF THE CLOSE OF BUSINESS ON NOVEMBER 24, 2021 ("CURRENT CONN'S STOCKHOLDERS").

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.**

**YOUR RIGHTS WILL BE AFFECTED BY THIS LITIGATION.**

This Notice relates to a proposed settlement (the "Settlement") of the lawsuit captioned above (the "Derivative Action"). The Derivative Action was brought by Conn's stockholders on behalf of Conn's and is pending in the United States District Court for the District of Texas (the "Court"). If the Court approves the Settlement, it will resolve all claims brought, or that could have been brought, in the Derivative Action.

The complete terms of the Settlement, which will not take effect unless approved by the Court, are set forth in a Stipulation and Agreement of Settlement, dated November 24, 2021 (the "Stipulation"), entered into by and among: (i) plaintiffs Robert Hack and 95250 Canada LTEE ("Plaintiffs"), derivatively on behalf of Conn's; (ii) Defendants Theodore M. Wright, Bob L. Martin, Jon E.M. Jacoby, Kelly M. Malson, Douglas H. Martin, David Schofman, Scott L. Thompson, Brian Taylor, and Michael J. Poppe (the "Individual Defendants"); and (iii) Conn's, as nominal defendant (together with the Individual Defendants, "Defendants," and together with Plaintiffs and the Individual Defendants, the "Settling Parties").<sup>1</sup>

Because the Derivative Action was brought derivatively on behalf of Conn's, the benefits of this Settlement will go directly to Conn's and not to Current Conn's Stockholders. Thus, Current Conn's Stockholders are not eligible to submit claims or receive payment in connection with the Settlement.

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<sup>1</sup> Unless otherwise defined herein, capitalized terms used in this Notice shall have the meanings assigned to them in the Stipulation. A copy of the Stipulation is available at [www.ir.conns.com](http://www.ir.conns.com) or by contacting counsel listed below.

## WHAT IS THE PURPOSE OF THIS NOTICE?

The purpose of this Notice is to inform Current Conn's Stockholders about (a) the Derivative Action; (b) the Settlement; (c) Current Conn's Stockholders' rights with respect to the Settlement; and (d) the hearing that the Court will hold on February 17, 2022 at 2:00 p.m., at the United States District Court for the Southern District of Texas, Houston Division, 515 Rusk Street Houston, TX 77002 (or by telephonic or video means as may be designated by the Court in the interest of public safety).

At this hearing (the "Settlement Hearing"), the Court will, among other things: (a) determine whether the Settlement is fair, reasonable, and adequate to Plaintiffs, Conn's, and its stockholders, and should be approved by the Court; (b) determine whether a Final Order and Judgment should be entered dismissing with prejudice the Derivative Action and extinguishing and releasing the Released Claims; (c) determine whether the application by Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of litigation expenses ("Fee and Expense Application"), and for Service Awards to the two named Plaintiffs ("Service Award Application"), should be approved; (d) hear and consider any objections to the Settlement or the Fee and Expense Application and the Service Award Application to be submitted by Plaintiffs' Counsel; and (e) consider any other matters concerning the Settlement that may properly be brought before the Court.

## WHAT IS THIS CASE ABOUT?

THE FOLLOWING DESCRIPTION OF THE DERIVATIVE ACTION HAS BEEN PREPARED BY COUNSEL FOR THE SETTLING PARTIES. THE COURT HAS MADE NO FINDINGS WITH RESPECT TO SUCH MATTERS. THIS IS NOT AN EXPRESSION OR STATEMENT BY THE COURT OF ANY FINDINGS OF FACT.

On December 1, 2014, Plaintiff Robert Hack filed an action in the United States District Court for the Southern District of Texas (the "*Hack* Action") asserting claims on behalf of Conn's against the Individual Defendants for breaches of fiduciary duties, unjust enrichment, gross mismanagement, and insider trading. Plaintiff alleged that all members of Conn's board knew that Conn's had lowered its underwriting standards and offered credit lines to customers who lacked creditworthiness, as a strategy to generate revenue. Plaintiff further alleged the Individual Defendants caused Conn's to make false and misleading statements and to fail to disclose numerous material adverse facts about its business, operations, and prospects, including the Company's underwriting standards and collection practices during the fourth quarter of 2013 through the third quarter of 2014. Plaintiff alleged the Individual Defendants violated their fiduciary duty of candor and caused Conn's to violate the federal securities laws by failing to disclose, among other things, the following material facts: (a) that Conn's was increasing its sales revenues and improving its financial results by using underwriting practices that, despite its statements to the contrary, weakened its portfolio quality and left it vulnerable to substantial increases in delinquency rates and bad debt; (b) that Conn's was experiencing rising delinquencies at a substantially higher rate than it was representing; and (c) that Conn's credit segment practices substantially threatened the Company's financial performance. Plaintiff also alleged that because

