

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 1995 Annual Report to Shareholders for the nine months ended December 31, 1995 are incorporated by reference into Part II of this Form 10-K.

Portions of the registrant's definitive proxy statement for the 1996 annual meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

PART I.

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Item 1. Business

GENERAL

Aaron Rents is one of the leading furniture rental companies in the United States and has a growing and distinct presence in the rental purchase industry. The Company rents and sells residential and office furniture and accessories, consumer electronics, household appliances and business equipment. By manufacturing its own specially designed residential and office furniture, the Company enjoys an advantage over many of its competitors. Through its rent-to-rent and rental purchase operations, the Company serves a broad range of customers, including customers with temporary needs, customers who want the option but not the obligation to purchase merchandise, and consumers financially unable to purchase merchandise for cash or on credit. Cost-conscious consumers can buy rental return merchandise at any of the Company's rental purchase or rent-to-rent stores or at one of the Company's clearance centers. These sales allow the Company to maximize the residual value of its rental return merchandise.

Aaron Rents at December 31, 1995 had 212 Company operated stores and 36 franchised stores in 24 states, including 98 rent-to-rent stores in its Aaron Rents' Rent-to-Rent division, 106 Company-operated rental purchase stores in its Aaron's Rental Purchase division, 36 Aaron's Rental Purchase franchised stores, and 8 clearance sales stores in its Aaron Rents' Rent-to-Rent division. Aaron Rents stores are located primarily in the Southeast and Southwest. While each store has a principal focus (rent-to-rent, rental purchase or clearance sales), all stores give customers the option to rent only, to rent to purchase, or to purchase any of the store's merchandise. The Company expects to develop or acquire additional stores in clusters to achieve marketing, distribution and other operating efficiencies. The Company franchises Aaron's Rental Purchase stores in selected markets. The Company also owns five furniture manufacturing plants and four bedding manufacturing facilities, which supply approximately 49% of the furniture rented or sold by the Company.

Beginning in 1990, the Company undertook a strategic plan to restructure significant aspects of its operations and to concentrate on development of its Aaron's Rental Purchase concept. The Company sold or closed its rent-to-rent and clearance sales operations in the Northeast and California in order to concentrate operations in the Southeast and Southwest, which it believed offered the best opportunities for profitable growth. The Company in fiscal year 1994 sold its unprofitable Ball Stalker subsidiary which was engaged in the sale of contract office furniture. The Company also reorganized its management structure (including hiring additional personnel) to support anticipated new growth, implemented profit-based compensation plans at both store and operations management levels and decentralized certain store operations functions to ensure continued high quality services to customers as the Company's business expanded.

In 1992, the Company accelerated development of its distinctive Aaron's Rental Purchase concept to increase its share of the growing rent-to-own industry. The Company took this opportunity to introduce innovative programs and approaches that would differentiate the Company's rental purchase program from the typical rent-to-own programs of its competitors. The Company's innovations included offering 12-month rental purchase contract terms (compared

to the industry standard 18 to 24 months), larger and more attractive store showrooms in more appealing locations, and a wider selection of merchandise. At fiscal year end the Company had opened 85 rental purchase stores since March 31, 1990, including 63 stores since March 31, 1993. To address opportunities

primarily in non-metropolitan areas where the Company-operated stores would be difficult to manage efficiently, the Company began its Aaron's Rental Purchase franchise program in 1992.

For the nine months ended December 31, 1995, in the Company's rent-to-rent and rental purchase stores, approximately 35% of its volume of business was the rental of furniture and accessories, approximately 21% was the sale of rental and other merchandise, and 44% was rental purchase. The rent-to-rent portion of the business (including the sale of rental return merchandise) is mature and stable, and accounts for approximately 60% of the Company's total revenues. At December 31, 1995, the Company's 212 stores had an aggregate showroom and warehouse space of approximately 2.9 million square feet, and approximately 72% of the Company's rental merchandise inventory was on rent.

THE RENT-TO-OWN INDUSTRY

The Company believes its rental purchase concept differs significantly from the typical rent-to-own program. The rent-to-own industry is a growing segment of the retail industry that offers an alternative to traditional methods of acquiring furniture, electronics and appliances. The rent-to-own concept is particularly popular with consumers who are unable to pay for merchandise in cash or who lack the credit to qualify under conventional financing programs. It is also popular with consumers who, despite good credit, do not wish to incur additional debt, have only a temporary need for the merchandise, or desire to try out a particular brand or model before purchasing it. Historically, electronic goods have been the dominant product category rented and sold in the industry although furniture items are growing rapidly in popularity.

In the typical rent-to-own transaction, the customer seeks to acquire merchandise over a fixed term, usually 18 to 24 months, by making weekly rental payments. The customer may cancel the contract at any time by returning the merchandise to the store, with no further rental obligation. The average rental period in the industry is about four months, as the majority of customers do not rent the item to the full term of the contract. If the customer rents the item to the full term, he obtains ownership of the item, though he has the option to purchase it any time.

The estimated potential size of the United States rent-to-own market is 12 million households of which only 2.7 million are being served currently by the industry. According to the 1995 survey of the Association of Progressive Rental Organizations ("APRO"), the national trade association representing the rent-to-own industry, there were approximately 7,500 rent-to-own stores in the United States, 40% of which were owned or franchised by companies having 25 or more stores. Industry-wide revenues are believed to have been approximately \$3.9 billion in 1994.

Rent-to-own transactions currently are regulated at the state level by 42 states. See "Government Regulation."

THE RENT-TO-RENT INDUSTRY

The rent-to-rent industry serves both residential and business customers who generally have immediate, temporary needs for office or residential merchandise but who generally do not seek to own the merchandise. Residential

rental customers include both individual residents seeking to rent merchandise for their own homes and apartments, and apartment complex managers seeking to provide furnished apartments. Business customers range from small businesses and professionals who are in need of office furnishings but need to conserve capital, to large corporations with temporary or seasonal needs.

In the typical rent-to-rent transaction, the customer agrees to rent one or more items for a minimum of four months, which may be extended by the customer on a month-to-month basis. Although most rental contracts give the customer the option of purchasing the rented item, most customers do not enter into the transaction with the desire to own the rented merchandise.

The furniture component of the rent-to-rent industry is estimated to be greater than \$650 million in annual rental revenues. Although in general the rent-to-rent industry is mature, the Company believes that there is growth potential in office furniture. The demand for rental products is believed to be related to the mobility of the population, which relies upon rented merchandise to fulfill temporary needs. The industry is highly competitive and consolidating, with only a handful of companies accounting for a substantial share of the market.

OPERATING DIVISIONS

Rental Purchase-Aaron's Rental Purchase

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The Company established its Aaron's Rental Purchase division with stand-alone stores in 1987, accelerated its expansion of the stores in 1990, and at December 31, 1995 had 106 Company-operated and 36 franchised Aaron's Rental Purchase stores. The Company has clearly defined its Aaron's Rental Purchase stores with specific merchandising selection and store layout, pricing and contract terms, and the customers it seeks to attract. The Company believes that these features create a store and rental purchase concept that is significantly different from the operations of most other rent-to-own stores, the Company's traditional rent-to-rent business, and the operations of home furnishings retailers who finance merchandise.

Compared to the typical rent-to-own store, Aaron's Rental Purchase stores offer shorter contract terms which are payable on a monthly basis and have generally lower total payments to acquire merchandise. Aaron's Rental Purchase stores offer a larger selection of merchandise in general and a greater percentage of furniture merchandise in particular, and have a larger and more visually appealing store layout. The Company believes that its rental purchase customers demand and can afford both higher quality merchandise and more competitive pricing on total contract terms compared to the typical rent-to-own customer.

The Company's rental purchase operations differ from its traditional rent-to-rent business. A typical rental purchase customer, while usually lacking the cash or credit resources to acquire merchandise, desires the option of ownership and may have the intention to utilize rental purchase to achieve ownership. Accordingly, in rental purchase transactions, the customer is willing to pay a higher monthly payment for the ownership option, as compared to the rent-to-rent customer. Typically, the Company's rental purchase customers are more style and brand name conscious than rent-to-rent customers who regard the merchandise as temporary. Aaron's Rental Purchase stores are attractively appointed and are typically in or near a shopping center strategically located near the residences of its target customers, as opposed to the rent-to-rent store typical location in an office park that services destination customers from a broad geographical area.

The Company's rental purchase transactions differ from sales by home furnishings retailers in that rental purchase allows the option, but not the obligation, to purchase merchandise while paying a similar "all-in" contract price. Rental purchase allows the customer to have the item serviced free of charge or replaced at any time during the rental contract, and allows the Company to re-rent an item to another customer if the contract does not go to term. The Company also believes that rental purchase contracts have fewer merchandise losses, as the customer is more likely to return merchandise that he knows he does not own.

