

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

September 30, 1996

0-12385

For Quarter Ended

Commission File No.

AARON RENTS, INC.

(Exact name of registrant as
specified in its charter)

Georgia

58-0687630

(State or other jurisdiction of
incorporation or organization)

(I. R. S. Employer
Identification No.)

309 E. Paces Ferry Road, N.E.
Atlanta, Georgia

30305-2377

(Address of principal executive offices)

(Zip Code)

(404) 231-0011

(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former
fiscal year, if changed since last report)

Indicate by check mark whether registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X

No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

Title of Each Class -----	Shares Outstanding as of November 11, 1996 -----
Class A Common Stock, \$.50 Par Value	3,790,906
Common Stock, \$.50 Par Value	15,264,046

Part 1 - FINANCIAL INFORMATION
Item 1 - Financial Statements
AARON RENTS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(unaudited)	
September 30,	December 31,
1996	1995
-----	-----
(in thousands)	

ASSETS:			
Cash	\$	99	\$ 98
Accounts Receivable		9,901	8,136
Rental Merchandise		201,255	176,751
Less: Accumulated Depreciation		(59,335)	(54,440)
		-----	-----
		141,920	122,311
Property, Plant and Equipment, Net		31,670	23,492
Prepaid Expenses and Other Assets		3,633	4,608
		-----	-----
Total Assets	\$	187,223	\$ 158,645
		=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY:			
Accounts Payable and Accrued Expenses	\$	22,243	\$ 19,304
Dividends Payable		0	365
Deferred Income Taxes Payable		2,400	3,781
Customer Deposits and Advance Payments		6,979	6,622
Bank Debt		55,039	37,260
Other Debt		602	219
		-----	-----
Total Liabilities		87,263	67,551
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, Par Value \$.50 Per			
Share-Authorized 25,000,000 shares:			
16,170,987 Shares Issued at September 30,			
1996 and 6,636,761 Shares Issued at			
December 31, 1995		8,085	3,318
Additional Paid in Capital		15,413	15,370
Retained Earnings		93,076	86,365
		-----	-----
		119,255	107,734
Less: Treasury Shares at Cost,			
Class A Common Stock, 1,571,855 Shares			
at September 30, 1996 and 1,427,588			
Shares at December 31, 1995		(14,125)	(11,451)
Common Stock, 928,941 Shares			
at September 30, 1996 and 932,441 Shares at			
December 31, 1995		(5,170)	(5,189)
		-----	-----
Total Shareholders' Equity		99,960	91,094
		-----	-----
Total Liabilities and			
Shareholders' Equity	\$	187,223	\$ 158,645
		=====	=====

See Notes to Consolidated Financial Statements

AARON RENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

Three Months Ended		Nine Months Ended	
-----		-----	
September 30,		September 30,	
-----		-----	
1996	1995	1996	1995
-----		-----	

(in thousands, except per share amounts)

REVENUES:				
Rentals and Fees	\$ 54,230	\$ 45,361	\$155,687	\$136,264
Sales	15,787	13,132	44,942	39,770
Other	1,207	519	2,898	1,664

	71,224	59,012	203,527	177,698
COSTS AND EXPENSES:				
Cost of Sales	12,016	9,440	33,247	28,478
Operating Expenses	35,377	29,664	101,259	89,252
Depreciation of Rental Merchandise	16,728	13,926	47,256	41,622
Interest	905	830	2,401	2,428
	65,026	53,860	184,163	161,780
EARNINGS BEFORE TAXES				
	6,198	5,152	19,364	15,918
INCOME TAXES				
	2,411	1,947	7,504	6,060
NET EARNINGS				
	\$ 3,787	\$ 3,205	\$ 11,860	\$ 9,858
EARNINGS PER SHARE				
	\$.19	\$.16	\$.59	\$.49
CASH DIVIDENDS DECLARED PER SHARE				
Class A Common Stock	\$	\$	\$.02	\$.01
Common Stock	\$	\$	\$.02	\$.025
WEIGHTED AVERAGE SHARES OUTSTANDING				
	20,027	20,044	19,962	19,994

See Notes to Consolidated Financial Statements

AARON RENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS
OF CASH FLOWS
(Unaudited)

	Nine Months Ended	
	September 30,	
	1996	1995
	(in thousands)	
OPERATING ACTIVITIES		
Net Earnings	\$ 11,860	\$ 9,858
Depreciation and Amortization	48,088	44,313
Deferred Taxes	(1,381)	(1,101)
Change in Accounts Payable and Accrued Expenses	2,188	1,705
Change in Accounts Receivable	(1,765)	1,482
Other Changes, Net	1,349	(384)
Cash Provided by Operating Activities	60,339	55,873
INVESTING ACTIVITIES		
Additions to Property, Plant and Equipment	(13,319)	(6,660)
Book Value of Property Retired or Sold	874	2,815
Additions to Rental Equipment	(98,597)	(73,347)

Book Value of Rental Equipment Sold	37,645	32,577
Contracts and Other Assets Acquired	(1,744)	(328)
	-----	-----
Cash Used by Investing Activities	(75,141)	(44,943)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from Revolving Credit Agreement	63,669	55,067
Repayments on Revolving Credit Agreement	(45,890)	(63,370)
Increase of Other Debt	383	223
Dividends Paid	(747)	(729)
Acquisition of Treasury Stock	(2,785)	(3,487)
Issuance of Stock Under Stock Option Plan	173	1,370
	-----	-----
Cash provided (used) by financing activities	14,803	(10,926)
	-----	-----
INCREASE IN CASH		
	1	4
Cash at Beginning of Year	98	92
	-----	-----
Cash at Beginning of Period	\$ 99	\$ 96
	=====	=====

See Notes to Consolidated Financial Statements

AARON RENTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Principles of Consolidation:

The consolidated financial statements include the accounts of Aaron Rents, Inc. ("the Company") and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Interim Financial Statements:

The Consolidated Balance Sheet as of September 30, 1996, and the Consolidated Statements of Earnings and Cash Flows for the nine months ended September 30, 1996 and 1995, have been prepared without audit. In the opinion of management, all adjustments necessary to present fairly the financial position, results of operations and cash flows at September 30, 1996 and for all periods presented have been made.

