

AARON RENTS INC  
Form DEF 14A  
April 09, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a)  
of the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to Section 240.14a-12

**AARON RENTS, INC.**

(Name of Registrant as Specified in its Charter)

**N/A**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies: N/A
  - (2) Aggregate number of class of securities to which transaction applies: N/A
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): N/A
  - (4) Proposed maximum aggregate value of transaction: N/A
  - (5) Total fee paid: N/A
- o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fees was paid previously. Identify the previous filing by registration statement number or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid: N/A
  - (2) Form, Schedule or Registration Statement No.: N/A
  - (3) Filing Party: N/A
  - (4) Date Filed: N/A
-

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*Aaron Rents, Inc.*

**309 E. Paces Ferry Road, N.E.  
Atlanta, Georgia 30305-2377**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
To Be Held May 8, 2007**

The 2007 Annual Meeting of Shareholders of Aaron Rents, Inc. (the Company), will be held on Tuesday, May 8, 2007, at 10:00 a.m., Eastern Time, at the SunTrust Plaza, 4th Floor, 303 Peachtree Street, N.E., Atlanta, Georgia 30303, for the purpose of considering and voting on the following:

- (1) The election of eleven directors to constitute the Board of Directors until the next annual meeting and until their successors are elected and qualified;
- (2) Such other matters as may properly come before the meeting or any adjournment thereof.

Information relating to the above items is set forth in the accompanying Proxy Statement.

Only shareholders of record of the Class A Common Stock at the close of business on March 13, 2007 (the Record Date) are entitled to vote at the meeting.

BY ORDER OF THE BOARD OF  
DIRECTORS

JAMES L. CATES  
Senior Group Vice President  
and Corporate Secretary  
Atlanta, Georgia  
April 9, 2007

**PLEASE COMPLETE AND  
RETURN THE ENCLOSED PROXY CARD PROMPTLY  
SO THAT YOUR VOTE MAY BE RECORDED AT THE MEETING  
IF YOU DO NOT ATTEND PERSONALLY.**

No postage is required if mailed  
in the United States in the accompanying envelope.

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(\*) To be voted on at the meeting

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**Aaron Rents, Inc.  
309 E. Paces Ferry Road, N.E.  
Atlanta, Georgia 30305-2377**

**PROXY STATEMENT**

**ANNUAL MEETING OF SHAREHOLDERS  
To Be Held May 8, 2007**

**GENERAL INFORMATION**

The enclosed proxy is being solicited by the Board of Directors of Aaron Rents, Inc. (the Company) for use at the 2007 annual meeting of shareholders to be held on Tuesday, May 8, 2007 (the Annual Meeting), and any adjournment or postponement of the annual meeting.

Each proxy that is properly executed and returned by a shareholder will be voted as specified thereon by the shareholder unless it is revoked. Shareholders are requested to execute the enclosed proxy and return it in the enclosed envelope. If no direction is specified on the proxy as to any matter being acted upon, the shares represented by the proxy will be voted in favor of such matter. Any shareholder giving a proxy has the power to revoke it at any time before it is voted by executing another proxy bearing a later date or by written notification to the Corporate Secretary of the Company. Shareholders who are present at the Annual Meeting may revoke their proxy and vote in person.

If you hold your shares through a broker or other nominee (i.e., in street name), your broker or other nominee should provide you instructions on how you may instruct them to vote your shares on your behalf. Your broker may provide you with different ways of providing instructions on how to vote, including by returning a voting instruction form in the mail or by providing voting instructions via telephone or the Internet.

The presence, in person or by proxy, of holders of a majority of the outstanding shares of the Company's Class A Common Stock at the Annual Meeting is necessary to constitute a quorum. The affirmative vote of a plurality of the holders of shares of the Company's Class A Common Stock present, in person or represented by proxy, at the Annual Meeting will be necessary to elect the nominees for director listed in this Proxy Statement.

Abstentions and broker non-votes will be included in determining whether a quorum is present at the Annual Meeting, but will otherwise have no effect on the election of the nominees for director. Broker non-votes are proxies received from brokers or other nominees holding shares on behalf of their clients who have not received specific voting instructions from their clients with respect to non-routine matters.