The Company's rental purchase store layout consists of a combination showroom and warehouse, ranging from 2,600 to 20,000 square feet, with an

average of 9,200 total square feet. The stores are strategically located in or near shopping centers within ten miles of the residential communities of a large number of its target customers. The Company emphasizes a broad selection of brand name products for its electronics and appliance items, and offers customers a wide selection of furniture, including furniture manufactured by the Company's MacTavish Furniture Industries division. Aaron's Rental Purchase stores also offer jewelry and computers.

Aaron's Rental Purchase stores structure the pricing of merchandise to be less expensive than similar items offered by other rent-to-own operators, and substantially equivalent to the "all-in" contract price of similar items offered by home furnishings retailers who finance merchandise. Over 86% of the Company's rental purchase contracts have monthly payments as compared to the industry standard weekly payments, and most monthly contracts are for 12 months compared to the industry standard of 18 to 24 months. Approximately 35% of Aaron's Rental Purchase contracts go to term, in contrast to the industry average of 23%. The merchandise from the contracts that do not go to term is either re-rented or sold.

In selecting new locations for Aaron's Rental Purchase stores, the Company generally looks for locations near established working class neighborhoods and communities with good access, typically in well-maintained strip shopping centers. Many of the Company's stores are placed near existing rent-to-own stores of competitors.

Each rental purchase store maintains at least two trucks and crews for pickups and deliveries, and generally offers same or next day delivery for addresses located within 15 miles of the store.

Franchise Program. The Company began franchising Aaron's Rental Purchase

stores in selected markets in 1992. It is not anticipated that franchised stores will compete with Company-operated stores, as franchises are primarily awarded in markets into which the Company has no current plans to expand. Franchised stores operate under the same financial controls and audits as Company-operated stores and process their financial and inventory information on the information system that was developed and can be accessed by the Company. On a weekly basis, franchisees pay a continuing licensing fee of 5% of gross revenues, and purchase much of their rental purchase inventory through or from the Company. The Company provides its franchisees with considerable support, including site selection, advertising, collection procedures and store operating procedures. The Company has an arrangement with a major financial institution to provide financing to qualifying franchisees to assist with the establishment and operation of their stores. As of December 31, 1995, 106 Aaron's Rental Purchase franchises had been awarded.

Rent-to-Rent-- Aaron Rents and Sells Furniture

The Company has been in the rent-to-rent business for over 40 years and is one of the largest furniture rent-to-rent companies in the United States. The rent-to-rent business remains the Company's core business, and accounted for 60% of the Company's total revenues for the nine months ended December 31, 1995, even though the Company's rental purchase business is expanding rapidly. The Company rents new and rental return merchandise to both the residential and the office segments of the rent-to-rent industry, with approximately two-thirds of its rental revenues generated from residential rentals.

Rental contracts typically give the customer the option to purchase the merchandise rented, though few customers exercise the purchase option. Items held for rent, whether new or rental return, are also available for purchase and rental purchase at all rent-to-rent stores.

The Company's typical rent-to-rent store layout consists of a combination showroom and warehouse comprising about 17,000 square feet. Each residential showroom features attractive displays of dining-room, living-room and bedroom furniture in a number of styles, fabrics, materials and colors. Office rental

showrooms feature lines of desks, chairs, conference tables, credenzas, sofas, business equipment and accessories. The Company believes that having a warehouse next to each showroom permits the store manager to exercise greater control over inventory, merchandise condition and pickup and deliveries, resulting in more efficient and consistent service for the customer, and gives the Company an advantage over many of its competitors in the rent-to-rent market who do not have attached warehouses.

Each rent-to-rent store generally offers next day delivery for addresses located within 50 miles of the store, and maintains at least one truck and a crew for pickups and deliveries. The Company believes that its ability to deliver office furniture and equipment to its office customers quickly and efficiently gives the Company an advantage over general office furniture retailers who often require several weeks to effect delivery.

As of December 31, 1995, the Company had 98 rent-to-rent store locations, primarily in the Southeastern and Southwestern United States.

Clearance Sales-Aaron Sells Furniture

The Aaron Rents' Rent-to-Rent division's 8 clearance stores serve primarily as retail outlets for final sales of rental return merchandise that will not be rented again, though they also sell new merchandise. Sales by the division's stores, together with sales at the clearance centers located in most of the Company's rental purchase and rent-to-rent stores, are instrumental in enabling the Company to maximize residual values of depreciated rental merchandise.

The Company generally sells rental return merchandise at or above its book value (cost less depreciation) plus selling expenses, a price which is usually considerably lower than the price for comparable new merchandise. Most merchandise held for sale in clearance stores may also be acquired through a rental purchase option. Because new merchandise is sold at the same location as rental return merchandise, the Company has the opportunity to sell both new and rental return merchandise to customers who may have been attracted to the store by the advertising and price appeal of rental return merchandise. The ability to sell new and rental return merchandise at the same location allows for more efficient use of facilities and personnel and minimizes overhead.

Furniture Manufacturing

The Company believes that its manufacturing capability gives it a strategic advantage over its competitors by enabling the Company to control the quality, cost, timing, styles and quantity of its furniture rental products. As the only major furniture rental company that manufactures its own furniture, the Company believes its 375,000 square feet of manufacturing facilities provide it more flexibility in scheduling production runs and in meeting inventory needs than rental companies that do not manufacture their own furniture and are dependent upon third party suppliers. The Company's MacTavish Furniture Industries division has manufactured furniture for the Company's rental stores since 1971. The division has five manufacturing plants and four bedding manufacturing facilities which supply 51% of the Company's rent-to-rent furniture and bedding needs and 41% of rental purchase furniture and bedding needs. Overall, approximately 49% of the furniture rented or sold by the Company is manufactured by MacTavish Furniture Industries. The Company's manufacturing plants have the capacity to meet the Company's needs for such furniture for the foreseeable future. The Company also does limited manufacturing of residential furniture for several unaffiliated furniture retailers.

MacTavish Furniture Industries manufactures upholstered living-room furniture (including contemporary sofas, sofas, chairs and modular sofa and ottoman collections in a variety of natural and synthetic fabrics and leather), bedding (including standard sizes of mattresses and box springs), upholstered office furniture, bedroom furniture (including bedroom sets, headboards, dressers, mirrors, chests and night tables), and cocktail, sofa and end tables. The Company has designed special features for the furniture it manufactures,

which make its furniture more durable than furniture purchased from third parties. These features include wrench-disassembly (or knock-down) construction of upholstered furniture products for easy replacement of worn or damaged parts at lower cost; standardization of components; reduction of parts and features susceptible to wear or damage; and durable, soil-resistant fabrics and solid-hardwood frames for longer life and higher residual value. The Company also manufactures replacement covers for all styles and fabrics of its upholstered furniture for use in reconditioning rental return furniture.

The principal raw materials used in manufacturing are fabric, foam, wire-innerspring assemblies, cotton liners and hardwoods. All of these materials are purchased in the open market from sources not affiliated with the Company. The Company is not dependent on any single supplier, and none of the raw materials are in short supply. The Company generally maintains a three or four week inventory of such materials.

Other Rental and Sales Operations

To supplement its rental purchase, rent-to-rent and sales operations, the Company also operates three smaller divisions: Aaron Rents Business Equipment, Aaron Rents Convention Furnishings and Aaron Rents Housewares and Linens. The Aaron Rents Business Equipment division's three stores offer business equipment (such as computers, copy machines, fax machines, word processors and paper shredders) for rental, rental purchase and purchase. The Aaron Rents Convention Furnishings division specializes in supplying conventions and events of various sizes with furniture (such as tables, chairs, desks and sofas) on a temporary basis. The Aaron Rents Housewares and Linens division supplies many of the Company's rent-to-rent stores with a selection of common household and linen items to complement the store's other items of merchandise.

STORE OPERATIONS

Management

The Company's rent-to-rent stores are managed by the President of the division and are organized geographically into four regions, each supervised by a vice-president who is primarily responsible for monitoring individual store performance and inventory levels within the respective regions. The Aaron's Rental Purchase division is managed separately by the President of the division, who has five regional managers performing similar responsibilities.

Stores are directly supervised by 33 regional or district managers. At the individual store level, the store manager is responsible for customer and credit relations, deliveries and pickups, warehouse and inventory management, and certain marketing efforts. Store managers are also responsible for inspecting rental return furniture to determine whether it should be sold as is, rented again as is, repaired and sold, or reconditioned for additional rental. A significant portion of the store manager's compensation is dependent upon store revenues and profits.

Executive management at the Company's headquarters directs and coordinates purchasing, financial planning and controls, manufacturing, employee training, and new store site selection for the Company-operated stores. The Company's internal audit department conducts periodic audits of every store, including audits of Company-operated rental purchase stores every 60 days, and semiannual audits of rent-to-rent stores and franchised rental purchase stores. The Company's business philosophy has always emphasized strict cost containment and fiscal controls. Executive and store level management monitor expenses vigilantly to contain costs. All invoices are paid out of the Company's headquarters in order to enhance fiscal accountability. The Company believes that its careful attention to the expense side of its operations has enabled it to maintain financial stability and profitability even during periods of declining revenues.