During 1995, the Company changed its fiscal year end from March 31 to December 31. Interim financial statements for the comparable periods during 1995 of the fiscal year ending December 31, 1996 have been presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the nine months ended December 31, 1995. The results of operations for the period ended September 30, 1996, are not necessarily indicative of the operating results for the full year.

Accounting Changes in Depreciation:

At December 31, 1995, approximately 20% of the Aaron's Rental Purchase Division's merchandise on rent was fully depreciated. On January 1, 1996, the Company prospectively changed its depreciation method on rental purchase merchandise acquired after December 31, 1995 from generally 14 months straight-line with a 5% salvage value to a method that depreciates the merchandise over the contract period, generally 12 months when on rent and 36 months when not on rent to a 0% salvage value. This new method is similar to a method referred to as the income forecasting method in the rental purchase industry. The Company adopted the new method because management believes that it provides a more systematic and rational allocation of the cost of rental

purchase merchandise over its useful life. The effect of the change in the depreciation method on merchandise purchased after December 31, 1995 was to decrease net income by approximately \$235,000 (\$.01 per share) and \$1,005,000 (\$.05 per share) respectively for the quarter and nine months ended September 30, 1996. In addition, based on an analysis of the average composite life of the division's rental purchase merchandise on rent or on hand at December 31, 1995, the Company extended the depreciable lives of that merchandise from generally 14 months to 18 months, and made other refinements to depreciation rates on rental and rental purchase merchandise. The effect of such change in depreciable lives and other refinements was to decrease net income by approximately \$26,000 (\$.00 per share) for the quarter and increase net income \$514,000 (\$.03 per share) for the nine months ended September 30, 1996. It is not expected that such change in estimates will have a significant effect on net income for the year ending December 31, 1996.

Stock Dividend -----

In June 1996 the Company distributed a 100% stock dividend in Common Stock on the Company's Class A Stock and Common Stock. Such stock dividend resulted in the issuance of 9,534,226 shares of Common Stock. The stock dividend was accounted for as an increase in Common Stock at par value and a reduction of retained earnings.

PART I - FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations.

RESULTS OF OPERATIONS: - -----

Third quarter ended September 30, 1996, compared to September 30, 1995:

Total revenues for the third quarter of fiscal year 1996 increased \$12.2 million (20.7%) to \$71.2 million compared to \$59 million for the same period a year ago. This increase in revenues was primarily due to a \$8.9 million (19.6%) increase in rentals and fees revenues and \$2.7 million (20.2%) increase in sales. Of this increase in rental revenues, \$4.1 million was attributable to Aaron's Rental Purchase stores, which increased 19.3% to \$25.5 million compared to \$21.4 million last year. Rental revenues from the Company's rent-to-rent operations increased \$4.8 million (19.9%) to \$28.7 million compared to \$24 million during the same period last year. This significant increase in the rent-to-rent division was due to Rentals for the 1996 Summer Olympic Games. The \$2.7 million increase in Sales was due to an increase in sales for the rental purchase division of \$1.3 million and an increase in sales of \$1.3 million for the rent-to-rent division.

Other revenue increased \$688,000 (132.3%) to \$1.2 million compared to \$519,000 last year. Included in other revenues is an increase of \$575,000 in franchise and royalty fee income due to a net increase of 9 franchise stores as well as older franchise stores gaining in revenue. This income for the current quarter was \$890,000 compared with \$315,000 for the same period last year.

Cost of sales increased \$2.6 million (27.3%) to \$12 million compared to \$9.4 million and as a percentage of sales, increased to 76.1% from 71.9% due to increased lower margin sales of inventory to rental purchase franchisees, and lower margins on the sale of new furniture.

Operating expenses increased \$5.7 million (19.3%) to \$35.4 million from \$29.7 million. As a percentage of total revenues, operating expenses decreased to 49.7% from 50.3% for the same period a year ago.

Depreciation of rental merchandise increased \$2.8 million (20.1%) to \$16.7

million compared to \$13.9 million and, as a percentage of total rentals and fees, increased slightly to 30.8% versus 30.7% for the same period in 1995.

Interest expense increased \$75,000 (9%) to \$904,000 compared to \$830,000. As a percentage of total revenue, interest decreased to 1.3% from 1.4% due to the stability of interest rates during the quarter.

Income tax expense increased \$463,000 (23.8%) to \$2.4 million compared to \$1.9 million, and the Company's effective tax rate was 38.9% for the quarter versus 37.8% for the same period in 1995 due to higher state income taxes.

As a result, net earnings increased \$583,000 (18.2%) to \$3.8 million in the third quarter of fiscal year 1996 compared to \$3.2 million for the same period in 1995. As a percentage of total revenues, net earnings decreased slightly to 5.3% in the current quarter as compared to 5.4% for the same period last year.

The weighted average number of shares outstanding during the third quarter of 1996 was 20,027,000 compared to 20,044,000 for the same period last year. Prior year weighted average shares outstanding have been restated to reflect the June, 1996 100% stock dividend.

Nine months ended September 30, 1996, compared to nine months ended September 30, 1995:

Total revenues for the first nine months of 1996 increased \$25.8 million (14.5%) to \$203.5 million compared to \$177.7 million for the same period a year ago. This increase in revenues was primarily due to a \$19.4 million (14.3%) increase in rentals and fees revenues and \$5.2 million (13%) increase in sales. Of this increase in rental revenues, \$11.9 million was attributable to Aaron's Rental Purchase stores, which increased 18.9% to \$75 million compared to \$63.1 million last year. Rental revenues from the Company's rent-to-rent operations increased \$7.4 million (10.1%) to \$80.7 million compared to \$73.3 million for the same period last year. This significant increase in the rent-to-rent division was due to Rentals for the 1996 Summer Olympic Games. The \$5.2 million increase in sales was due to an increase in sales for the rental purchase division of \$4.4 million and an increase in sales of \$738,000 for the rent-to-rent division.