of the false and misleading information in the Company's public disclosures, Conn's stock traded at artificially inflated prices during the relevant period. Plaintiff alleged that Conn's stock price plummeted to \$31.89 on February 20, 2014, after the truth of its financial condition emerged. Plaintiff alleged that while Conn's stock prices were allegedly inflated, five of the Individual Defendants – Theodore M. Wright, Jon E.M. Jacoby, Douglas H. Martin, Scott L. Thompson, and Michael J. Poppe – sold over 1.3 million shares of their Conn's stock for over \$66 million using material non-public information regarding Conn's financial condition. Plaintiff alleged that as a result of the Individual Defendants' misconduct, Conn's has suffered substantial damages, including, expenses incurred in connection with the Related Securities Class, loss of market capitalization, goodwill, and damage to its reputation.

On February 25, 2015, Plaintiff 95250 Canada LTEE commenced a second shareholder derivative action on behalf of Conn's captioned 95250 Canada LTEE, derivatively on behalf of Conn's, Inc. v. Theodore M. Wright, et al., Civil Action No. 4:15-cv-00521 (the "95250 Canada LTEE Action") alleging claims against the same Individual Defendants based on many of the same events and transactions alleged in the *Hack* Action.

On August 19, 2015, the Court consolidated the *Hack* Action and the 95250 Canada LTEE Action (collectively, the "Derivative Action"), appointed Bottini & Bottini, Inc. and Shuman, Glenn & Stecker as Co-lead Counsel for the Plaintiffs, and on January 30, 2015, the Court stayed all proceedings, discovery, and deadlines in the Derivative Action pending resolution of motions to dismiss a parallel, putative securities fraud class action, *In re Conn's, Inc. Securities Litigation*, No. 4:14-cv-00458.

On November 1, 2018, after a settlement of the putative securities fraud class action was approved, Defendants filed a motion to dismiss the Derivative Action. The Court granted Defendants' motion to dismiss but allowed Plaintiffs to file an amended complaint. On July 19, 2019, Plaintiffs filed their Verified First Amended Shareholder Derivative Complaint ("Amended Complaint") in the Derivative Action. The Court granted Defendants' motion to dismiss in part, concluding that Plaintiffs had alleged sufficient facts to proceed with their claims for breach of fiduciary duty, unjust enrichment, and gross mismanagement but that Plaintiffs had failed to allege sufficient facts to proceed with their insider trading claims. On September 25, 2020, the Court allowed Plaintiffs to file a further amendment adding 95250 Canada LTEE as a plaintiff. Plaintiffs filed a Corrected Verified First Amended Shareholder Derivative Complaint on October 21, 2020, which added 95250 Canada LTEE as a plaintiff.

Plaintiffs served three sets of requests for production of documents and one set of interrogatories on the Defendants. Defendants served requests for production and interrogatories on both Plaintiffs Robert Hack and 95250 Canada LTEE. Plaintiffs also served three subpoenas on third parties. The Defendants collectively produced more than 265,000 documents consisting of over a million pages, including emails and spreadsheets in native format. Third parties produced approximately 1,500 pages of documents. The Plaintiffs also deposed 6 witnesses, all of whom are named Defendants. At the time the parties reached an agreement in principle to settle the case, Plaintiffs had requested at least four additional depositions, and Defendants had requested the depositions of both lead plaintiffs.

The Parties participated in a one-day mediation on January 14, 2021 with Robert A. Meyer, Esq. of JAMS ("Mediator"). Although the mediation was unsuccessful on that date, the Parties

continued their discussions over the next several months. After extensive mediation and negotiations and submission of a Mediator's proposal, the parties agreed to settle their dispute. The Settling Parties then drafted and negotiated the Stipulation to memorialize the terms of the Settlement. Plaintiffs intend to submit a Fee and Expense Application and a Service Award Application to the Court.