Management Information Systems

The Company utilizes computer-based management information systems to facilitate cash collections, merchandise returns and inventory monitoring. Through the use of proprietary software developed by the Company, each of the Company's stores is linked by computer directly to corporate headquarters, which enables headquarters to monitor the performance of each store on a daily basis. At the store level, the store manager is better able to track inventory on the showroom floor and in the warehouse to minimize delivery times, assist with product purchasing and match customer needs with available inventory.

Contract Approval, Renewal and Collection

One of the keys to the Company's success is its ability to achieve timely cash collections. Individual store managers utilize the Company's computerized information system on a daily basis to track cash collections. They contact customers within a few days of when their rental payments are due in order to encourage customers to keep their contracts current and in force (rather than having to return the merchandise for non-payment of rent) and to renew their contracts for an additional rental period. Careful attention to cash collections is particularly important in the rental purchase operations, where the customer typically has the option to cancel the contract at any time and each payment is considered a renewal of the contract rather than a collection of a receivable.

Each rent-to-rent store performs a credit check on most of its residential and business customers. The Company generally performs no formal credit check with respect to rental purchase customers other than to verify employment or other reliable sources of income and personal references supplied by the customer because the Company does not extend credit to rental purchase customers. All of the Company's rental contracts for residential and office merchandise require rental payments in advance, and the merchandise normally is picked up if a payment is significantly in arrears. Net bad debt losses from rentals as a percentage of rental revenues were approximately 1.7%, 2.3% and 2.2% for the nine months ended December 31, 1995, and for the fiscal years ended March 31, 1995, and 1994 respectively. For the same periods, net merchandise shrinkage as a percentage of rental revenues was 2.8%, 2.7% and 2.1%, respectively. The Company's collection and repossession policies comply with governing legal requirements, and the Company disciplines any employee that it discovers deviating from such policies.

CUSTOMER SERVICE

The Company believes that customer service is one of the most important elements in the success of its rent-to-rent and rental purchase businesses. Customer satisfaction is critical because the customer usually has the option of returning the rented merchandise at any time. The Company's goal is to make its customers feel positive about the Company and its products from the moment they enter the Company's showrooms. Rented items are serviced at no charge to the customer, and quick, free delivery is available in many cases. In order to increase rentals at existing stores, the Company fosters relationships with existing customers to attract recurring business, and many new rental and rental purchase contracts are attributable to repeat customers.

Because of the importance of customer service, the Company believes that a prerequisite for successful operations and growth is skilled, effective employees who value the Company's customers and project a genuine desire to serve the customers' needs. The Company has a comprehensive employee training program at its Atlanta headquarters for all rent-to-rent store managers and employees covering all areas of the Company's operations, with a heavy emphasis on customer service. Additionally, four field trainers are based out of the regional offices. Store managers and employees in the Aaron's Rental Purchase stores have similar training primarily on site by the division's training staff and regional managers. The Company's policy of promoting from within aids in employee retention and commitment to the Company's customer service and other business philosophies, which also allows the Company to realize greater benefits

from its employee training programs.

PURCHASING AND DISTRIBUTION

The Company's product mix is determined by store managers in consultation with the regional managers and regional vice presidents, based on an analysis of customer demands. With approval from the applicable operating management, store managers send their orders to the purchasing department at headquarters. The purchasing department reviews all purchase orders to determine whether merchandise needs may be satisfied out of existing inventory at other stores before contacting vendors. If inventory is available at other stores, the purchasing department arranges for inventory shipments between stores. Virtually all merchandise for the Company's stores is purchased by the Company's six buyers, three of whom are solely responsible for rental purchase merchandise.

The Company purchases the majority of its merchandise directly from manufacturers, with the balance from local distributors. The Company's largest

supplier is its MacTavish Furniture Industries manufacturing division, which supplies approximately 49% of the furniture rented or sold by the Company. The Company has no long-term contracts for the purchase of merchandise and believes that its relationships with suppliers are excellent.

All rent-to-rent merchandise is shipped by vendors directly to each store's attached warehouse. Most rental purchase merchandise is shipped directly to the distribution centers in Auburndale, Florida, Houston, Texas, and Duluth, Georgia where it is held until needed. Weekly deliveries to individual stores are made by contract carrier and by the Company's two tractor-trailers.

The Aaron's Rental Purchase division has distribution centers in Auburndale, Florida, Houston, Texas, and Duluth, Georgia to serve its rental purchase stores. Rental purchase stores typically have smaller warehouses with less inventory storage space than the Company's rent-to-rent stores. Vendors ship directly to the distribution centers, and stores order directly from the distribution centers. Distribution centers result in freight savings from truckload discounts and a more efficient distribution of rental purchase merchandise. The Company expects to open additional distribution centers near other clusters of its rental purchase stores in the near future.

MARKETING AND ADVERTISING

In its rental purchase operations, the Company relies heavily on store traffic and direct mail advertising to reach its target markets. Rental purchase stores are located within neighborhood communities, and will typically distribute mass mailings of promotional material every two weeks, with the goal of reaching every known household within a specified radius of each store at least 12 times per year. In addition, delivery personnel are trained to leave promotional material at the door of each residence within five doors of the delivery destination. In concentrated geographic markets, and for special promotions, the Company also utilizes television advertising and radio advertising for special promotions.

The Company markets its rent-to-rent operations primarily through brochures and personal contact with apartment complex managers and through distribution of promotional items to apartment residents. It also relies heavily on The Yellow Pages, direct mail advertising, and local apartment-locator publications. The Company uses newspapers, radio, television, direct mail, trade publications and The Yellow Pages to reach its residential and office rental and sales customers. The Company believes that such advertising benefits its residential and office rental operations because of increased name recognition.

COMPETITION

The Company's businesses are highly competitive. The Company competes in the rent-to-rent market with national and local companies and, to a lesser extent, with apartment owners who purchase furniture for rental to tenants. In

the rent-to-own market, the Company competes with several larger companies.

Although definitive industry statistics are not available, management believes that the Company is one of the largest furniture rental companies in the United States. Management also believes that it generally has a favorable competitive position in that industry because of its manufacturing and reconditioning capabilities, its prompt delivery and its commitment to customer service.

GOVERNMENT REGULATION

The Company believes that 42 states specifically regulate rent-to-own transactions, including states in which the Company currently operates Aaron's Rental Purchase stores. Most of those states have enacted disclosure laws which require rent-to-own companies to disclose to its customers the total number of payments, total amount and timing of all payments to acquire ownership of any item, any other charges that may be imposed by the Company and miscellaneous other items. The most restrictive states limit the total amount that a customer may be charged for an item to twice the "retail" price for the item, or regulate the amount of "interest" that rent-to-own companies may charge on rent-to-own transactions, generally defining "interest" as rental fees paid in excess of the "retail" price of the goods. The Company's long-established policy in all states is to disclose the term of its rental purchase transactions as a matter of good business ethics and customer service.

At the present time, no federal law specifically regulates the rent-to-own industry. Federal legislation has been proposed in the past which could affect the rental purchase industry. Management cannot predict whether any such legislation will be enacted and what the impact of such legislation would be. Although the Company is unable to predict the results of these or any additional regulatory initiatives, the Company does not believe that the existing and proposed regulations will have a material adverse impact on the Company's rental purchase or other operations.

EMPLOYEES

At December 31, 1995, the Company had 2,156 employees. None of the Company's employees are covered by a collective bargaining agreement, and the Company believes that its relations with its employees are good.

Item 2. Properties

The Company leases space for substantially all of its store and warehouse operations under operating leases expiring at various times through August, 2005. Most of the leases contain renewal options for additional periods ranging from two to ten years at rental rates generally adjusted on the basis of the consumer price index or other factors. For further information regarding the Company's store and warehouse leases, see Note G of the Notes to the Company's Consolidated Financial Statements.

The Company owns five furniture manufacturing plants and operates four bedding facilities and three distribution centers. It manufactures wood bedroom furniture at an 80,000 square foot plant, and office furniture at a 91,000 square foot plant, both located on a four-acre site in Quincy, Florida, near Tallahassee. Three plants are located in a five-acre site in Coolidge, Georgia (approximately 200 miles south of Atlanta). Upholstered residential furniture is produced at a 77,000 square foot plant. A second plant of 46,000 square feet assembles chairs, manufactures leather upholstery, sleepers, and box springs and mattresses. A third plant of 20,000 square feet cuts and sews fabric for upholstered furniture. The Company's bedding operations are located in Atlanta and Coolidge, Georgia, Houston, Texas, and Orlando, Florida. Distribution centers in Auburndale, Florida, Houston, Texas and Duluth, Georgia (approximately 40,000 square feet each) service the Aaron's Rental Purchase division.

The Company's executive and administrative offices occupy approximately

37,000 square feet in an 11 story, 81,000 square-foot building that the Company owns in Atlanta. The Company leases most of the remaining space to third parties under leases with remaining terms averaging four years.

All of the Company's facilities are well maintained and adequate for their current and reasonably foreseeable uses.