Other revenue increased \$1.2 million (74.1%) to \$2.9 million compared to \$1.7 million last year. Included in other revenues is an increase of \$1.1 million in franchise and royalty fee income due to a net increase of 18 franchise stores as well as older franchise stores gaining in revenue. This income for the nine month period was \$2.0 million compared with \$953,000 for the same period last year.

Cost of sales increased \$4.8 million (16.7%) to \$33.2 million compared to \$28.5 million and as a percentage of sales, increased to 74% from 71.6% primarily due to increased sales of lower margin inventory to rental purchase franchisees.

Operating expenses increased \$12 million (13.5%) to \$101.3 million from \$89.3 million. As a percentage of total revenues, operating expenses decreased to 49.8% from 50.2% for the same period a year ago.

Depreciation of rental merchandise increased \$5.6 million (13.5%) to \$47.3 million compared to \$41.6 million and, as a percentage of total rentals and fees, decreased slightly to 30.4% from 30.5% for the same period last year.

Interest expense decreased \$27,000 (-1.1%) to \$2.4 million. As a percentage of total revenue, interest decreased to 1.2% from 1.4% due to the stability of interest rates during the nine months

Income tax expense increased \$1.4 million (23.8%) to \$7.5 million compared to \$6.1 million, and the Company's effective tax rate was 38.8% for the current nine month period versus 38.1% for the same period in 1995.

As a result, net earnings increased \$2 million (20.3%) to \$11.9 million in first nine months of 1996 compared to \$9.9 million for the same period in 1995. As a percentage of total revenues, net earnings increased to 5.8% in the first nine months as compared to 5.5% for the same period last year.

The weighted average number of shares outstanding during the first nine months of 1996 was 19,962,000 compared to 19,994,000 for the same period last year.

Prior year weighted average shares outstanding have been restated to reflect the June, 1996 100% stock dividend.

Liquidity and Capital Resources:

On May 7, 1996, Aaron Rents Class B Common stock was renamed Common Stock with the NASDAQ trading symbol changing from ARONB to ARON. On the same date, a 100% stock dividend was declared on both the Class A Common Stock (ARONA) as well as the newly renamed Common Stock. The stockholders of record at the close of business day May 20, 1996, received one share of Common Stock for each share of Common Stock and Class A Common Stock held. The aforementioned stock dividend was distributed on June 3, 1996.

During the third quarter of 1996, the Company paid a semi-annual dividend that was declared in May 1996 of \$.02 per share on both Common Stock and Class A Common Stock respectively.

During the first quarter of 1996, the Company paid a semi-annual dividend that was declared in December 1995 of \$.02 per share on Class A Common Stock and \$.05 per share on Class B Common Stock (now renamed Common Stock).

Management believes its expected cash flow from operations, proceeds from the sale of rental return merchandise, bank borrowings, and vendor credit are adequate to supply short-term capital needs, and that it has the ability to obtain additional long-term capital if needed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AARON RENTS, INC.
(Registrant)

Date - November 12, 1996

/S/ Gilbert L. Danielson

Gilbert L. Danielson
Vice President, Finance
Chief Financial Officer

Date - November 12, 1996

/S/ Robert P. Sinclair Jr.

Robert P. Sinclair, Jr.
Controller

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K:

(a) The following exhibits are furnished herewith:

Exhibit Number	Description of Exhibit	Page No.
10	Third Amendment to Second Amended and Restated	

Revolving Credit and Term Loan Agreement

11	Computation of Earnings Per Share
27	Financial Data Schedule

(b) No reports on Form 8-K were filed by the Registrant during the three months ended September 30, 1996

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AARON RENTS, INC.
(Registrant)

Date - November 14, 1996

/s/ Gilbert L. Danielson

Gilbert L. Danielson
Vice President, Finance
Chief Financial Officer

Date - November 14, 1996

/s/ Robert P. Sinclair, Jr.

Robert P. Sinclair, Jr.
Controller

EXHIBIT 10

THIRD AMENDMENT TO SECOND AMENDED
AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT

THIS THIRD AMENDMENT (the "Third Amendment") TO SECOND AMENDED AND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT, made as of this 30th day of September, 1996, among AARON RENTS, INC., a Georgia corporation (the "Company"), SUNTRUST BANK, ATLANTA (formerly known as Trust Company Bank), a Georgia banking corporation, FIRST UNION NATIONAL BANK OF GEORGIA, a national banking association, NBD BANK, a Michigan banking corporation, SOUTHTRUST BANK OF GEORGIA, N.A., a national banking association (collectively, the "Banks") and SUNTRUST BANK, ATLANTA, as Agent for the Banks (the "Agent").

W I T N E S S E T H :

WHEREAS, the Company, the Banks and the Agent are parties to that certain Second Amended and Restated Revolving Credit and Term Loan Agreement dated as of January 6, 1995, as heretofore amended (the "Loan Agreement"); and

WHEREAS, the Company has requested that certain terms of the Loan Agreement be amended and the Agent and the Banks have agreed to the requested amendments on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above, the terms and conditions contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that all capitalized terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Loan Agreement and further agree as follows:

1.

Section 1.01 of the Loan Agreement is hereby amended by replacing the definitions of "Advance", "Closing Date", "Facility" or "Facilities", "Loans", "Notes", "Overnight Rate", "Overnight Rate Advance" and "Revolving Credit Commitment" with the following:

"Advance" shall mean any principal amount advanced and remaining

outstanding at any time as Revolving Credit Loans or Term Loans, which

Advance shall be made or outstanding as a Base Rate Advance, Overnight Rate Advance, CD Rate Advance or Eurodollar Advance, as the case may be.

"Closing Date" shall mean the date on or before January 6, 1995, on

which the initial Loans are made and the conditions set forth in Section 6.01 are satisfied or waived in accordance with Section 12.02.

