



## Aaron Rents, Inc. Reports Results for Third Quarter and Nine Months

October 29, 2001

ATLANTA, Oct 29, 2001 /PRNewswire via COMTEX/ -- Aaron Rents, Inc. (NYSE: RNT), the nation's leader in the rental, sales and lease ownership, and specialty retailing of residential and office furniture, consumer electronics and home appliances, today announced revenues and earnings for the third quarter and nine months of 2001.

For the three months ended September 30, revenues increased 6% to \$132.5 million compared to \$124.9 million for the third quarter of 2000. Before one-time charges, net earnings for the third quarter this year were \$1.5 million versus \$6.7 million last year and diluted earnings per share were \$.08 compared to \$.34 per share for the third quarter a year ago. During the quarter the Company recorded \$5.6 million of one-time, non-cash charges pertaining to its rent-to-rent division.

For the nine months of this year, revenues advanced 9% to \$406.7 million compared to \$372.1 million for the first nine months of 2000. Net earnings for the nine months, before the one-time charges, were \$13.8 million versus \$20.9 million for the corresponding period last year. Diluted earnings per share for the first nine months of this year, before the one-time charges, were \$.69 compared to \$1.05 per share for the same period last year.

The Aaron's Sales and Lease Ownership division increased its third quarter revenues 20% to \$96.0 million versus \$79.8 million for the third quarter last year. Systemwide revenues for this division, which include revenues of franchised stores, also rose 20% to \$141.9 million versus \$118.7 million for the third quarter a year ago. First nine months sales and lease ownership revenues increased 22% to \$287.6 million compared to \$236.7 million last year, and systemwide revenues for this division also advanced 22% to \$427.2 million compared to \$348.8 million for the first nine months of last year.

Revenues from Company-operated sales and lease ownership stores open in comparable quarters increased 6.9% during the third quarter compared to the same period a year ago. During the quarter the Company opened 54 Company-operated Aaron's Sales and Lease Ownership stores, three franchised stores and acquired five franchised stores. The Company plans to open another 15 Company-operated and 10 franchised stores during the fourth quarter of this year. The start-up expenses associated with the rapid openings of these new stores negatively affected earnings in the third quarter by approximately \$.15 per diluted share.

"We are very pleased with the continuing strong demand for Aaron's Sales and Lease Ownership products and services," said R. Charles Loudermilk, Sr., Chairman and Chief Executive Officer. "During the first nine months of this year, we have added a total of 100 additional sales and lease ownership stores and expect to add 25 more stores in the fourth quarter, giving us a total of over 580 stores systemwide in this division by year end -- an increase of more than 27% in store count for the year. This rapid increase in store count has been possible this year due to our previously announced acquisition of over 80 former Heilig-Meyers locations, which has created a tremendous opportunity for us to accelerate our growth rate over the next several years."

During the third quarter the Company recorded \$5.6 million of one-time, non-cash charges relating to its rent-to-rent division. These charges consist of \$3.8 million for the recording of future real estate lease obligations of closed rent-to-rent stores, \$1.0 million pertaining to the write-down of inventory, and \$800,000 primarily for the write-down of other assets relating to the division.

"Even though the rent-to-rent division has lost revenue this year, it has generated over \$20 million of cash flow during the first nine months of the year, and this has allowed us to re-deploy our resources to the adding of Aaron's Sales and Lease Ownership stores. Our balance sheet remains strong, with bank debt of \$71 million at the end of September, down \$30 million from the levels of December, 2000," continued Mr. Loudermilk.

"The slowing economy and the events of September 11 have drastically affected our rent-to-rent business in 2001. However, as of this date it doesn't appear these events have had an adverse impact on our Aaron's Sales and Lease Ownership division," Mr. Loudermilk added.

"We expect diluted earnings per share in the range of \$.10 to \$.15 per share in the fourth quarter of this year, which would include \$.10 to \$.15 per share of startup expenses relating to the ramp up of new stores," continued Mr. Loudermilk. "We plan at this time to limit new Company-operated store openings in the Aaron's Sales and Lease Ownership division in 2002, and expect both 2002 and 2003 to be strong years as our new stores mature in revenues and earnings. Our preliminary guidance for 2002 is the Company achieving revenues in excess of \$600 million, systemwide revenues being over \$800 million, and earnings per share in the range of \$1.30 to \$1.40. Prior to the end of December we expect to give additional guidance on the outlook for 2002."

At September 30 the Company had 556 Aaron's Sales and Lease Ownership stores open systemwide, including 357 Company-operated and 199 franchised stores, along with 78 rent-to-rent stores, for a total of 634 stores in 43 states and Puerto Rico.

Aaron Rents, Inc. based in Atlanta, currently has more than 640 Company-operated and franchised stores in 43 states and Puerto Rico for the rental and sale of residential and office furniture, accessories, consumer electronics and household appliances. The Company also manufactures furniture, bedding and accessories at 11 facilities in four states.

Note: Forward-looking statements in this news release are based on current expectations and are subject to risks and uncertainties, and actual results may vary materially from the expectations due to such factors as changes in general economic conditions, competition, pricing, customer demand and other issues.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this news release regarding Aaron Rents, Inc.'s business which are not historical facts are "forward-looking statements" that involve risks and uncertainties and 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 2000, which discussion is incorporated herein by this reference.

Aaron Rents, Inc. and Subsidiaries  
Consolidated Statements of Earnings  
(In thousands, except per share amounts)

	(Unaudited)		(Unaudited)	
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
Revenues:				
Rentals and Fees	\$99,361	\$89,460	\$301,966	\$266,231
Retail Sales	14,931	16,466	46,961	48,301
Non-Retail Sales	14,640	15,237	46,080	46,459
Other	3,584	3,687	11,689	11,141
Total	132,516	124,850	406,696	372,132
Costs and Expenses:				
R Before				
Taxes	(3,158)	10,799	16,642	33,717
Income Taxes (Benefit)	(1,197)	4,093	6,307	12,804
Net Earnings (Loss)	(\$1,961)	\$6,706	\$10,335	\$20,913
Earnings (Loss) Per Share	(\$0.10)	\$0.34	\$0.52	\$1.05
Earnings (Loss) Per Share Assuming Dilution	(\$0.10)	\$0.34	\$0.51	\$1.05
Weighted Average Shares Outstanding	19,959	19,834	19,914	19,841
Weighted Average Shares Outstanding Assuming Dilution	19,959	19,938	20,140	19,980

(1) Includes \$5.6 million in special charges in the third quarter of 2001 relating to the Company's rent-to-rent division.

SOURCE Aaron Rents, Inc.

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