Item 3. Legal Proceedings

The Company is not currently a party to any legal proceedings the result of which it believes could have a material adverse impact upon its business, financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

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Item 5. Market for Registrant's Common Stock and Related Stockholder Matters

(a) The information presented under the caption "Common Stock Market Prices and Dividends" on page 22 of the Company's Report to Shareholders for the Nine Months ended December 31, 1995 is incorporated herein by reference. The over-the-counter market quotations stated therein reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

(b) There were approximately 2,000 shareholders of record as of March 12, 1996.

(c) The information presented under "Note E - Debt" on page 20 of the Company's Report to Shareholders for the Nine Months ended December 31, 1995 is incorporated herein by reference. During the nine months ended December 31, 1995, the Company paid one semi-annual cash dividend. No assurance can be provided that such dividends will continue.

Item 6. Selected Financial Data

The information presented under the caption "Selected Financial Highlights" on page 12 of the Company's Report to Shareholders for the Nine Months ended December 31, 1995 is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information presented under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operation" on pages 13 through 15 of the Company's Report to Shareholders for the Nine Months ended December 31, 1995 is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The information presented under the captions "Consolidated Balance Sheets," "Consolidated Statements of Earnings," "Consolidated Statements of Shareholders' Equity," "Consolidated Statements of Cash Flows," "Notes to Consolidated Financial Statements," "Common Stock Market Prices and Dividends" and "Report of Independent Auditors" on pages 16 through 22 of the Company's Report to Shareholders for the Nine Months ended December 31, 1995 is incorporated herein by reference.

Item 9. Disagreements on Accounting and Financial Disclosure

Not applicable.

PART III

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Item 10. Directors and Executive Officers of the Registrant

The information contained in the Company's definitive Proxy Statement, which the Company will file with the Securities and Exchange Commission no later than 120 days after December 31, 1995, with respect to the identity, background and Section 16 filings of directors and executive officers of the Company, is incorporated herein by reference to this item.

Item 11. Executive Compensation

The information contained in the Company's definitive Proxy Statement, which the Company will file with the Securities and Exchange Commission no later than 120 days after December 31, 1995, with respect to executive compensation, is incorporated herein by reference in response to this item.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information contained in the Company's definitive Proxy Statement, which the Company will file with the Securities and Exchange Commission no later than 120 days after December 31, 1995, with respect to the ownership of common stock by certain beneficial owners and management, is incorporated herein by reference to this item.

For purposes of determining the aggregate market value of the Company's voting stock held by non-affiliates, shares held by all directors and officers of the Company have been excluded. The exclusion of such shares is not intended to, and shall not, constitute a determination as to which person or entities may be "affiliates" of the Company as defined by the Securities and Exchange Commission.

Item 13. Certain Relationships and Related Transactions.

The information contained in the Company's definitive Proxy Statement, which the Company will file with the Securities and Exchange Commission no later than 120 days after December 31, 1995, with respect to certain relationships and related transactions, is incorporated herein by reference in response to this item.

PART IV

Item 14. Exhibits, Consolidated Financial Statement Schedules, and Reports on Form 8-K

Reference
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Form 10-K Report to

Shareholders

(a) 1. Consolidated Financial Statements

The following financial statements and notes thereto of Aaron Rents, Inc. and Subsidiaries, and the related Report of Independent Auditors are incorporated in Item 8 by reference from the Company's Report to Shareholders for the Nine Months ended December 31, 1995 to Shareholders.

Consolidated Balance Sheets - December 31, 1995 and March 31, 1995	16
Consolidated Statements of Earnings - Nine Months ended December 31, 1995, and Years ended March 31, 1995 and 1994	17
Consolidated Statements of Shareholders' Equity - Nine Months ended December 31, 1995, and Years ended March 31, 1995 and 1994	17
Consolidated Statements of Cash Flows - Nine Months ended	

December 31, 1995, and Years ended March 31, 1995 and 1994	18
Notes to Consolidated Financial Statements	19-22
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2. Consolidated Financial Statement Schedules

All schedules have been omitted because they are inapplicable or the required information is included in the financial statements or notes thereto.

3. Exhibits

Exhibit No. -----	Description of Exhibit -----
3 (a)	Amended and Restated Articles of Incorporation of the Company, filed as Exhibit 2.1.1 to the Company's Registration Statement on Form 8-A filed with the Commission on October 22, 1992 (the "Form 8-A"), which exhibit is by this reference incorporated herein.
3 (b)	By-laws of the Company, filed as Exhibit 2.2 to the Form 8-A, which exhibit is by this reference incorporated herein.
3 (c)	Articles of Amendment to the Company's Amended and Restated Articles of Incorporation, effective October 30, 1992, filed as Exhibit A to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1992, which exhibit is by this reference incorporated herein.
3 (d)	Articles of Amendment to the Company's Amended and Restated Articles of Incorporation, effective November 11, 1993, filed as Exhibit 3(d) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1993 which exhibit is by this reference incorporated herein.
4	See Exhibits 3(a) through 3(d).
10 (a)	Aaron Rents, Inc. Employees Retirement Plan and Trust, filed as Exhibit 4 (a) to the Company's Registration Statement on Form S-8, file number 33-62538, filed with the Commission on May 12, 1993, which exhibit is by this reference incorporated herein.*
10 (b)	Aaron Rents, Inc. 1990 Stock Option Plan, filed as Exhibit 4 (a) to the Company's Registration Statement on Form S-8, file number 33-62536, filed with the Commission on May 12, 1993, which exhibit is by this reference incorporated herein.*
10 (c)	Amended and Restated Revolving Credit and Term Loan Agreement, dated January 6, 1995, filed as Exhibit 10 (a) to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 1994 (the "December 31, 1994 10-Q"), which exhibit is by this reference incorporated herein.
10 (d)	Letter Agreements dated November 14, 1994, between Trust Company Bank and the Company, and November 21, 1994 between Bank of America and the Company regarding an Interest Rate Swap Transaction, filed as Exhibit 10 (b) to the December 31, 1994 10-Q, which exhibit is by this reference incorporated herein.
10 (e)	Letter Agreements dated June 19, 1995, between First Union National Bank of North Carolina and the Company and June 20, 1995, between Trust Company Bank and the Company regarding an Interest Rate Swap Transaction, filed as Exhibit 10 (b) to the June 30, 1995 10-Q, which exhibit is by this reference incorporated herein.
11	Computation of Earnings Per Share.

- 13 Aaron Rents, Inc. Report to Shareholders for the Nine Months ended December 31, 1995. With the exception of information expressly incorporated herein by direct reference thereto, the Report to Shareholders for the Nine Months ended December 31, 1995 is not to be filed as a part of this Annual Report on Form 10-K.
- 21 Subsidiaries of the Registrant
- 23 Consent of Ernst & Young LLP
- 27 Financial Data Schedule

*Management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to item 14 (c) of this report.

- (b) Reports on Form 8-K-none
- (c) Exhibits listed in item 14(a)(3) are included elsewhere in this Report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 28th day of March, 1996.

AARON RENTS, INC.

By: /s/ Gilbert L. Danielson

 Gilbert L. Danielson
 Vice President, Finance

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 28th day of March, 1996.

SIGNATURE - -----	TITLE -----
/s/ R. Charles Loudermilk, Sr. ----- R. Charles Loudermilk, Sr.	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board of Directors
/s/ Gilbert L. Danielson ----- Gilbert L. Danielson	Vice President, Finance, Chief Financial Officer and Director, (Principal Financial Officer)
/s/ John E. Aderhold ----- John E. Aderhold	Director
/s/ Leo Benatar ----- Leo Benatar	Director
/s/ Earl Dolive ----- Earl Dolive	Director

/s/ Keith C. Groen

Keith C. Groen Vice President, Legal
Secretary and Director

/s/ Ingrid Saunders Jones

Ingrid Saunders Jones Director

/s/ Robert C. Loudermilk, Jr.

Robert C. Loudermilk, Jr. Vice President, Real Estate
and Director

/s/ R.K. Sehgal

R.K. Sehgal Director

/s/ Rankin M. Smith, Sr.

Rankin M. Smith, Sr. Director

/s/ Robert P. Sinclair, Jr.