Only shareholders of record of Class A Common Stock at the close of business on the Record Date are entitled to vote at the Annual Meeting. A list of all shareholders entitled to vote will be available for inspection at the Annual Meeting. As of the Record Date, the Company had 8,396,233 shares of Class A Common Stock and 45,770,136 shares of Common Stock outstanding. Each share of Class A Common Stock entitles the holder thereof to one vote for the election of directors and any other matters that may properly come before the Annual Meeting. The holders of the Common Stock are not entitled to vote with respect to the election of directors or with respect to most other matters presented to the shareholders for a vote.

The Company will bear the cost of soliciting proxies, including the charges and expenses of brokerage firms, banks, and others for forwarding solicitation material to beneficial owners of shares of the Company's Class A Common Stock. The principal solicitation is being made by mail; however, additional solicitation may be made by telephone, facsimile, or personal interview by officers of the Company who will not be additionally compensated therefor. It is

anticipated that this Proxy Statement and the accompanying proxy will first be mailed to shareholders on or about April 9, 2007.

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**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON STOCK**

The following table sets forth, as of January 1, 2007 (except as otherwise noted), the beneficial ownership of the Company's Class A Common Stock and Common Stock by (i) each person who owns of record or is known by management to own beneficially 5% or more of the outstanding shares of the Company's Class A Common Stock, (ii) each of the Company's directors, (iii) the Company's Chief Executive Officer, Chief Financial Officer and the other three most highly compensated executive officers of the Company who are listed in the Summary Compensation Table below (the "Named Executive Officers"), and (iv) all executive officers and directors of the Company as a group.

Except as otherwise indicated, all shares shown in the table below are held with sole voting and investment power. The Percent of Class column represents the percentage that the named person or group would beneficially own if such person or group, and only such person or group, exercised all options to purchase shares that were exercisable within 60 days of January 1, 2007, and received all available shares of restricted stock, of the applicable class of common stock held by him, her, or it.

<b>Beneficial Owner</b>	<b>Title of Class of Common Stock</b>	<b>Amount and Nature of Beneficial Ownership(1)</b>	<b>Percent of Class(1)</b>
R. Charles Loudermilk, Sr. 309 E. Paces Ferry Road, Atlanta, GA	Class A	5,353,875	63.77%
	Common	1,504,407(2)	3.29%
Gamco Investors, Inc. One Corporate Center, Rye, NY	Class A	444,328(3)	5.29%
T. Rowe Price Associates, Inc. 100 E. Pratt Street, Baltimore, MD	Class A	821,300(4)	9.78%
Robert C. Loudermilk, Jr.	Class A	3,375(5)	*
	Common	993,356(6)	2.17%
Gilbert L. Danielson	Class A	4,500	*
	Common	368,405(7)	*
William K. Butler, Jr. Ronald W. Allen	Common	216,516(8)	*
	Class A	11,250	*
Leo Benatar	Common	7,000(9)	*
	Class A	10,725	*
Earl Dolive	Common	12,190(10)	*
	Class A	188,841	2.25%
David L. Kolb	Common	171,069(11)	*
	Common	40,698(12)	*
John C. Portman, Jr.	Common	6,000(13)	*
John B. Schuerholz	Common	1,216(14)	*
Ray M. Robinson	Common	7,000(15)	*
K. Todd Evans	Common	53,546(16)	*



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All executive officers and directors as a group (a total of 19 persons)	Class A	5,573,721	66.38%
	Common	3,634,694(17)	7.95%

\* Less than 1%.

- (1) Amounts shown do not reflect that the Common Stock is convertible, on a share for share basis, into shares of Class A Common Stock (i) by resolution of the Board of Directors if, as a result of the existence of the Class A Common Stock, either class is excluded from listing on The New York Stock Exchange or any national securities exchange on which the Common Stock is then listed and (ii) automatically should the outstanding shares of Class A Common Stock fall below 10% of the aggregate outstanding shares of both classes. Beneficial ownership is determined under the rules of the Securities and Exchange Commission. These rules

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deem common stock subject to options currently exercisable, or exercisable within 60 days, to be outstanding for purposes of computing the percentage ownership of the person holding the options or of a group of which the person is a member, but they do not deem such stock to be outstanding for purposes of computing the percentage ownership of any other person or group.