"Facility" or "Facilities" shall mean the Revolving Credit

Commitments, including without limitation, the Swingline SubFacility, or the Term Loans, as the context may indicate.

"Loans" shall mean, collectively, the Revolving Credit Loans,

including without limitation, the Swingline Loans, and the Term Loans.

"Notes" shall mean, collectively, the Revolving Credit Notes and the

Term Notes.

"Overnight Rate" shall mean (with any change in the Overnight Rate to

be effective as of the date of change), with respect to the Swingline Loans, the Federal Funds Rate, as in effect from time to time, plus three-

quarters of one percent (0.75%) per annum.

"Overnight Rate Advance" shall mean an Advance made or outstanding as

a Swingline Loan bearing interest based on the Overnight Rate.

"Revolving Credit Commitment" shall mean, at any time for any Bank,

the amount set forth opposite such Bank's name on the signature pages of that certain Third Amendment to Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of September 30, 1996, among the Company, the Banks and SunTrust Bank, Atlanta, formerly known as Trust Company Bank, as Agent for the Banks, as its "Revolving Credit Commitment", as the same may be increased or decreased from time to time as a result of any reduction thereof pursuant to Sections 2.03, any assignment thereof pursuant to Section 12.06 or any amendment thereof pursuant to Section 12.02.

2.

Section 1.01 of the Loan Agreement is further amended by deleting the definitions of "Cash Management Lender", "Cash Management Line of Credit Commitment", Cash

Management Line of Credit Note", "Cash Management Loans", "Cash Management Loan Termination Date" and "Notice of Cash Management Borrowing" contained therein and by adding the following new definitions in proper alphabetical order:

"Availability" shall mean, with respect to any Facility at any time,

the amount by which the committed amount of such Facility exceeds the aggregate outstanding principal balance of all Loans made under such Facility.

"Cash Management Agreement" shall mean, collectively, all account

instructions agreements, controlled disbursement agreements and other agreements between the Swingline Lender and the Company that govern the collection of checks, drafts and other funds of the Company and its Subsidiaries into a deposit account maintained with the Swingline Lender and the disbursement of proceeds from the Swingline SubFacility into a disbursement account with the Swingline Lender, as such agreements are from time to time amended, restated, supplemented or otherwise modified.

"Controlled Disbursement Account" shall mean the controlled

disbursement account maintained by the Company with the Swingline Lender, governed by the Cash Management Agreement.

"Master Account" shall mean the deposit account maintained by the

Company with the Swingline Lender into which checks, drafts and other funds of the Company and its Subsidiaries are deposited or collected, governed by the Cash Management Agreement.

"Swingline Lender" shall mean SunTrust Bank, Atlanta and its

successors and assigns.

"Swingline Loans" shall mean the loans made to the Company from time

to time by the Swingline Lender under the Swingline SubFacility pursuant to Section 2.05.

"Swingline SubFacility" shall have the meaning set forth in Section

2.05 hereof.

"Synthetic Lease Documents" shall mean, collectively, the Master

Agreement, dated as of September 30, 1996, among the Company, SunTrust

SouthTrust Bank of Georgia, N.A., as lenders, and SunTrust Bank, Atlanta, as agent, the Lease Agreement, dated as of September 30, 1996, between the Lessor and the Company and any supplements thereto, the Construction Agency Agreement, dated as of September 30, 1996, among the Lessor and the Company, the Guaranty, dated as of September 30, 1996, executed by the Company in favor of the Funding Parties (as defined therein), and any and all Security Agreements and Assignments (Construction Contract, Architect's Agreement, Permits, Licenses and Governmental Approvals, and Plans and Specifications and Drawings) executed from time to time by the Company in favor of the Lessor, and any modifications of or replacements for any or all of the foregoing.

3.

Article II of the Loan Agreement is hereby amended by adding the following as a new Section 2.05:

SECTION 2.05. Swingline SubFacility. (a) Notwithstanding

anything contained herein to the contrary, the Swingline Lender hereby establishes a subfacility within its Revolving Credit Commitment in the aggregate principal amount of the lesser of (i) \$6,000,000 and (ii) Availability under the Swingline Lender's Revolving Credit Commitment from time to time (the "Swingline SubFacility"), under which all Borrowings made through the Controlled Disbursement Account shall be made. Sections 6.01 and 6.02 shall apply equally to Borrowings made through the Swingline SubFacility as Borrowings otherwise requested or made through the Revolving Credit Commitments. The aggregate amount of all Borrowings under the Swingline SubFacility shall not at any time exceed the lesser of (i) \$6,000,000 and (ii) Availability under the Swingline Lender's Revolving Credit Commitment at such time, and to the extent any Borrowing under the Swingline SubFacility would cause such a result after giving effect thereto, the Company shall be required to request such Borrowing pursuant to Section 5.01(a) (i) hereof.

(b) Each Borrowing under the Swingline SubFacility shall deemed to be made under the Swingline Lender's Revolving Credit Commitment to the extent of any Availability thereunder on the date such Borrowing is made.

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(c) The Company shall have the right to prepay Borrowings made under the Swingline SubFacility, in whole at any time or in part from time to time, without premium or penalty in accordance with Section 5.06 hereof. The Company irrevocably authorizes the Swingline Lender, at the sole discretion of the Swingline Lender, from time to time and at any time if either (i) a Default or Event of Default then exists or (ii) Availability under the Swingline Lender's Revolving Credit Commitment is less than or equal to \$6,000,000, to request a Borrowing under the Revolving Credit Commitments (to the extent of Availability thereunder) in the name of the Company in an amount sufficient to prepay in whole or in part the outstanding principal amount of Borrowings made under the Swingline SubFacility, and the Banks hereby agree to fund such Borrowing as if it were requested pursuant to Section 5.01(a) (i) hereof.

4.

Article IV of the Loan Agreement is hereby amended by replacing said Article in its entirety with "Reserved".

5.