Robert P. Sinclair, Jr. Controller
(Principal Accounting Officer)

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SELECTED FINANCIAL INFORMATION

(Dollar Amounts in Thousands Except Per Share)	Nine Months Ended December 31, 1995	Nine Months Ended December 31, 1994	Year Ended March 31, 1995	Year Ended March 31, 1994	Year Ended March 31, 1993	Year Ended March 31, 1992
	(unaudited)					
Operating Results-----						
Systemwide Revenues/1/	\$192,953	177,773	\$241,286	\$189,781	\$158,361	\$144,549
Revenues:						
Rentals & Fees	137,098	127,995	173,208	130,962	100,617	89,593
Sales	39,218	39,875	53,655	53,139	55,275	53,161
Other	1,908	1,471	2,029	1,083	1,740	1,795
	178,224	169,341	228,892	185,184	157,632	144,549
Costs & Expenses:						
Cost of Sales	28,350	28,772	38,696	38,879	41,594	40,684

Operating Expenses	90,027	85,464	115,028	91,927	77,816	75,620
Depreciation of Rental Merchandise Interest	41,612 2,323	39,912 2,185	53,708 3,033	37,310 2,063	25,407 1,650	20,728 2,481
	162,312	156,333	210,465	170,179	146,467	139,513
Earnings Before Income Taxes	15,912	13,008	18,427	15,005	11,165	5,036
Income Taxes	6,032	5,021	7,102	6,209	5,100	1,984
Net Earnings	\$ 9,880	\$ 7,987	\$ 11,325	\$ 8,796	\$ 6,065	\$ 3,052
Earnings Per Share	\$.99	\$.81	\$ 1.15	\$ 1.01	\$ 0.70	\$ 0.36
Dividends Per Share:						
Class A	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.06	\$ 0.055	\$ 0.05
Class B	0.10	0.10	0.09	0.08	0.065	0.05
Financial Position						
Rental Merchandise, Net	\$122,311	\$119,781	\$121,356	\$113,599	\$ 86,462	\$ 80,141
Property, Plant & Equipment, Net	23,492	23,532	24,181	18,819	13,326	10,861
Total Assets	158,645	155,914	157,527	144,917	108,217	101,051
Interest-Bearing Debt	37,479	46,894	43,159	53,123	33,130	34,126
Shareholders' Equity	91,094	81,418	84,951	59,830	52,152	46,676
At year end						
Stores open:						
Company-Operated	212	203	203	200	156	153
Franchised	36	24	26	15	6	0
Rental Contracts in Effect	158,900	152,100	156,600	126,700	100,600	80,900
Number of Employees	2,160	2,150	2,200	2,100	1,450	1,400

/1/ Systemwide revenues include rental revenues of franchised Aaron's Rental Purchase stores.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Change in Fiscal Year End

During 1995, the Company changed its fiscal year end from March 31 to December 31, which resulted in a nine month fiscal period ended December 31, 1995. The decision to change the fiscal year end was made for more convenience in both internal and external communications. To aid comparative analysis, the Company has elected to present the results of operations for the nine month periods ended December 31, 1995, and December 31, 1994, unaudited, along with the previously reported results of operations for the twelve months ended March 31, 1995, and March 31, 1994.

Results of Operations

Nine Months Ended December 31, 1995 Versus December 31, 1994 (Unaudited)

Total revenues for the nine months of 1995 increased \$8.9 million (5.2%) to \$178.2 million compared to \$169.3 million in 1994 due to a \$9.1 million (7.1%) increase in rentals and fees revenue, offset by a decline in sales. Of this increase in rental revenues, \$11.7 million was attributable to Aaron's Rental Purchase stores, which increased 22.1% to \$64.7 million compared to \$53.0 million last year. Higher revenues from existing rental purchase stores, as well as the opening of 10 additional Company operated rental purchase stores during the nine months of 1995, contributed to the increase. Rental revenues from the Company's rent-to-rent operations declined \$2.6 million (-3.5%) during the same period, reflecting a slightly slower than normal winter season, an overall maturity in this segment of the rental industry and the Company's increased emphasis on the Aaron's Rental Purchase division.

Revenues from sales decreased \$657,000 (-1.6%) to \$39.2 million in the nine months of 1995, from \$39.9 million for the same period last year. This decrease was due to the closure of two rent-to-rent clearance centers and the realignment of MacTavish Furniture Industries away from sales to furniture distributors to the supply of furniture internally for both the rent-to-rent and rental purchase divisions. This new emphasis resulted in reduced sales of new merchandise for the rent-to-rent division by \$3.4 million; however, for the same

period, new sales for the rental purchase division increased \$1.5 million (268.9%), and rental return sales at all store outlets increased \$1.3 million (5.8%) to \$24.2 million.

Other revenues increased \$437,000 (29.7%) to \$1.9 million compared to \$1.5 million last year. This increase was entirely due to an increase of \$552,000 in franchise fee and royalty income due to the opening of 10 new franchise stores as well as older franchise stores gaining revenues. This income in the nine months of 1995 was \$1.17 million compared with the \$618,000 for the same period last year.

Cost of sales decreased \$422,000 (-1.5%) to \$28.4 million compared to \$28.8 million, and as a percentage of sales, increased slightly to 72.3% from 72.2% primarily due to increases in vendor prices.

Operating expenses increased \$4.6 million (5.3%) to \$90 million from \$85.5 million. As a percentage of total revenues, operating expenses were essentially unchanged at 50.5% for both periods.

Depreciation of rental merchandise increased \$1.7 million (4.3%) to \$41.6 million and, as a percentage of total rentals and fees, decreased slightly to 30.4% from 31.2%. This decrease is primarily due to the change in rental merchandise mix systemwide during the year.

Interest expense increased \$138,000 (6.3%) to \$2.3 million compared to \$2.2 million. As a percentage of total revenues, interest is unchanged at 1.3% due to stability in interest rates during the nine months of 1995.

Income tax expense increased \$1 million (20.1%) to \$6 million compared to \$5 million, and the Company's effective tax rate was 37.9% in 1995 versus 38.6% for the same period in 1994.

As a result, net earnings increased \$1.9 million (23.7%) to \$9.9 million for the nine months 1995 compared to \$8 million for the same period in 1994. As a percentage of total revenues, net earnings increased to 5.5% in the nine months of 1995, as compared to 4.7% for the same period in 1994.

RESULTS OF OPERATIONS

(FISCAL YEARS ENDED MARCH 31, 1995 & 1994)

Total revenues for fiscal year 1995 increased \$43.7 million (23.6%) to \$228.9 million compared to \$185.2 million in 1994 due to a \$42.2 million (32.3%) increase in rentals and fees revenue. Of this increase in rental revenues, \$26.7 million was attributable to Aaron's Rental Purchase stores, which increased 57.4% to \$73.2 million compared to \$46.5 million last year. Higher revenues from existing rental purchase stores, as well as the opening of 19 additional rental purchase stores during fiscal year 1995, contributed to the increase. Rental revenues from rental purchase stores opened during the year were \$3.8 million. Rental revenues from the Company's rent-to-rent operation increased \$15.5 million (18.4%) during the same time period. Included in fiscal year 1994 total revenues was \$4.9 million attributed to the former Looks Furniture Leasing locations acquired in December 1993.

Revenues from sales increased \$516,000 (1.0%) to \$53.7 million from \$53.1 million. Excluding sales of Ball Stalker, which was sold in fiscal year 1994, revenues from sales increased \$2.6 million in fiscal year 1995. Of this increase, \$1.3 million was due to sales to furniture distributors and the remaining increase was due primarily to the sale of rental-return furniture.

Other revenue increased \$946,000 (87.3%) to 2.0 million compared to \$1.1 million last year. This increase was primarily due to a \$495,000 increase in franchise fee and royalty income. This income in fiscal year 1995 was \$912,000 compared to \$417,000 for the same period last year.

Cost of sales decreased \$183,000 (.5%) to \$38.7 million compared to \$38.9 million and, as a percentage of sales, decreased to 72.1% from 73.2%. The

improvement in gross margins was primarily due to improved margins on the sale of rental return furniture.

Operating expenses increased \$23.1 million (25.1%) to \$115.0 million from \$91.9 million. As a percentage of total revenues, operating expenses increased slightly to 50.3% in fiscal year 1995 compared to 49.6% in fiscal year 1994. Aaron's Rental Purchase operating costs increased \$14.8 million (60.4%) to \$39.3 million from \$24.5 million. This increase was primarily due to increased costs, including personnel and occupancy costs, associated with opening 19 rental purchase stores during fiscal year 1995.

Depreciation of rental merchandise increased \$16.4 million (44.0%) to \$53.7 million and, as a percentage of total rentals and fees, increased 31.0% in 1995 from 28.5% in 1994. This increase was primarily due to the growth of the Company's rental purchase operations, in which merchandise is depreciated at faster rates to coincide with shorter contract terms.

Interest expense increased \$970,000 (47.0%) to \$3.0 million compared to \$2.1 million. This increase was primarily the result of higher interest rates during fiscal year 1995.

Income tax expense increased \$893,000 (14.4%) to \$7.1 million compared to \$6.2 million, and the Company's effective tax rate was 38.5% in 1995 and 41.4% in 1994. The decrease in the effective tax rate was due to decreases in permanent differences between book and taxable income.

As a result, net earnings increased \$2.5 million (28.8%) to \$11.3 million in 1995 compared to \$8.8 million in 1994. As a percentage of total revenues, net earnings were 4.9% in fiscal year 1995 and 4.7% in fiscal year 1994.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations for the nine months ended December 31, 1995 and the same nine month period in 1994 (unaudited) was \$55.1 million and \$46.2 million, respectively. Such cash flows include profits on the sale of rental merchandise. The Company's primary capital requirements consist of acquiring rental merchandise for Aaron's Rental Purchase stores and replacing merchandise no longer suitable for rent at all Aaron Rents locations. As the Company continues to grow, the need for additional rental merchandise will continue to be the Company's major capital requirement. These capital requirements historically have been financed through bank credit, cash flow from operations, trade credit and proceeds from the sale of rental return merchandise.