- (2) Includes options to purchase 292,500 shares of Common Stock and 11,788 shares of Common Stock held by Mr. Loudermilk, Sr. s spouse and 10,000 shares of unvested restricted stock. Mr. Loudermilk, Sr. has pledged 1,075,000 shares of Class A Common Stock and 400,000 shares of Common Stock as security for indebtedness.
- (3) As reported on Schedule 13D filed with the Securities and Exchange Commission on December 31, 2006 by Gamco Investors, Inc.
- (4) As reported on Schedule 13G/A filed with the Securities and Exchange Commission on February 14, 2007 by T. Rowe Price Associates, Inc.
- (5) Represents 3,375 shares of Class A Common Stock held by certain trusts for the benefit of Mr. Loudermilk, Jr. s children, of which Mr. Loudermilk, Jr. serves as trustee.
- (6) Includes options to purchase 172,500 shares of Common Stock, 229,326 shares of Common Stock held by certain trusts for the benefit of Mr. Loudermilk, Jr. s children, of which Mr. Loudermilk, Jr. serves as trustee, 37,827 shares of Common Stock held by Mr. Loudermilk, Jr. s spouse, and 10,000 shares of unvested restricted stock.
- (7) Includes options to purchase 350,250 shares of Common Stock, 1,575 shares of Common Stock held by Mr. Danielson s spouse and 10,000 shares of unvested restricted stock.
- (8) Includes options to purchase 150,000 shares of Common Stock, 16,580 shares of Common Stock held by Mr. Butler s spouse and 10,000 shares of unvested restricted stock.
- (9) Includes options to purchase 2,250 shares of Common Stock and 1,000 shares of unvested restricted stock.
- (10) Includes options to purchase 2,250 shares of Common Stock and 1,000 shares of unvested restricted stock.
- (11) Includes options to purchase 2,250 shares of Common Stock and 1,000 shares of unvested restricted stock.
- (12) Includes options to purchase 2,250 shares of Common Stock and 1,000 shares of unvested restricted stock.
- (13) Includes 1,000 shares of unvested restricted stock.
- (14) Includes 1,000 shares of unvested restricted stock.
- (15) Includes 1,000 shares of unvested restricted stock.
- (16) Includes options to purchase 51,000 shares of Common Stock and 2,000 shares of unvested restricted stock.
- (17) Includes options to purchase 1,190,000 shares of Common Stock and 63,000 shares of unvested restricted stock.

**Compliance with Section 16(a) of the Exchange Act**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10% of either class of the Company's common stock, to file with the Securities and Exchange Commission certain reports of beneficial ownership of the Company's common stock. Based solely on copies of such reports furnished to the Company and written representations that no other reports were required, the Company believes that all applicable Section 16(a) filing requirements were complied with by its directors, officers, and more than 10% shareholders during the year ended December 31, 2006.

**Table of Contents****ELECTION OF DIRECTORS**

The Board of Directors is responsible for directing the management of the Company. The Company's Bylaws provide for the Board of Directors to be composed of eleven members. The Board recommends the election of the eleven nominees listed below to constitute the entire Board, who will hold office until the next annual meeting of shareholders and until their successors are elected and qualified. If, at the time of the Annual Meeting, any of such nominees should be unable to serve, the persons named in the proxy will vote for such substitutes or will vote to reduce the number of directors for the ensuing year, as the Board recommends, but in no event will the proxy be voted for more than eleven nominees. Management has no reason to believe any substitute nominee or reduction in the number of directors for the ensuing year will be required.

On August 10, 2006, Mr. John C. Portman, Jr. was elected to the Board of Directors of the Company. Mr. Portman came to the attention of the Board as a director candidate through a referral made by the Chairman of the Board.

All of the nominees listed below are now directors of the Company and have consented to serve as directors if elected. The following information relating to age, positions with the Company, principal occupation, and directorships in companies with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, subject to the requirements of Section 15(d) of that Act or registered as an investment company under the Investment Company Act of 1940, has been furnished by the respective nominees.