Section 5.01 of the Loan Agreement is hereby amended by replacing subsections (a) (ii), (c) and (d) thereof with the following:

(a) (ii) In addition, Borrowings under the Swingline SubFacility may be made by the Company through the Controlled Disbursement Account, and the Company shall be deemed to have given the Swingline Lender a Notice of Borrowing on each Business Day for which any funds in the Controlled Disbursement Account are insufficient to cover the checks, drafts and other items presented against the Controlled Disbursement Account, measured no later than 11:00 a.m. (Atlanta, Georgia time) on such Business Day, in which case (i) the amount of the Borrowing shall be the amount required in addition to any funds already in the Controlled Disbursement Account to

cover in full such checks, drafts and other items presented against the Controlled Disbursement Account (subject to the limitations set forth in Section 2.05) and (ii) the Borrowing shall be made on such Business Day.

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(c) Without in any way limiting the Company's obligation to confirm in writing any telephonic notice, the Agent and the Swingline Lender may act without liability upon the basis of telephonic notice believed by the Agent or the Swingline Lender (as the case may be) in good faith to be from the Company prior to receipt of written confirmation. In each such case, the Company hereby waives the right to dispute the records of the Agent or the Swingline Lender (as the case may be) of the terms of such telephonic notice.

(d) The Agent shall promptly give each Bank notice by telephone (confirmed in writing) or by telex, telecopy or facsimile transmission of the matters covered by the notices given to the Agent pursuant to Section 5.01(a)(i).

6.

Section 5.02 of the Loan Agreement is hereby amended by replacing subsections (a), (b) and (d) thereof with the following:

(a) No later than 12:00 noon (Atlanta, Georgia time) on the date of each Borrowing under the Revolving Credit Commitments made pursuant to Section 2.05(c) or Section 5.01(a)(i) above, each Bank will make available its Pro Rata Share of the amount of such Borrowing in immediately available funds at the Payment Office of the Agent. The Agent will make available to the Company the aggregate of the amounts (if any) so made available by the Banks to the Agent in a timely manner by crediting such amounts to the Company's demand deposit account maintained with the Agent or, at the Company's option, to effect a wire transfer of such amounts to the Company's account specified to the Agent, by the close of business on such Business Day. In the event that the Banks do not make such amounts available to the Agent by the time prescribed above, but such amount is received later that day, such amount may be credited to the Company in the manner described in the preceding sentence on the next Business Day (with interest on such amount to begin accruing hereunder on such next Business Day).

(b) No later than 12:00 noon (Atlanta, Georgia time) on the date of each Borrowing under the Swingline SubFacility made pursuant to Section 5.01(a)(ii) above, the Swingline Bank will make available the

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amount of such Borrowing in immediately available funds to the Company by crediting the amount of such Borrowing to the Controlled Disbursement Account (subject to the limitations set forth in Section 2.05).

(d) All Borrowings under the Revolving Credit Commitments made pursuant to Section 5.01(a)(i) above shall be loaned by the Banks on the basis of their Pro Rata Share of the Revolving Credit Commitments. All Borrowings under the Revolving Credit Commitments made pursuant to Section 5.01(a)(ii) above shall be loaned by the Swingline Lender alone.

7.

Section 5.03 of the Loan Agreement is hereby amended by replacing the first paragraph of subsection (a) thereof with the following:

(a) The Company agrees to pay interest in respect of all unpaid principal amounts of the Revolving Credit Loans (other than the Swingline Loans) and the Term Loans from the respective dates such principal amounts were advanced to maturity (whether by acceleration, notice of prepayment or otherwise) at rates per annum equal to the applicable rates indicated below:

8.

Section 5.03 of the Loan Agreement is hereby further amended by replacing

subsection (b) thereof with the following:

(b) The Company agrees to pay interest in respect of all unpaid principal amounts of the Swingline Loans made to the Company from the respective dates such principal amounts were advanced to maturity (whether by acceleration, notice of prepayment or otherwise) at the Overnight Rate for each such Swingline Loan.

9.

Section 5.06 of the Loan Agreement is hereby amended by replacing said Section in its entirety with the following:

Section 5.06. Voluntary Prepayments of Borrowings.

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(a) (i) The Company may, at its option, prepay Borrowings under the Revolving Credit Commitment or the Term Loans at any time in whole, or from time to time in part in an aggregate amount of at least \$1,000,000 and multiples of \$100,000 thereof, by paying the principal amount to be prepaid, together with interest accrued and unpaid thereon to the date of prepayment, and, in the case of the prepayment of Borrowings consisting of Fixed Rate Advances, all compensation payments pursuant to Section 5.12 if such prepayment is made on a date other than the last day of an Interest Period applicable thereto; provided, however, that the Company may, at its

option, prepay Borrowings under the Swingline SubFacility at any time in whole or in part, by paying the principal amount to be prepaid, together with interest accrued and unpaid thereon to the date of prepayment. Each such optional prepayment shall be applied in accordance with Section 5.06(c) below.

(ii) The Company may prepay Borrowings under the Swingline SubFacility with the proceeds of Borrowings made under the Revolving Credit Commitments pursuant to Section 5.01(a)(i) hereof to the extent the Company is permitted to make Borrowings under the Revolving Credit Commitments under the terms of this Agreement. Borrowings under the Swingline SubFacility shall automatically be prepaid each Business Day with (and to the extent of) all immediately available funds deposited into the Controlled Deposit Account the prior Business Day.

(b) (i) The Company shall give written notice (or telephonic notice confirmed in writing) to the Agent of any intended prepayment of the Revolving Credit Loans (other than the Swingline Loans) or the Term Loans not less than five days prior to any voluntary prepayment. Such notice shall specify whether Revolving Credit Loans or Term Loans are to be prepaid and, once given, such notice shall be irrevocable. Upon receipt of such notice of prepayment, the Agent shall promptly notify each Bank of the contents of such notice and of such Bank's share of such prepayment.

(ii) The Company shall give written notice (or telephonic notice promptly confirmed in writing) to the Swingline Lender of any intended prepayment of the Swingline Loans to be made by a Borrowing under Revolving Credit Commitments pursuant to Section 5.01(a)(i) above (other than automatic prepayments made with funds from the Controlled

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Disbursement Account) on or prior to the date of such voluntary prepayment.