The Company has financed its growth through a revolving credit agreement with several banks, trade credit and internally generated funds. The rent-to-rent business has contributed cash that has partially funded the growth of the rental purchase business. The revolving credit agreement provides for unsecured borrowings up to \$75.0 million plus an additional \$3.0 million credit line to fund daily working capital requirements. At December 31, 1995, an aggregate of \$37.3 million was outstanding under this facility, bearing interest at an average fixed rate of 6.76%. The Company uses interest rate swap agreements as part of its overall long-term financing program. At December 31, 1995, the Company had swap agreements with notional principal amounts of \$40 million which effectively fixed the interest rates on an equal amount of the Company's revolving credit agreements at 7.44%.

The Company believes that the expected cash flows from operations, proceeds from the sale of rental return merchandise, bank borrowings and vendor credit, will be sufficient to fund the Company's capital and liquidity needs for at least the next 24 months.

In 1995, the Financial Standards Accounting Board (FASB) issued Statement of Financial Accounting Standards No.121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121), which requires impairment losses to be recorded on long-lived assets used in

operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets carrying amount. SFAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company will adopt Statement 121 in the first quarter of 1996 and, based on current circumstances, does not believe the effect of adoption will be material.

In 1995, the FASB issued Statement of Financial Accounting Standards No.123, "Accounting for Stock-Based Compensation" (SFAS 123). Under the provisions of SFAS 123, companies can elect to account for stock-based compensation plans using a fair value-based method or continue measuring compensation expenses for those plans using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25. SFAS 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting had been applied. The Company anticipates continuing to account for stock-based compensation using the intrinsic value method and, accordingly, SFAS 123 will not have an impact on the Company's results of operations or financial position.

The Company has paid dividends for nine consecutive years. A \$.02 per share dividend on Class A Common Stock and \$.05 per share dividend on Class B Common Stock were paid in July 1995, for a total nine months cash outlay of \$367,000. The Company currently expects to continue its policy of paying dividends.

CONSOLIDATED BALANCE SHEETS

(In thousands, Except Share Data)	December 31, 1995	March 31, 1995
Assets-----		
Cash	\$ 98	\$ 95
Accounts Receivable	8,136	8,391
Rental Merchandise	176,751	172,741
Less: Accumulated Depreciation	(54,440)	(51,385)
	-----	-----
	122,311	121,356
Property, Plant & Equipment, Net	23,492	24,181
Prepaid Expenses & Other Assets	4,608	3,504
	-----	-----
Total Assets	\$158,645	\$157,527
Liabilities & Shareholders' Equity-----		
Accounts Payable & Accrued Expenses	\$ 19,304	\$ 19,062
Dividends Payable	365	
Deferred Income Taxes Payable	3,781	4,126
Customer Deposits & Advance Payments	6,622	6,229
Bank Debt	37,260	42,172
Other Debt	219	987
	-----	-----
Total Liabilities	67,551	72,576
Commitments & Contingencies		
Shareholders' Equity		
Common Stock, Class A, Par Value		
\$.50 Per Share Authorized 25,000,000 Shares;		
5,361,761 Shares Issued	2,681	2,681
Common Stock, Class B, Par Value		
\$.50 Per Share Authorized 25,000,000 Shares;		
6,636,761 Shares Issued	3,318	3,318
Additional Paid-In Capital	15,370	15,314
Retained Earnings	86,365	77,216
	-----	-----
	107,734	98,529

Less: Treasury Shares at Cost,		
Class A Common Stock, 1,427,588 Shares		
at December 31, 1995 & 1,234,748 Shares		
at March 31, 1995	(11,451)	(8,324)
Class B Common Stock, 932,441 Shares		
at December 31, 1995 & 944,031 Shares		
at March 31, 1995	(5,189)	(5,254)
	-----	-----
Total Shareholders' Equity	91,094	84,951
	-----	-----
Total Liabilities & Shareholders' Equity	\$158,645	\$157,527

The accompanying notes are an integral part of the Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(Dollar Amounts in Thousands Except Per Share)	Nine Months Ended	Year Ended	Year Ended
	December 31,	March 31,	March 31,
	1995	1995	1994
Revenues-----			
Rentals & Fees	\$137,098	\$173,208	\$130,962
Sales	39,218	53,655	53,139
Other	1,908	2,029	1,083
	-----	-----	-----
	178,224	228,892	185,184
Costs & Expenses-----			
Cost of Sales	28,350	38,696	38,879
Operating Expenses	90,027	115,028	91,927
Depreciation of Rental Merchandise	41,612	53,708	37,310
Interest	2,323	3,033	2,063
	-----	-----	-----
	162,312	210,465	170,179
Earnings Before Income Taxes	15,912	18,427	15,005
Income Taxes	6,032	7,102	6,209
	-----	-----	-----
Net Earnings	\$ 9,880	\$ 11,325	\$ 8,796
	-----	-----	-----
Earnings Per Share	\$.99	\$ 1.15	\$ 1.01

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In Thousands)	Treasury Stock	Common Stock	Additional	Retained
	Shares	Class A	Paid-In	Earnings
	Amount	Class B	Capital	
Balance, March 31, 1993	(2,277)	\$ (12,664)	\$2,681	\$2,681
Reacquired Shares	(115)	(1,151)		\$ 1,069
Dividends				(591)
Reissued Shares	106	587		5
Net Earnings				8,796
Balance, March 31, 1994	(2,286)	(13,228)	2,681	2,681
Issued Shares				1,101
Reacquired Shares	(138)	(1,836)		13,503
Dividends				(709)
Reissued Shares	245	1,486		5
Net Earnings				11,325
Balance, March 31, 1995	(2,179)	(13,578)	2,681	3,318
Reacquired Shares	(194)	(3,134)		15,314
Dividends				(732)
Reissued Shares	13	72		56
Net Earnings				9,880
Balance, December 31, 1995	(2,360)	\$ (16,640)	\$2,681	\$3,318
				\$15,370
				\$86,365

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTE D: PROPERTY, PLANT & EQUIPMENT

(In Thousands) Years Ended	December 31, 1995	March 31, 1995
Land	\$ 1,872	\$ 1,968
Buildings & Improvements	9,692	8,824
Leasehold Improvements & Signs	13,834	13,845
Fixtures & Equipment	16,065	17,112
Construction in Progress	528	1,203
	-----	-----
	41,991	42,952
Less: Accumulated Depreciation & Amortization	(18,499)	(18,771)
	-----	-----
	\$ 23,492	\$ 24,181

NOTE E: DEBT

BANK DEBT -- The Company has a revolving credit agreement with three banks providing for unsecured borrowings up to \$75,000,000, plus a \$3,000,000 credit line to fund daily working capital requirements. Amounts borrowed bear interest at the lower of the lender's prime rate, or LIBOR plus .5%, or the rate at which certificates of deposit are offered in the secondary market plus .625%. The pricing under the working capital line is based upon overnight bank borrowing rates. At December 31, 1995, an aggregate of \$37,260,000 was outstanding under this agreement. The Company pays a .22% commitment fee on unused balances. The weighted average interest rate on borrowings under the revolving credit agreement (after giving effect to interest rate swaps) was 7.73% for the nine months ended December 31, 1995 and 6.13% in fiscal 1995 and 5% in fiscal 1994.

The Company has entered into interest rate swap agreements that effectively fix the interest rate on \$20,000,000 of the amount outstanding under the revolving credit agreement at an average 8.03% until November 1997 and an additional \$20,000,000 at an average of 6.85% until June 2005. These swap agreements involve the receipt of amount when the floating rate exceeds the fixed rates and the payment of amounts when the fixed rate exceed the floating rate in such agreements over the life of the agreements. The differential to be paid or received is accrued as interest rates change and is recognized as an adjustment to the floating rate interest expense related to the debt. The related amount payable to or receivable from counterparties is included in accrued liabilities or other assets. The fair values of the swap agreements, which are not recognized in the financial statements, are estimated to be an unrealized loss of \$1,692,000 at December 31, 1995. The fair value of the Company's bank debt approximates its carrying value.

The revolving credit agreement may be terminated on ninety days' notice by the Company or six months' notice by the lenders. The debt is payable in 60 monthly installments following the termination date if terminated by the lenders.

The agreement restricts cash dividend payments and stock repurchases to \$3,000,000 plus 25% of net earnings since April 1, 1991, and places other restrictions on additional borrowings and requires the maintenance of certain financial ratios.

OTHER DEBT -- Other debt of \$219,000 at December 31, 1995 and \$987,000 at March 31, 1995, represents an insurance premium financing agreement bearing interest at 7.25%. Other debt matures in 1996.