<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Other Directorships</b>	<b>Director Since</b>
R. Charles Loudermilk, Sr.	79	Mr. Loudermilk, Sr. has served as Chairman of the Board and Chief Executive Officer of the Company since the Company's incorporation in 1962. From 1962 to 1997, he was also President of the Company. He has been a director of America's Mart Corporation, owner and manager of the Atlanta Merchandise Mart, since 1996. He is one of the founders and Chairman of the Board of The Buckhead Community Bank, and formerly the Chairman of the Board of Directors of the Metropolitan Atlanta Rapid Transit Authority.	1962
Robert C. Loudermilk, Jr.	47	Mr. Loudermilk, Jr., has served in various positions since joining the Company as an Assistant Store Manager in 1985. He has served as a Director of the Company since 1983, and as President and Chief Operating Officer of the Company since 1997.	1983
Gilbert L. Danielson	60	Mr. Danielson has served as Vice President, Finance and Chief Financial Officer and Director of the Company since 1990. He was named Executive Vice President in 1998. He has also served as a Director of Servidyne, Inc. since 2000.	1990
Ronald W. Allen(1)	65	Mr. Allen has served as a Director of the Company since 1997. He was Chairman and Chief Executive	1997

Officer of Delta Air Lines, an international air passenger carrier, from 1987 to 1997. He also served as President of Delta from 1983 to 1987 and from 1993 to 1997, and Chief Operating Officer from 1983 to 1997. He currently serves as a Director of The Coca-Cola Company, Interstate Hotels and Resorts, and Aircastle Limited.

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<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Other Directorships</b>	<b>Director Since</b>
Leo Benatar(2)	77	Mr. Benatar has served as a Director of the Company since 1994. He is currently a Principal with Benatar & Associates. Previously, he has been an associated consultant with A.T. Kearney, Inc., a management consulting and executive search company since 1996. He was Chairman of Engraph, Inc., and served as Chief Executive Officer of that company from 1981 to 1995. Mr. Benatar serves as a Director of Mohawk Industries, Inc. and Paxar Corporation. He previously served as Chairman of the Federal Reserve Bank of Atlanta.	1994
Earl Dolive(1)	88	Mr. Dolive has served as a Director of the Company since 1977. He currently serves as a Director of Greenway Medical Technologies, Inc. and as Director Emeritus of Genuine Parts Company, a distributor of automobile replacement parts. Prior to his retirement in 1988, he was Vice Chairman of the Board of Genuine Parts Company.	1977
Ray M. Robinson(2)	59	Mr. Robinson is President Emeritus of the East Lake Golf Club and Vice Chairman of the East Lake Community Foundation. He has served as a Director of the Company since 2002. Prior to his retirement in 2003 as Southern Region President, Mr. Robinson was employed with AT&T from 1968. Mr. Robinson currently serves on the Board of Directors for Avnet, Inc., Acuity Brands, Inc., Citizens Trust Bank, American Airlines and ChoicePoint, Inc.	2002
John Schuerholz	66	Mr. Schuerholz is Executive Vice President and General Manager of the Atlanta Braves professional baseball organization. Prior to joining the Atlanta Braves in 1990, he was employed from 1968 with the Kansas City Royals professional baseball organization in various management positions until being named Executive Vice President and General Manager of that organization in 1981.	2006

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<b>Name</b>	<b>Age</b>	<b>Principal Occupation for Past Five Years and Other Directorships</b>	<b>Director Since</b>
William K. Butler, Jr.	54	Mr. Butler joined the Company in 1974 as a Store Manager. He served as Vice President of the Aaron's Rental Purchase Division from 1986 to 1995 and currently is President of that Division, now known as the Aaron's Sales & Lease Ownership Division. He has served as a Director of the Company since 2000.	2000
David L. Kolb(1)	68	Mr. Kolb was Chairman of the Board of Directors of Mohawk Industries, Inc., a manufacturer of flooring products, from 2001 until 2004. Prior to his retirement as Chairman in 2004, he also served as CEO from 1988 to 2001. Mr. Kolb has been a Director of the Company since August of 2003. He also serves on the Board of Directors for Chromcraft Revington Corporation and Paxar Corporation.	2003
John C. Portman, Jr.	82	Mr. Portman is the Chairman of real estate development company Portman Holdings, LLC, the founder of architectural and engineering firm John Portman & Associates, Inc., and Chairman, Chief Executive Officer and Director of AMC, Inc., owner and manager of the Atlanta Merchandise Mart.	2006

(1) Member of the Audit Committee of the Board of Directors.