(c) The Company, when providing notice of prepayment pursuant to Section 5.06(b)(i), may designate the Types of Advances and the specific Borrowing or Borrowings which are to be prepaid, provided that (i) if any

prepayment of Fixed Rate Advances made pursuant to a single Borrowing of Revolving Credit Loans or Term Loans shall reduce the outstanding Advances made pursuant to such Borrowing to an amount less than \$1,000,000, such Borrowing shall immediately be converted into Base Rate Advances; and (ii) each prepayment made pursuant to a single Borrowing of Revolving Credit Loans or Term Loans shall be applied pro rata among such Revolving Credit Loans and Term Loans comprising such Borrowing. In the absence of a

designation by the Company of the Types of Advances and the specific Borrowing or Borrowings to be prepaid, the Agent shall, subject to the foregoing, make such designation in its sole discretion.

(d) All voluntary prepayments of Revolving Credit Loans (including Swingline Loans) or Term Loans shall be applied to the payment of any unpaid interest thereon before application to principal and, in the case of the Term Loans, shall be applied against scheduled amortization payments in the inverse order of maturity.

10.

Section 5.07 of the Loan Agreement is hereby amended by replacing subsection (a) (ii) thereof with the following:

(ii) Except as otherwise specifically provided herein, all payments under this Agreement with respect to Swingline Loans shall be made without defense, set-off or counterclaim to the Swingline Lender not later than 11:00 a.m. (Atlanta, Georgia time) on the date when due and shall be made in Dollars in immediately available funds at its Payment Office.

11.

Section 6.02 of the Loan Agreement is hereby amended by deleting the following paragraph of said Section in its entirety:

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Without limiting the foregoing, the Company shall have no right to make a Borrowing under the Revolving Credit Commitment to repay a Cash Management Loan if a Default or Event of Default exists.

12.

Schedule 7.16 to the Loan Agreement is hereby deleted and replaced in its entirety with the new schedule 7.16 which is attached to this Third Amendment.

13.

Article VIII and Article IX of the Loan Agreement are each hereby amended by replacing the first paragraph of each of such Articles with the following:

The Company covenants and agrees so long as any of the Revolving Credit Commitments of any Bank, including without limitation the Swingline SubFacility of the Swingline Lender, shall remain available, or any Revolving Credit Loans, Term Loans or Swingline Loans are outstanding, and until the full and final payment of all indebtedness incurred hereunder and unless otherwise consented to in writing by the Required Banks:

14.

Section 9.01 of the Loan Agreement is hereby amended by adding the following new paragraph (j) at the end thereof (and by deleting the period which appears at the end of paragraph (i) thereof and by substituting ", and" in lieu thereof):

(j) Liens granted under the Synthetic Lease Documents in the real or personal property financed thereunder and in certain related rights of the Company to secure the Company's indebtedness and liabilities under the Synthetic Lease Documents to the extent permitted under Section 9.03(k) hereof.

15.

Section 9.03 of the Loan Agreement is hereby amended by replacing subsection (i) thereof with the following:

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(i) guarantee the indebtedness of obligations of certain franchise operators, provided such guarantees are (A) given by the Company in connection with (1) such franchise operators' purchase of furniture financed through a third-party lender or (2) loans to franchise operators

for other purposes to the extent such loans are made with the prior approval of SunTrust Bank, Atlanta and (B) limited to \$25,000,000 in aggregate outstanding principal amount at any one time for all franchise operators; and

16.

Section 9.03 of the Loan Agreement is hereby further amended by adding at the end thereof the following new paragraph (k) (and the period which appears at the end of paragraph (j) thereof shall be deleted and ", and" shall be substituted in lieu thereof):

(k) incur or guaranty indebtedness or contingent liability under the Synthetic Lease Documents provided that the aggregate outstanding principal amount of all such indebtedness or liabilities does not exceed \$20,000,000 at any one time.

17.

Section 9.06 of the Loan Agreement is hereby amended by adding the following new clause (e) at the end thereof:

"and (e) the terms of the Synthetic Lease Documents".

18.

Article 10 of the Loan Agreement is hereby amended by deleting the word "or" at the end of Section 10.12, adding the word "or" at the end of Section 10.13, and adding the following as a new Section 10.14:

Section 10.14. The Company or any of its Subsidiaries fails to make any payment as and when such payment is due under the Synthetic Lease Documents, or any other default, event or condition shall have occurred or exist under the Synthetic Lease Documents, the effect of which is to cause, or to permit the holder of the obligations of the Company or any such Subsidiary under the Synthetic Lease Documents to cause, the obligations of the Company or any of its Subsidiaries, or any portion thereof, to become

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due prior to its stated maturity date or prior to its regularly scheduled date of payment;

19.

Article X of the Loan Agreement is hereby further amended by replacing the final paragraph of said Section with the following:

then, and in any such event, and at any time thereafter if any Event of Default shall then be continuing, (A) the Agent may, and upon the written or telex request of the Required Banks, shall, by written notice to the Company, take any or all of the following actions, without prejudice to the rights of the Agent, any Bank or the holder of any Note to enforce its claims against the Company or any other Credit Party: (i) declare all Revolving Credit Commitments terminated, whereupon the Revolving Credit Commitments of each Bank, including without limitation, the Swingline SubFacility of the Swingline Lender, shall terminate immediately and any commitment fee shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest on the Revolving Credit Loans (including without limitation, the Swingline Loans) and Term Loans, and all other Obligations owing hereunder, to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company; provided, that, if an Event of Default

specified in Sections 10.06, 10.07, 10.08 or 10.09 above shall occur, the result which would occur upon the giving of written notice by the Agent to any Credit Party, as specified in clauses (i) and (ii) above, shall occur automatically without the giving of any such notice; and (iii) may exercise any other rights or remedies available under the Loan Documents, at law or in equity; and (B) the Swingline Lender may, by written notice to the Agent and the other Banks pursuant to Section 2.05(c), request a Borrowing under the Revolving Credit Commitments (to the extent of Availability thereunder) in the name of the Company in an amount sufficient to prepay in whole or in part the outstanding principal amount of Swingline Loans, and the Banks

hereby agree to fund such Borrowing, notwithstanding that a Default or an Event of Default has occurred and is continuing.