### WHAT ARE THE TERMS OF THE PROPOSED SETTLEMENT?

In consideration of the proposed Settlement, the Individual Defendants will cause their insurance carriers to pay \$11 million in cash to Conn's (the "Cash Payment"). The Plaintiffs' attorneys' fees and litigation expenses will also be paid by the Individual Defendants' insurance carriers directly or through Conn's. The Derivative Action will be dismissed with prejudice. Plaintiffs will release the Released Persons from claims relating to the Derivative Action, and Defendants will release Plaintiffs from any claims relating to the bringing and prosecution of the Derivative Action.

### HOW WILL PLAINTIFFS' COUNSEL BE PAID?

Before final approval of the proposed Settlement, Plaintiffs' Counsel will file a Fee and Expense Application with the Court. The Individual Defendants will cause their insurers to pay directly or through Conn's up to \$3,200,000.00 in attorneys' fees and \$225,00 in expenses (the "Fee and Expense Amount"), subject to approval by the Court. Any resulting award of fees and expenses will be paid in its entirety by the Individual Defendants' insurer(s) and will be paid in addition to (not out of) the \$11 million settlement payment to Conn's.

Plaintiffs' Counsel will apply to the Court for a service award to each of the two named Plaintiffs for their services as a derivative representative of up to \$7,500. Any service award approved by the Court will be paid out of Plaintiffs' Counsel's award of attorneys' fees, and not out of the \$11 million settlement payment to the Company. Defendants do not oppose the Service Award Application.

The Settling Parties' agreement on the Fee and Expense Amount: (i) was reached only after all other material terms of the Settlement were agreed, and (ii) was reached following good-faith negotiation, with the assistance of the Mediator.

### WHY ARE THE PARTIES SETTLING?

The Settling Parties have determined that it is desirable and beneficial that the Derivative Action and any dispute related thereto is fully and finally settled in the manner and upon the terms and conditions set forth in the Stipulation.

Plaintiffs and Plaintiffs' Counsel believe that the claims asserted in the Derivative Action have merit. However, Plaintiffs and Plaintiffs' Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Derivative Action against the Individual Defendants throughout a trial and any appeal(s). Plaintiffs and Plaintiffs' Counsel have

also considered the uncertain outcome and the risk of any litigation, especially in complex actions such as the Derivative Action, as well as the difficulties and delays inherent in such litigation. Plaintiffs and Plaintiffs' Counsel are also mindful of the inherent problems of proof of, and possible defenses to, the claims asserted in the Derivative Action.

The Individual Defendants have denied and continue to deny each and every one of the claims, contentions, and allegations made against them or that could have been made against them in the Derivative Action, and expressly deny all charges of wrongdoing or liability against them. The Individual Defendants assert that they have satisfied their fiduciary duties at all relevant times, have acted in good faith and in the best interests of Conn's and its stockholders, have meritorious defenses to Plaintiffs' claims, and that judgment should be entered dismissing all claims against them with prejudice. The Individual Defendants also have denied and continue to deny, among other things, the allegations that Plaintiffs, Conn's, or its stockholders have suffered damage, or that Plaintiffs, Conn's, or its stockholders were harmed by the conduct alleged in the Derivative Action. Without admitting any wrongdoing or liability whatsoever, the Individual Defendants entered the Stipulation to put an end to all shareholder derivative litigation; avoid the continuing additional expense, inconvenience, and distraction of such litigation; and to avoid the risks inherent in such lawsuits.

#### WHAT CLAIMS WILL THE SETTLEMENT RELEASE?

If the Settlement is approved, the Court will enter a Final Order and Judgment (the "Judgment"). Pursuant to the Judgment, within seven (7) calendar days of the Effective Date, the Derivative Action will be dismissed with prejudice, and, upon the Effective Date, the following releases will occur:

- a) Conn's, Plaintiffs (acting on their own behalf and derivatively on behalf of Conn's), and each of the Current Conn's Stockholders (solely in their capacity as such) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims against the Released Persons and any and all claims (including Unknown Claims) arising out of, relating to, or in connection with the defense, settlement, or resolution of the Derivative Action against the Released Persons.
- b) Each of the Related Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged each and all of the Plaintiffs, Plaintiffs' Counsel, Conn's, and all of the Current Conn's Stockholders (solely in their capacity as such) from all claims (including Unknown Claims) arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement or resolution of the Derivative Action or the Released Claims.
- c) Upon the Effective Date, Conn's, Plaintiffs (acting on their own behalf and derivatively on behalf of Conn's), and each of the Current Conn's Stockholders (solely in their capacity as such) will be forever barred and enjoined from commencing, instituting, or prosecuting any of the Released Claims or any action or other proceeding against any of the Released Persons based on the Released Claims or any action or proceeding arising out of, related to, or in connection with the settlement or resolution of the Derivative Action, provided that nothing herein

shall in any way impair or restrict the rights of any of the Settling Parties to enforce the terms of the Stipulation or the Judgment.