(2) Member of the Compensation Committee of the Board of Directors.

There are no family relationships among any of the executive officers, directors, and nominees of the Company, except that Robert C. Loudermilk, Jr. is the son of R. Charles Loudermilk, Sr.

The Board held four meetings during the year ended December 31, 2006 with each director attending 100% of the meetings of the Board and committees on which they served. The Board has determined that Messrs. Allen, Benatar, Dolive, Kolb, Robinson, Schuerholz and Portman are independent directors under the listing standards of the New York Stock Exchange. The Board believes that it should be sufficiently represented at the Company's annual meeting of shareholders. Last year all of the Board's then incumbent members attended the annual meeting.

**Board Recommendation**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF ALL ELEVEN NOMINEES.

**Committees of the Board of Directors**

*Audit Committee.* The Board has a standing Audit Committee which is composed of Messrs. Kolb, Dolive, and Allen. All of the members of the Committee are independent within the meaning of the listing standards of the New York Stock Exchange, and the Board has determined that both Messrs. Dolive and Kolb are audit committee financial experts within the meaning of the rules of the Securities and Exchange Commission. The function of the Audit

Committee is to assist the Board of Directors in fulfilling their oversight responsibility relating to: the integrity of the Company's financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company's internal audit function and independent auditors; the independent auditors qualifications and independence; and the Company's compliance with ethics policies and legal and regulatory requirements. Among other responsibilities, the Audit Committee is directly responsible for the appointment, compensation, retention, and termination of the independent auditors, who report directly to the Committee. The Audit Committee operates pursuant to a written charter adopted by the Board. The Audit Committee held five meetings during the year ended December 31, 2006. Please see page 24 of this Proxy Statement for the 2006 Audit Committee Report.



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*Compensation Committee.* The Board has a standing Compensation Committee, which is currently composed of Messers. Benatar and Robinson. The purpose of the Compensation Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to executive and director compensation, equity compensation plans and other compensation and benefit plans, management succession and other significant human resources matters. The Compensation Committee operates pursuant to a written charter adopted by the Board. The Compensation Committee held two meetings during the year ended December 31, 2006. Please see page 14 of this Proxy Statement for the 2006 Compensation Committee Report.

Under its Charter, the Compensation Committee has the authority to review and approve performance goals and objectives for the Named Executive Officers in connection with the Company's compensation programs, and to evaluate the performance of the Named Executive Officers, in light of such performance goals and objectives and other matters, for compensation purposes. Based on such evaluation and other matters, the Compensation Committee recommends to the independent members of the Board of Directors for determination the compensation of the Named Executive Officers. The Compensation Committee considers the recommendations of the Chief Executive Officer in formulating recommendations to the independent directors regarding the compensation of the Named Executive Officers (other than the Chief Executive Officer). The Committee generally makes its recommendations to the Board during the first quarter of the Company's fiscal year. The Committee also has the authority to approve grants of stock options, restricted stock, stock appreciation rights and other equity incentives and to consider from time to time, and recommend to the Board, changes to director compensation. The Committee can delegate its duties and responsibilities to one or more subcommittees, and can also delegate certain of its duties and responsibilities to management of the Company, to the extent consistent with applicable laws, rules and listing standards.

The Board does not have a nominating committee. Certain New York Stock Exchange listing criteria related to nominating committees and the composition of the Board are not applicable to the Company because a majority of its voting Class A Common Stock is beneficially owned by the Chairman and Chief Executive Officer, Mr. Loudermilk, Sr. Moreover, because of the practical necessity that a candidate for director must be acceptable to Mr. Loudermilk, Sr., in his capacity as holder of a majority of the Company's voting stock, in order to be elected, the Board believes it is desirable for the nominations function to be fulfilled by the full Board, including Mr. Loudermilk, Sr., rather than by a nominating committee that does not include him.

In addition to these committees, the non-management and independent members of the Board meet frequently in executive session, without management present. Mr. Benatar currently chairs these meetings as lead director.