NOTE F: INCOME TAXES

(In Thousands)	Nine Months Ended	Years Ended March 31,
----------------	-------------------	--------------------------

	December 31, 1995	----- 1995	----- 1994
Current Income Tax Expense:			
Federal	\$5,577	\$ 7,258	\$5,667
State	800	934	441
	-----	-----	-----
	6,377	8,192	6,108
Deferred Income Tax (Benefit) Expense:			
Federal	(302)	(930)	101
State	(43)	(160)	
	-----	-----	-----
	(345)	(1,090)	101
	-----	-----	-----
	\$6,032	\$ 7,102	\$6,209

Significant components of the Company's deferred income tax liabilities and assets are as follows:

(In thousands)	December 31, 1995	March 31, 1995
Deferred Tax Liabilities:		
Tax Over Book Depreciation	\$6,858	\$6,967
Other, Net	134	606
	-----	-----
Total Deferred Tax Liabilities	6,992	7,573
Deferred Tax Assets		
Insurance Reserves	635	934
Reserve for Closed Store Locations	212	353
Rent Collected in Advance	1,374	1,325
Franchise Deposits	328	
Other, Net	662	835
	-----	-----
Total Deferred Tax Assets	3,211	3,447
Net Deferred Tax Liabilities	\$3,781	\$4,126

The Company's actual tax rate differs from the federal income tax statutory rate as follows:

	Nine Months Ended December 31, 1995	Year Ended March 31, 1995	Year Ended March 31, 1994
Statutory Rates	35.0%	35.0%	34.3%
Increases in Taxes			
Resulting From:			
State Income Taxes, net of Federal Income Tax Benefit	3.2	2.7	2.5
Effect of Change in Federal Income Tax Rate on Deferred Taxes			.9
Other, Net	(.3)	.8	3.7
	-----	-----	-----
Effective Tax Rate	37.9%	38.5%	41.4%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 1995 and March 31, 1995 and for the Nine Month Period Ended December 31, 1995 and the Years Ended March 31, 1995 and March 31, 1994

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION--The consolidated financial statements include the accounts of Aaron Rents, Inc., and its wholly-owned subsidiaries, Aaron Enterprises, Inc., formerly Ball Stalker Co., and Aaron Investment Company. All significant intercompany accounts and transactions have been eliminated. The preparation of Aaron Rents' consolidated financial statements in conformity with generally accepted accounting principles requires Aaron Rents' management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

LINE OF BUSINESS--The Company is engaged in the business of renting and selling residential and office furniture and other merchandise. The Company manufactures furniture principally for its rental and sales operations.

RENTAL MERCHANDISE consists primarily of residential and office furniture and other merchandise and is recorded at cost. Depreciation is provided using the straight-line method over the estimated useful life of the merchandise, principally from 1 to 5 years, after allowing for a salvage value of 5% to 60%. The Company recognizes rental revenues over the rental period and recognizes all costs of servicing and maintaining merchandise on rent as incurred.

PROPERTY, PLANT AND EQUIPMENT are recorded at cost. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, which are from 8 to 27 years for buildings and improvements and from 2 to 5 years for other depreciable property and equipment. Gains and losses related to dispositions and retirements are included in income. Maintenance and repairs are charged to income as incurred; renewals and betterments are capitalized.

DEFERRED INCOME TAXES arise principally from the use of accelerated methods of computing depreciation on rental merchandise for tax purposes.

COST OF SALES includes the depreciated cost of rental-return residential and office merchandise sold and the cost of new residential and office merchandise sold. It is not practicable to allocate operating expenses between selling and rental operations.

ADVERTISING--The Company expenses advertising costs as incurred. Such costs aggregated \$6,258,000 for the nine months ended December 31, 1995 and \$7,257,000 and \$6,025,000 in fiscal years 1995, and 1994, respectively.

NEW ACCOUNTING STANDARDS--In 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121), which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. SFAS 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company will adopt Statement 121 in the first quarter of 1996 and, based on current circumstances, does not believe the effect of adoption will be material.

In 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). Under the provisions of SFAS 123, companies can elect to account for stock-based compensation plans using a fair value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS 123 requires that companies electing to continue using the intrinsic value method make pro forma disclosures of net income and earnings per share as if the fair value-based method of accounting had been applied. The Company anticipates continuing to account for stock-based compensation using the intrinsic value method, and accordingly, SFAS 123 will not have an impact on the Company's results of operations or financial position.

NOTE B: CHANGE IN FISCAL YEAR END

During 1995, the Company changed its fiscal year end from March 31 to December 31, which resulted in a nine month fiscal period ended December 31, 1995. The decision to change the fiscal year end was made for more convenience in both internal and external reporting.

Results of operations (condensed) for the nine-month periods ended December 31, 1995, and December 31, 1994, are shown below:

(In Thousands Except Per Share Amounts)	Nine Months Ended	
	December 31, 1995	December 31, 1994
		(Unaudited)
Revenues	\$178,224	\$169,341
Cost of Sales	28,350	28,772
Operating And Other Expenses	92,350	87,649
Depreciation of Rental Merchandise	41,612	39,912

Income Before Income Taxes	15,912	13,008
Earnings Before Income Taxes	6,032	5,021

Net Earnings	\$ 9,880	\$ 7,987

Earnings Per Share	\$.99	\$.81
Weighted Average Shares Outstanding	10,019	9,884

NOTE C: EARNINGS PER SHARE

Earnings per share are computed by dividing net earnings by the weighted average number of common shares and common equivalent shares (for stock options using the treasury stock method) outstanding during the period, which was 10,018,728 shares for the nine months ended December 31, 1995; 9,814,274 shares for the year ended March 31, 1995; and 8,720,209 shares for the year ended March 31, 1994.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar Amounts In Thousands Except Per Share)

	Nine Months Ended December 31, 1995	Year Ended March 31, 1995	Year Ended March 31, 1994
OPERATING ACTIVITIES			
Net Earnings	\$ 9,880	\$ 11,325	\$ 8,796
Depreciation & Amortization	45,798	58,765	41,040
Deferred Income Taxes	(345)	(1,090)	101
Change in Accounts Payable & Accrued Expenses	242	(1,834)	6,428
Change in Accounts Receivable	255	(386)	(1,159)
Other Changes, Net	(711)	1,966	585
Cash Provided by Operating Activities	55,119	68,746	55,791
INVESTING ACTIVITIES			
Additions to Property, Plant & Equipment	(5,476)	(11,820)	(9,539)
Book Value of Property Retired or Sold	1,979	1,401	590
Additions to Rental Merchandise	(72,926)	(101,755)	(103,164)
Book Value of Rental Merchandise Sold	30,892	40,667	48,267
Contracts & Other Assets Acquired	(533)	(328)	(10,815)
Cash Used by Investing Activities	(46,064)	(71,835)	(74,661)
FINANCING ACTIVITIES			
Proceeds from Revolving Credit Agreement	51,933	229,448	219,262
Repayments on Revolving Credit Agreement	(56,845)	(238,727)	(199,756)
(Decrease) Increase in Other Debt	(768)	(685)	487
Proceeds from Common Stock Offering		14,140	
Dividends Paid	(367)	(709)	(591)
Acquisition of Treasury Stock	(3,134)	(1,836)	(1,151)
Issuance of Stock Under Stock Option Plan	129	1,467	624
Cash (Used) Provided by Financing Activities	(9,052)	3,098	18,875
Increase in Cash	3	9	5
Cash at Beginning of Year	95	86	81
Cash at End of Year	\$ 98	\$ 95	\$ 86
Cash Paid During the Year:			
Interest	\$ 2,642	\$ 3,005	\$ 2,277
Income Taxes	7,677	8,705	5,123

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTE G: COMMITMENTS

The Company leases warehouse and retail store space for substantially all of its operations under operating leases expiring at various times through 2005. Most of the leases contain renewal options for additional periods ranging from 2 to 10 years at rental rates generally adjusted on the basis of the consumer price index or other factors. The Company also leases transportation equipment and data processing equipment under operating leases expiring during the next 3 years. Management expects that most leases will be renewed or replaced by other leases in the normal course of business.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable terms in excess of one year as of December 31, 1995, are as follows: \$14,545,000 in 1996; \$13,731,000 in 1997; \$10,187,000 in 1998; \$7,091,000 in 1999; \$3,769,000 in 2000; and \$3,442,000 thereafter.

Rental expense was \$11,513,000 for the nine months ended December 31, 1995 and \$15,467,000 and \$12,462,000 for the years ended March 31, 1995 and 1994 respectively.

The Company leases four buildings from certain officers of the Company under leases expiring through 2005 for annual rentals aggregating \$643,000.

The Company maintains a 401(k) savings plan for all full-time employees with at least one year of service with the Company and who meet certain eligibility requirements. The plan allows employees to contribute up to 6% of their annual compensation with 50% matching by the Company on the first 4% of compensation. The Company's expense related to the plan was \$162,000 for the nine months ended December 31, 1995 and \$259,000 and \$219,000 for the years ended March 31, 1995 and 1994, respectively.

NOTE H: SHAREHOLDERS' EQUITY

On May 2, 1994, the Company issued, through a public offering, 1,275,000 shares of Class B Common Stock. The net proceeds to the Company after deducting underwriting discounts and offering expenses were \$14,100,000. The net proceeds were used to reduce bank debt.