- d) Neither the Stipulation nor the Settlement shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Released Persons may file or use the Stipulation and/or the Judgment in any action that has been or may be brought against them to support a defense or counterclaim based on principles of res judicata, collateral estoppel, full faith and credit, release, good faith settlement, standing, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion, or similar defense or counterclaim.

Until the Court decides whether to approve the Settlement, Plaintiffs and all other Current Conn's Stockholders are barred and enjoined from commencing, instituting, or prosecuting any of the Released Claims against any of the Released Persons.

The Stipulation defines these capitalized terms as follows:

“Defendants’ means, collectively, the Individual Defendants and Conn’s.”

“Related Persons’ means each of the Defendants’ past or present agents, employees, officers, directors, parents, subsidiaries, divisions, affiliates, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, spouses, immediate family members, heirs, executors, personal representatives, estates, administrators, trusts, predecessors, successors, and assigns, or other person in which any Defendant has a controlling interest, and each and all of their respective past and present officers, directors, employees, agents, affiliates, parents, subsidiaries, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, reinsurers, trusts, predecessors, successors, and assigns.”

“Released Claims’ shall collectively mean any and all claims for relief (including Unknown Claims), rights, demands, suits, matters, causes of action, or liabilities, known or unknown, asserted or unasserted, that have been or could have been asserted in the Derivative Action by Plaintiffs, Conn’s, or by any Current Conn’s Stockholder derivatively on behalf of Conn’s against any Defendant or Released Person arising out of or based upon the facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act that were or could have been alleged in the Derivative Action, or any claims in connection with, based upon, arising out of, or relating to the Settlement, but excluding any claims to enforce the Settlement set forth in this Stipulation. Excluded from the term “Released Claims” are (i) all claims alleged in the Related Securities Actions and (ii) all claims, rights, or obligations of Conn’s or the Individual Defendants regarding indemnification, contribution, or insurance matters, as set forth in ¶ 5.4 and ¶ 5.5.”

“Released Persons’ means each of the Defendants and their Related Persons.”

“Unknown Claims’ means any of the Released Claims which Plaintiffs, Conn’s, Current Conn’s Stockholders, or Defendants do not know or suspect to exist in his, her, or its favor at the time of the release of the Released Persons, including claims which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, the

Plaintiffs and Defendants shall expressly waive and each of the Current Conn's Stockholders shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code Section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Upon the Effective Date, Plaintiffs and Defendants shall expressly waive, and each of the Current Conn's Stockholders shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any jurisdiction or any state or territory of the United States or any foreign jurisdiction, or principle of common law, which is similar, comparable or equivalent to California Civil Code Section 1542. Plaintiffs, Defendants, and Current Conn's Stockholders may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but, upon the Effective Date, each Plaintiff and Defendant shall expressly settle and release, and each Current Conn's Stockholder shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, which now exist, or heretofore have existed upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct which is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. The Settling Parties acknowledge, and the Current Conn's Stockholders shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Settlement of which this release is a part."

**WHEN AND WHERE WILL THE SETTLEMENT HEARING BE HELD?  
DO I HAVE THE RIGHT TO APPEAR AT THE SETTLEMENT HEARING?**

The Court will consider the Settlement and all matters related to the Settlement at the Settlement Hearing. The Settlement Hearing will be held before the Honorable Keith P. Ellison at the United States District Court for the Southern District of Texas, Houston Division, 515 Rusk Street, Houston, TX 77002 (or by telephonic or video means as may be designated by the Court in the interest of public safety). The Court may change the date or time of the Settlement Hearing without further notice to the stockholders.

At the Settlement Hearing, the Court will consider, among other things: the matters listed on page 1 under the heading "WHAT IS THE PURPOSE OF THIS NOTICE?"