## **Director Nominations**

The Board of Directors is responsible for considering and making recommendations to the shareholders concerning nominees for election as director at the Company's meetings of shareholders, and nominees for appointments to fill any vacancy on the Board.

To fulfill its nominations responsibilities, the Board periodically considers the experience, talents, skills and other characteristics the Board as a whole should possess in order to maintain its effectiveness. In determining whether to nominate an incumbent director for reelection, the Board evaluates each incumbent's continued service, in light of the Board's collective requirements. When the need for a new director arises (whether because of a newly created Board seat or vacancy), the Board proceeds by whatever means it deems appropriate to identify a qualified candidate or candidates. The Board evaluates the qualifications of each candidate. Final candidates are generally interviewed by one or more Board members before the Board makes a decision.

At a minimum, directors should have high moral character and personal integrity, demonstrated accomplishment in his or her field and the ability to devote sufficient time to carry out the duties of a director. In addition to these minimum qualifications, in evaluating candidates the Board may consider all information relevant in its business judgment to the decision of whether to nominate a particular candidate for a particular Board seat, taking into account the then current composition of the Board. These factors may include: a candidate's professional and educational background, reputation, industry knowledge and business experience, and the relevance of those characteristics to the Company and the Board; whether the candidate will complement or contribute to the mix of talents, skills and other characteristics needed to maintain the Board's effectiveness; the candidate's ability to fulfill

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the responsibilities of a director and of a member of one or more of the Board's standing committees; and input from the Company's majority shareholder.

Nominations of individuals for election to the Board at any meeting of shareholders at which directors are to be elected may be made by any shareholder entitled to vote for the election of directors at that meeting by complying with the procedures set forth in Article III, Section 3 of the Company's Bylaws. Article III, Section 3 generally requires that shareholders submit nominations by written notice to the President setting forth certain prescribed information about the nominee and nominating shareholder. That section also requires that the nomination be submitted at a prescribed time in advance of the meeting, as described below in SHAREHOLDER PROPOSALS FOR 2008 ANNUAL MEETING.

The Board will consider including in its slate of director nominees for an annual shareholders' meeting a nominee submitted to the Company by a shareholder. In order for the Board to consider such nominees, the nominating shareholder should submit the information about the nominee and nominating shareholder described in Article III, Section 3 of the Bylaws to the President at the Company's principal executive offices at least 120 days before the first anniversary of the date that the Company's Proxy Statement was released to shareholders in connection with the previous year's annual meeting of shareholders. The nominating shareholder should expressly indicate that such shareholder desires that the Board consider such shareholder's nominee for inclusion with the Board's slate of nominees for the meeting. The nominating shareholder and shareholder's nominee should undertake to provide, or consent to the Company obtaining, all other information the Board requests in connection with its evaluation of the nominee.

The shareholder's nominee must satisfy the minimum qualifications for director described above. In addition, in evaluating shareholder nominees for inclusion with the Board's slate of nominees, the Board may consider all relevant information, including the factors described above; whether there are or will be any vacancies on the Board; and the size of the nominating shareholder's holdings in the Company and the length of time such shareholder has owned such holdings.

**EQUITY COMPENSATION PLANS**

The following table sets forth aggregate information as of December 31, 2006 about the Company's compensation plans under which our equity securities are authorized for issuance.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
Equity Compensation Plans Approved by Shareholders	2,323,907	\$ 13.69	712,000
Equity Compensation Plans Not Approved by Shareholders	N/A	N/A	N/A



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Set forth below are the names and ages of all executive officers of the Company as of February 24, 2007. All positions and offices with the Company held by each such person are also indicated. Officers are elected annually for one-year terms or until their successors are elected and qualified. All executive officers are United States citizens.

The Company has adopted a code of ethics applicable to its Chief Executive, Financial and Accounting Officers. The Company will provide to any person without charge, upon request, a copy of the code of ethics. Request should be made in writing to the Corporate Secretary, Aaron Rents, Inc., 309 E. Paces Ferry Road, N.E., Atlanta, Georgia 30305-2377.