At December 31, 1995, the Company held a total of 2,360,029 common shares in its treasury, and is authorized by the Board of Directors to acquire up to an additional 141,560 shares.

The Company has 1,000,000 shares of preferred stock authorized. The shares are issuable in series with terms for each series fixed by the Board and such issuance is subject to approval by the Board of Directors. No preferred shares have been issued.

The Company has a stock incentive plan under which certain key employees can purchase shares of common stock under stock options. Stock options are granted to employees at an exercise price equal to or greater than the fair market value of the stock on the date of grant. Options become exercisable after a period of two years and unexercised options lapse five years after the date of grant. However, such options are subject to forfeiture upon termination of service. Under the plan, 624,000 shares of the Company's treasury shares are reserved for issuance when these options are exercised. Following is a summary of the activity in this plan:

	Nine Months Ended December 31, 1995		Fiscal Year Ended March 31, 1995		Fiscal Year Ended March 31, 1994	
	Common shares	Price Range per share	Common shares	Price Range per share	Common shares	Price Range per share
Options outstanding--beginning of year	647,000	\$ 6.00 - 13.875	639,500	\$ 6.00 - 10.50	717,000	\$ 6.00 - 10.25
Options granted			252,000	12.00 - 13.875	16,500	9.75 - 10.50
Options exercised	12,000	6.00	244,500	6.00	83,900	6.00
Options cancelled	11,000	12.75 - 13.875			10,000	6.00
Options outstanding--end of year	624,000	\$ 6.00 - 13.875	647,000	\$ 6.00 - 13.875	639,500	\$ 6.00 - 10.50
Options exercisable--end of year	383,000	\$ 6.00 - 10.50	380,000	\$ 6.00 - 10.25	613,100	\$ 6.00

NOTE I: QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(In Thousands Except Per Share)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
--	------------------	-------------------	------------------	-------------------

Twelve Months ended December 31, 1995				
Revenues	\$59,551	\$59,135	\$59,012	\$60,077
Gross Profit	35,831	36,121	35,646	36,495
Earnings Before Taxes	5,419	5,347	5,152	5,413
Net Earnings	3,338	3,315	3,205	3,360
Earnings Per Share	\$.34	\$.33	\$.32	\$.34

Twelve Months ended December 31, 1994				
Revenues	\$53,415	\$55,595	\$57,235	\$56,511
Gross Profit	32,358	33,183	33,274	34,200
Earnings Before Taxes	4,636	4,273	4,097	4,638
Net Earnings	2,719	2,607	2,507	2,873
Earnings Per Share	\$.31	\$.27	\$.25	\$.29

NOTE J: SALES & ACQUISITIONS

On June 16, 1993, the Company sold substantially all of the assets of its Ball Stalker subsidiary. Ball Stalker had revenues of \$16,242,000 in fiscal year 1993 and did not contribute to earnings in that year. The sale did not have any significant effect on the Company's results of operations for fiscal year 1994.

On December 1, 1993, the Company acquired substantially all of the assets of FLB, Inc. (d/b/a Looks Furniture Leasing), a furniture rental operation with 15 locations in Texas and Oklahoma. The cash purchase price was \$8,000,000. The acquisition had no significant effect on the Company's results of operations for fiscal year 1994. In addition to the above acquisition, the Company acquired during fiscal year 1994 the assets of several other furniture rental companies for cash aggregating approximately \$3,000,000.

NOTE K: FRANCHISING OF AARON'S RENTAL PURCHASE

The Company franchises Aaron's Rental Purchase stores. As of December 31, 1995 and March 31, 1995, 106 and 35 franchises had been awarded, respectively. Franchisees pay a non-refundable initial franchise fee of \$35,000 and an ongoing royalty of 5% of cash receipts. The Company recognizes this income as earned and includes them in Other Revenues in the Consolidated Statements of Earnings. The Company has guaranteed certain lease and debt obligations of some of the franchisees amounting to \$555,000 and \$2,205,000, respectively, at December 31, 1995. The Company has recourse rights to the leased property and to the assets securing the debt obligations. As a result, the Company does not expect to incur any significant losses under these guarantees.

COMMON STOCK MARKET PRICES & DIVIDENDS

The Company's Class A and Class B Common Stock are traded on The NASDAQ Market under the symbols "ARONA" and "ARONB," respectively. The approximate number of shareholders of record of the Company's Common Stock at March 12, 1996, was 2,000. The following table shows, for the periods indicated, the range of high and low bid prices per share for the Class A and Class B Common Stock as reported by NASDAQ, and the cash dividends paid per share.

The average closing bid quotation for Class A and Class B Common Stock on March 12, 1996, was \$19.50 and \$18.75 respectively. The Company currently expects to continue its policy of paying dividends.

CLASS A COMMON STOCK

	High	Low	Cash Dividends Per Share

DECEMBER 31, 1995			
First Quarter	\$15.50	\$14.00	\$.02
Second Quarter	19.00	15.50	
Third Quarter	18.50	17.375	.02

March 31, 1995			
First Quarter	\$13.25	\$11.50	\$.03
Second Quarter	13.00	10.50	
Third Quarter	12.75	11.50	.02
Fourth Quarter	14.25	12.00	

CLASS B COMMON STOCK

	High	Low	Cash Dividends Per Share

DECEMBER 31, 1995			
First Quarter	\$15.75	\$13.75	\$.05
Second Quarter	19.00	15.375	
Third Quarter	18.50	17.25	.05

March 31, 1995			
First Quarter	\$12.75	\$11.25	\$.04
Second Quarter	13.25	11.50	
Third Quarter	12.875	11.50	.05
Fourth Quarter	14.00	12.00	

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Aaron Rents, Inc.:

We have audited the accompanying consolidated balance sheets of Aaron Rents, Inc. and Subsidiaries as of December 31, 1995 and March 31, 1995, and the related consolidated statements of earnings, shareholders' equity and cash flows for the nine months ended December 31, 1995 and the years ended March 31, 1995 and 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Aaron Rents, Inc. and Subsidiaries as of December 31, 1995 and March 31, 1995, and the consolidated results of their operations and their cash flows for the nine months ended December 31, 1995 and the years ended March 31, 1995 and 1994, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Atlanta, Georgia
March 19, 1996

EXHIBIT
INDEX

Exhibit 11	Computation of Earnings Per Share
Exhibit 13	Aaron Rents, Inc. Report to Shareholders for the Nine Months ended December 31, 1995
Exhibit 21	Subsidiaries of the Registrant

Exhibit 23 Consent of Ernst & Young LLP

Exhibit 27 Financial Data Schedule

EXHIBIT 11

 COMPUTATION OF EARNINGS PER SHARE

	Nine Months Ended December 31, 1995	Year Ended March 31, 1995	Year Ended March 31, 1994

	(In thousands except earnings per share)		
Primary:			
Net income	\$ 9,880	\$11,325	\$8,796
	=====	=====	=====
Weighted average number of common shares outstanding	9,731	9,613	8,414
Add:			
Dilutive effect of outstanding options, as determined by the application of the treasury stock method using the average market price of the Company's Common stock	288	201	306
	-----	-----	-----
Weighted average number of common and common equivalent shares	10,019	9,814	8,720
	=====	=====	=====
Primary earnings per share	\$.99	\$ 1.15	\$ 1.01
	=====	=====	=====
Fully diluted:			
Weighted average number of common and common equivalent shares	10,019	9,814	8,720
Add:			
Additional dilutive effect of outstanding options, as determined by the application of the treasury stock method using the year end market price of the Company's Common stock	21	24	24
	-----	-----	-----
Weighted average number of common shares fully diluted	10,040	9,838	8,744
	=====	=====	=====
Fully diluted earnings per share	\$.98*	\$ 1.15*	\$ 1.01*
	=====	=====	=====

*Not presented in Financial Statements since dilutive effect is less than 3%.

EXHIBIT 21

SUBSIDIARIES OF AARON RENTS, INC.

Name - - - - -	State of Incorporation -----
Aaron Enterprises, Inc.	Georgia
Aaron Investment Company	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Aaron Rents, Inc. of our report dated March 19, 1996, included in the Report to Shareholders of Aaron Rents, Inc. for the nine months ended December 31, 1995.

We also consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-62536) pertaining to the Aaron Rents, Inc. 1990 Stock Option Plan and in the Registration Statements (Form S-8 Nos. 33-9026 and 33-62538) pertaining to the Aaron Rents, Inc. Employees Retirement Plan and Trust of our report dated March 19, 1996 with respect to the consolidated financial statements of Aaron Rents, Inc. incorporated by reference in this Annual Report (Form 10-K) for the nine months ended December 31, 1995.

Atlanta, Georgia
March 28, 1996

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<F2> Rental merchandise has been classified as inventory for purposes of this schedule. Rental merchandise has been shown net of 41,612 accumulated depreciation.
<F3> The financial statements are presented with an unclassified balance sheet.
<F4> PP&E has been shown net of accumulated depreciation.
</FN>