



Aaron Rents, Inc.

309 East Paces Ferry Road, N.E.
Atlanta, Georgia 30305-2377
404-231-0011

2006 First Quarter Report

To Our Shareholders:

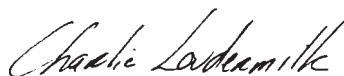
Our 51st year of business is off to a strong start with excellent operating results for the first quarter of 2006. Revenues for the quarter ended March 31, 2006 increased 24% to \$347.3 million from \$279.3 million in the 2005 first quarter. Net earnings increased 17% to \$21.6 million, or \$.42 per diluted share, compared to \$18.4 million, or \$.36 per diluted share in the prior year quarter.

The Aaron's Sales & Lease Ownership division continues to perform well, achieving a revenue increase of 26% to \$314.3 million compared to \$248.7 million for the first quarter in 2005. Same store revenue growth for Company-operated stores was 10.7% for the quarter. Continued same store revenue growth is one of the strongest validations of our business model. Our franchised stores also experienced strong results with same store revenue growth of 13.8% and a collective revenue increase of 18% to \$127.4 million for the quarter. Revenues of franchisees are not, however, revenues of Aaron Rents.

The Aaron's Corporate Furnishings division continues to improve with a revenue gain of 7%. The corporate rather than residential portion of the business is leading the way reflecting a strong corporate environment and the business relocations necessitated by the Gulf Coast hurricanes of 2005.

Consolidated rentals and fees increased 22% and franchise royalties increased 14% during the first quarter of 2006. Non-retail sales, primarily sales of merchandise to franchised stores, increased 40% for the quarter. Note that the first quarter included a pre-tax expense of approximately \$950,000 reflecting the Company's adoption as of January 1, 2006 of accounting for stock options as compensation expense under the guidelines of Financial Accounting Standard No. 123R.

During the quarter, the Company opened 13 new Company-operated sales and lease ownership stores and 11 new franchised stores. In addition, we acquired three franchised stores and the accounts of two other stores. At the end of the March 2006 quarter, there was a pipeline of 250 franchised stores that will open over the next several years. At the end of the first quarter, we had 755 Company-operated sales and lease ownership stores, 400 franchised stores, nine RIMCO stores and 59 corporate furnishings stores, totaling 1,223 stores. Store growth for 2006 is still expected to be on the order of 15%, in line with recent years.



R. Charles Loudermilk, Sr.
Chairman and Chief Executive Officer



Robert C. Loudermilk, Jr.
President and Chief Operating Officer

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this report regarding Aaron Rents, Inc.'s business which are not historical facts are "forward-looking statements" that involve risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements. For a discussion of such risks and uncertainties see "Risk Factors" in the Company's Annual Report on Form 10-K for fiscal 2005, which discussion is incorporated herein by this reference.

FIRST QUARTER REPORT

CONSOLIDATED STATEMENTS OF EARNINGS

Three Months Ended

March 31,

(In thousands, except per share amounts) (Unaudited)

	2006	2005
REVENUES		
Rentals & Fees	\$254,246	\$209,145
Retail Sales	19,170	16,043
Non-Retail Sales	64,027	45,571
Franchise Royalties and Fees	8,223	7,191
Other	1,621	1,398
	<u>347,287</u>	<u>279,348</u>
COSTS & EXPENSES		
Retail Cost of Sales	12,406	10,736
Non-Retail Cost of Sales	59,791	42,633
Operating Expenses	143,956	119,631
Depreciation of Rental Merchandise	93,281	75,130
Interest	3,222	1,600
	<u>312,656</u>	<u>249,730</u>
Earnings Before Taxes	34,631	29,618
Income Taxes	13,070	11,196
Net Earnings	<u>\$ 21,561</u>	<u>\$ 18,422</u>
Earnings Per Share	<u>\$.43</u>	<u>\$.37</u>
Earnings Per Share Assuming Dilution	<u>\$.42</u>	<u>\$.36</u>
Cash Dividends Declared Per Share		
Common Stock	\$.014	\$.013
Class A Common Stock	.014	.013
Common Stock and Class A Common Stock Wtd. Avg. Shares Outstanding		
Basic	50,185	49,767
Assuming Dilution	<u>51,085</u>	<u>50,747</u>

CONSOLIDATED BALANCE SHEETS

	<i>(Unaudited)</i> March 31, 2006	December 31, 2005
<i>(In thousands)</i>		
ASSETS:		
Cash	\$ 6,179	\$ 6,973
Accounts Receivable (net of allowances of \$2,085 in 2006 and \$2,742 in 2005)	43,563	42,812
Rental Merchandise	832,300	811,335
Less: Accumulated Depreciation	<u>(263,160)</u>	<u>(260,403)</u>
	569,140	550,932
Property, Plant & Equipment, Net	134,367	133,759
Goodwill and Other Intangibles, Net	103,027	101,085
Prepaid Expenses & Other Assets	26,354	22,954
Total Assets	<u>\$882,630</u>	<u>\$858,515</u>
LIABILITIES & SHAREHOLDERS' EQUITY:		
Accounts Payable & Accrued Expenses	\$121,696	\$112,817
Dividends Payable	704	699
Deferred Income Taxes Payable	73,385	75,197
Customer Deposits & Advance Payments	23,975	23,458
Credit Facilities	200,611	211,873
Shareholders' Equity	462,259	434,471
Total Liabilities & Shareholders' Equity	<u>\$882,630</u>	<u>\$858,515</u>