20.

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Upon the effectiveness of this Third Amendment, all amounts outstanding under the Cash Management Line of Credit Commitment shall be deemed to be outstanding under the Swingline SubFacility and the Cash Management Line of Credit Commitment shall be terminated. The Cash Management Lender agrees to return promptly the Cash Management Line of Credit Note to the Company.

21.

Exhibit B to the Loan Agreement is hereby amended by replacing said Exhibit B in its entirety with Exhibit B attached hereto.

22.

The Company represents and warrants that all representations and warranties set forth in the Loan Agreement are true and correct in all material respects on the date hereof and no Default or Event of Default exists under the Loan Agreement as of the date hereof.

23.

To the extent that the agreements set forth in this Third Amendment should effect a corresponding amendment to any of the Loan Documents, such Loan Documents are hereby deemed to be amended as of the date hereof to reflect this Third Amendment in order to conform the terms of the Loan Documents which are affected by this Third Amendment to the terms hereof.

24.

Except for the amendments and agreements expressly set forth above, the text of the Loan Agreement and all other Loan Documents shall remain unchanged and in full force and effect. The Company acknowledges and expressly agrees that the Agent and the Banks reserve the right to, and do, in fact, require strict compliance with the terms and provisions of the Loan Agreement, as amended by this Third Amendment.

25.

Each reference in the Loan Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import, shall mean and be a reference to the Loan Agreement as amended by this Third Amendment and each reference to the Loan Agreement in any

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other document, instrument or agreement executed or delivered in connection with the Loan Agreement shall mean and be a reference to the Loan Agreement as amended by this Third Amendment.

26.

THIS THIRD AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA.

27.

This Third Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Third Amendment by facsimile transmission shall be as effective as delivery of a manually executed counterpart hereof.

28.

This Third Amendment shall be binding on, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

29.

This Third Amendment constitutes the entire understanding of the parties with respect to the subject matter hereof, and any other prior or contemporaneous agreements, whether written or oral, with respect thereto, are expressly superseded hereby.

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IN WITNESS WHEREOF, this Third Amendment has been duly executed as of the date first above written.

Address for Notices: COMPANY:
AARON RENTS, INC.

309 East Paces Ferry Road
Atlanta, Georgia 30305
Attention: Gilbert L. Danielson

By: _____
Name:
Title:

Attest: _____
Name:
Title:

[CORPORATE SEAL]

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

Address for Notices: AGENT:
SUNTRUST BANK, ATLANTA, as Agent
for the Banks

25 Park Place, 23rd Floor
Atlanta, Georgia 30303
Attention: Willem-Jan O. Hattink or
Michael Dunlap

By: _____
Name:
Title:

Payment Office:

25 Park Place
23rd Floor
Atlanta, Georgia 30303

By: _____
Name:
Title:

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

BANKS:

Address for Notices: SUNTRUST BANK, ATLANTA

25 Park Place, 23rd Floor
Atlanta, Georgia 30303
Attention: Willem-Jan O. Hattink or
Michael Dunlap

By: _____
Name:
Title:

Payment Office:

25 Park Place
23rd Floor
Atlanta, Georgia 30303

By: _____
Name:
Title:

REVOLVING CREDIT COMMITMENT: \$25,000,000.00
PRO RATA SHARE OF REVOLVING
LOAN COMMITMENTS: 33.3333%

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

FIRST UNION NATIONAL BANK
OF GEORGIA

Address for Notices:

999 Peachtree Street
12th Floor, Suite 640
Atlanta, Georgia 30309
Attention: Jonathan D. Hook

By: _____
Name:
Title:

Payment Office:

999 Peachtree Street
12th Floor, Suite 640
P. O. Box 740074
Atlanta, Georgia 30374

REVOLVING CREDIT COMMITMENT: \$25,000,000.00
PRO RATE SHARE OF REVOLVING
LOAN COMMITMENTS: 33.3333%

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

NBD BANK

Address for Notices:

- - - - -

611 Woodward Avenue
Detroit, Michigan 48226
Attention: Richard C. Ellis

By: _____
Name:
Title:

Payment Office:
- - - - -

611 Woodward Avenue
Detroit Michigan 48226
Attention: Richard C. Ellis

REVOLVING CREDIT COMMITMENT: \$15,000,000.00

PRO RATA SHARE OF REVOLVING
LOAN COMMITMENTS: 20%

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

SOUTHTRUST BANK OF GEORGIA, N.A.

Address for Notices:
- - - - -

One Georgia Center
600 West Peachtree St.
Atlanta, Georgia 30308
Attn: Melinda Bergbom

By: _____
Name:
Title:

Payment Office:
- - - - -

One Georgia Center
600 West Peachtree Street
Atlanta, Georgia 30308
Attention: Melinda Bergbom

REVOLVING CREDIT COMMITMENT: \$10,000,000.00

PRO RATA SHARE OF REVOLVING
LOAN COMMITMENTS: 13.3333%

[SIGNATURE PAGE FOR THIRD AMENDMENT TO
SECOND AMENDED AND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT]

Schedule 7.16
- - - - -

The Company has contingent liabilities under the Synthetic Lease Documents.