Any Current Conn's Stockholder who objects to the Settlement, the Fee and Expense Application, or the Service Award Application, or who otherwise wishes to be heard, may appear personally or through his, her, or its attorney at the Settlement Hearing and present any evidence or argument that may be proper and relevant; provided, however, that no such Person shall be

heard, and no briefs, pleadings, or other documents submitted by any such Person shall be received and considered by the Court unless, no later than 21 calendar days before the Settlement Hearing, such Person files with the Clerk of Court, United States District Court for the Southern District of Texas, Houston Division, 515 Rusk Street Houston, TX 77002: (a) a written and signed notice of

intention to appear, which states the name, address, telephone number, and email address (if available) of the objector and, if represented, of his, her, or its counsel; (b) proof that the objector owned Conn's common stock as of the date of the execution of the Stipulation and continues to hold such shares; and (c) a written, detailed statement of the Person's objections to any matter before the Court, and the specific grounds therefor or the reasons why such Person desires to appear and to be heard, as well as all documents and writings which such Person desires the Court to consider, including any legal and evidentiary support. These writings must also be served by ECF, by email, by hand, by first-class mail, or by express service upon the following attorneys such that they are received no later than 21 calendar days before the Settlement Hearing:

To Plaintiff Robert Hack	Francis A. Bottini, Jr. BOTTINI & BOTTINI, INC. 7817 Ivanhoe Ave., Suite 102 La Jolla, California 92037
To Plaintiff 95250 Canada LTEE	Kip B. Shuman SHUMAN, GLENN & STECKER 100 Pine Street, Suite 1250 San Francisco, California 94111
To Individual Defendants	Marissa Secco Giles VINSON & ELKINS L.L.P. 2801 Via Fortuna, Suite 100 Austin, TX 78746
To Nominal Defendant Conn's	N. Scott Fletcher FLETCHER HELD, PLLC 808 Travis Street, Suite 1420 Houston, Texas 77002

**Unless the Court orders otherwise, any Person who does not make his, her, or its objection in the manner provided herein shall be deemed to have waived his, her, or its right to object to any aspect of the proposed Settlement, the Fee and Expense Application, or the Service Award Application and shall be forever barred and foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement or the requested attorneys' fees and litigation expenses and special awards, or from otherwise being heard concerning the Settlement, the Fee and Expense Application or the Service Award Application in this or any other proceeding.**

**NOTICE TO PERSONS OR ENTITIES HOLDING  
RECORD OWNERSHIP ON BEHALF OF OTHERS**

If you are a brokerage firm, bank, or other person or entity who or that held shares of common stock of Conn's as of the close of business on November 24, 2021, as a record holder for the beneficial interest of persons or organizations other than yourself, you are hereby requested to promptly send this Notice to all of the respective beneficial owners. If additional copies of this Notice are needed for forwarding to such beneficial owners, any requests for such copies may be made to:

Broadridge Corporate Issuer Solutions  
c/o Broadridge Investor Communications Solutions, Inc.  
51 Mercedes Way, Edgewood NY 11717  
Attn: Reorg Dept.  
Email: ReorgOpsCAMailingService@Broadridge.com

**WHERE CAN I FIND ADDITIONAL INFORMATION?**

This Notice contains only a summary of the terms of the Settlement. For more detailed information about the matters involved in the Action, you may refer to the papers on file in the Action, including the Stipulation, which may be inspected during regular office hours at the Clerk of Court, United States District Court for the Southern District of Texas, Houston Division, 515 Rusk Street, Houston, TX 77002.

For more information concerning the Settlement, you may also call or write to any of the following Plaintiffs' Counsel: (a) counsel to Plaintiff Robert Hack, Francis A. Bottini, Jr., BOTTINI & BOTTINI, INC., 7817 Ivanhoe Ave., Suite 102, La Jolla, California 92037, Tel: (858) 914-2001; (b) counsel to Plaintiff 95250 Canada LTEE, Kip B. Shuman, SHUMAN, GLENN & STECKER, 100 Pine Street, Suite 1250, San Francisco, California 94111, Tel.: 1-866-569-4531.

**DO NOT CALL OR WRITE THE COURT REGARDING THIS NOTICE.**

Dated: December 13, 2021

BY ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN  
DISTRICT OF TEXAS