EXHIBIT B

REVOLVING CREDIT NOTE

\$ _____

_____, 19____
Atlanta, Georgia

FOR VALUE RECEIVED, the undersigned, AARON RENTS, INC., a Georgia corporation (the "Company"), promises to pay to the order of _____ (the "Bank") at its office at _____ or at such other place as the holder hereof shall designate to the Company in writing, in immediately available funds in lawful money of the United States of America, on the sooner of (i) the Revolving Credit Termination Date (as defined in the Loan Agreement referenced below), (ii) the Conversion Date (as defined in the Loan Agreement referenced below) and (iii) acceleration of the indebtedness evidenced by this Note as hereinafter provided, the lesser of the principal sum of _____ Dollars (\$ _____) or so much thereof as shall have been advanced thereunder in accordance with that certain Second Amended and Restated Revolving Credit and Term Loan Agreement, dated as of the January 6, 1995, among the Company, the Bank and other banks and financial institutions now or hereafter parties thereto (collectively, the "Lenders") and SunTrust Bank, Atlanta as Agent for the Lenders (as amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement"), and not theretofore repaid, as shown on the grid schedule attached hereto (the "Grid Schedule").

In addition to principal, the Company agrees to pay interest on the principal amounts disbursed hereunder from time to time from the date of disbursement until paid in full at such rates of interest per annum and upon such dates as set forth in Section 5.03 of the Loan Agreement, computed on the basis of the actual number of days elapsed in a 360-day year. Such interest is to be paid to the Bank at the address set forth above in the first paragraph of this Note or at such other place as the holder hereof may designate by notice in writing to the Company.

This Revolving Credit Note ("Note") evidences Revolving Credit Loans [, including without limitation, the Swingline Loans (to be included in the Revolving Credit Note of the Swingline Lender)] made by the Bank to the Company pursuant to the terms and conditions of the Loan Agreement to which reference is hereby made for a

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full and complete description of such terms and conditions. All capitalized terms used in this Note shall have the same meanings as set forth in the Loan Agreement.

The Bank shall at all times have a right of set-off against any deposit balances of Company in the possession of the Bank and the Bank may apply the same against payment of this Note in accordance with the Loan Agreement. The payment of any indebtedness evidenced by this Note prior to the Revolving Credit Termination Date or the Conversion Date shall not affect the enforceability of this Note as to any future, different or other indebtedness incurred hereunder by the Company. In the event the indebtedness evidenced by this Note is collected by legal action or through an attorney-at-law, the Bank shall be entitled to recover from Company all costs of collection, including, without limitation, actual and reasonable attorneys' fees if collected by or through an attorney-at-law.

Company acknowledges that the actual crediting of the amount of any disbursement under the Loan Agreement to an account of Company or recording such amount in the Grid Schedule shall, in the absence of manifest error, constitute presumptive evidence of such disbursement and that such advance was made and borrowed under the Loan Agreement. Such account records or Grid Schedule shall constitute, in the absence of manifest error, presumptive evidence of principal amounts outstanding and the payments made under the Agreement at any time and from time to time, provided that the failure of Bank to record on the Grid

Schedule or in such account the type or amount of any advance shall not affect the obligation of the undersigned to repay such amount together with interest thereon in accordance with this Note and the Loan Agreement.

Upon the existence and during the continuation of an Event of Default as defined in the Loan Agreement, the principal and all accrued interest hereof shall automatically become, or may be declared, due and payable in the manner and with the effect provided in the Loan Agreement.

Prepayment of this Note in part or in whole is permitted subject to the conditions set forth in Section 5.06 of the Loan Agreement.

Failure or forbearance of the Bank to exercise any right hereunder, or otherwise granted by the Loan Agreement or by law, shall not affect or release the liability of the Company hereunder, and shall not constitute a waiver of such right unless so stated by the Bank in writing. THIS NOTE IS EXECUTED AND DELIVERED PURSUANT TO, AND ITS PERFORMANCE, INTERPRETATION AND

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ENFORCEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, THE LAWS OF THE STATE OF GEORGIA.

TIME IS OF THE ESSENCE HEREUNDER. PRESENTMENT, PROTEST AND NOTICE OF DISHONOR ARE HEREBY WAIVED.

IN WITNESS WHEREOF, the Company has caused this Note to be executed in its name and attested to by its authorized officers, and its corporate seal to be hereunto affixed, all on the date first above written.

AARON RENTS, INC.

By: _____
Name: _____
Title: _____

Attest: _____
Name: _____
Title: _____

[CORPORATE SEAL]

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GRID SCHEDULE

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	Amount of Advance	Interest Rate	Amount of Principal Prepaid	Last Day of Applicable Interest Period	Notation Made By
-----	-----	-----	-----	-----	-----
	\$ _____	% _____	\$ _____		

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EXHIBIT 11

COMPUTATION OF EARNINGS PER SHARE

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	1996	1995	1996	1995
	(in thousands, except per share data)			
Primary:				
Net Income	\$ 3,787	\$ 3,205	\$ 11,860	\$ 9,858
	=====	=====	=====	=====
Weighted average number of common shares outstanding	19,029	19,432	19,083	19,478
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	998	612	879	516
	-----	-----	-----	-----
Weighted average number of common and common equivalent shares	20,027	20,044	19,962	19,994
	-----	-----	-----	-----
Primary earnings per share	\$.19	\$.16	\$.59	\$.49
	=====	=====	=====	=====
Fully diluted:				
Weighted average number of common and common equivalent shares	20,027	20,044	19,962	19,994
Add:				
Additional dilutive effect of outstanding options, as determined by the application of the treasury stock method using the quarter end market price of the Company's common stock	0	2	1	56
	-----	-----	-----	-----
Weighted average number of common shares fully diluted	20,027	20,046	19,963	20,050
	-----	-----	-----	-----
Fully diluted earnings per share*	\$.19	\$.16	\$.59	\$.49
	=====	=====	=====	=====

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

** Prior year earnings per share and weighted average shares have been restated to reflect the June 1996 2 for 1 stock dividend.

<ARTICLE> 5
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<FN>
<F1>The allowance of doubtful accounts is netted against total accounts receivable in the Accounts Receivable balance.

<F2>Rental merchandise has been classified as inventory for purposes of this schedule. Rental merchandise has been shown net of 59,335 accumulated depreciation.

<F3>The financial statements are presented with an unclassified balance sheet.

<F4>PP&E has been shown net of accumulated depreciation.

</FN>