<b>Name (Age)</b>	<b>Position with the Company and Principal Occupation During the Past Five Years</b>
R. Charles Loudermilk, Sr. (79)	Chairman of the Board of Directors and Chief Executive Officer of the Company.*
Robert C. Loudermilk, Jr. (47)	President and Chief Operating Officer of the Company.*
Gilbert L. Danielson (60)	Executive Vice President and Chief Financial Officer of the Company.*
William K. Butler, Jr. (54)	President of the Aaron's Sales & Lease Ownership Division.*
Eduardo Quinones (46)	President of the Aaron's Corporate Furnishings Division since 2000.
James L. Cates (56)	Senior Group Vice President and Corporate Secretary of the Company since 2002.
Elizabeth L. Gibbs (45)	Ms. Gibbs has served as Vice President, General Counsel since 2006. Prior to then she was employed since 2005 with Home Depot, Inc. as Corporate Counsel and from 2000 until 2005, as Vice President, General Counsel and Secretary for The Athlete's Foot Stores, LLC.
B. Lee Landers (47)	Vice President, Chief Information Officer since 1999.
Robert P. Sinclair, Jr. (45)	Vice President, Corporate Controller since 1999.
Mitchell S. Paull (48)	Mr. Paull served as Vice President, Treasurer of the Company from 1991 until 1999. From 1999 to 2001, Mr. Paull served as Chief Financial Officer and Vice President Finance and Administration of Winter, a construction management company and as Chief Financial Officer and Vice President-Finance for Career Fair, a computer software company. Mr. Paull rejoined the Company as Senior Vice President in 2001 and in 2005 was appointed to Senior Vice President, Merchandising and Logistics, Aaron's Sales & Lease Ownership Division.
K. Todd Evans (43)	Vice President, Franchising since 2001.
Marc S. Rogovin (47)	Vice President, Real Estate and Construction since 1998.

\* For additional information concerning these individuals, see ELECTION OF DIRECTORS above.



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**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

In this section, we describe the Company's compensation objectives and policies as applied to our principal executive officer, our principal financial officer, and our three other most highly-compensated executive officers during 2006. We refer to these five persons throughout this section and this Proxy Statement as the Named Executive Officers. The following discussion and analysis is intended to provide a framework within which to understand the actual compensation awarded to, earned or held by each Named Executive Officer during 2006, as reported in the compensation tables and accompanying narrative sections appearing on pages 15 to 20 of this Proxy Statement.

**Administration**

In 2005, the Compensation Committee was formed to assist the Board of Directors in fulfilling its oversight responsibilities with respect to executive and director compensation, equity compensation plans and other compensation and benefit plans, management succession and other significant human resources matters. The Board approved a Charter for the Committee in 2007. Prior to the formation of the Compensation Committee and commencement of its activities, compensation decisions for the Named Executive Officers were analyzed and approved by the Board. None of the members of the Compensation Committee has been an officer or employee of the Company, and the Board has considered and determined that all of the members are independent as independent is defined under New York Stock Exchange Rules and otherwise meet the criteria set forth in the Committee's Charter.

Generally, the Compensation Committee reviews and discusses the recommendations of the Chief Executive Officer regarding the compensation of the Named Executive Officers of the Company, evaluates the performance of the Named Executive Officers and, based upon the Chief Executive Officer's recommendations and such evaluation, recommends their compensation to the independent members of the Board for determination. The Chief Executive Officer makes recommendations to the Compensation Committee regarding compensation for all of the Named Executive Officers, other than for himself. For executive officers other than the Named Executive Officers, the Chief Executive Officer generally determines compensation levels, in most cases upon the recommendation of supervising executives. In addition, the Compensation Committee approves all equity awards, including for the Named Executive Officers and other officers, considering the recommendations of senior management. In certain circumstances where recommending compensation decisions to the Board would impair tax deductibility of executive compensation, the Compensation Committee makes final decisions on Named Executive Officer compensation.

Although management and any other invitees at Compensation Committee meetings may participate in discussions and provide information that the Compensation Committee considers (except for discussions with respect to any invitee's own compensation, in which an executive does not participate), invitees do not participate in voting and decision-making.

In establishing recommendations for compensation of the Named Executive Officers, the Compensation Committee considers not only the recommendations of the Chief Executive Officer, but also objective measurements of business performance, the accomplishment of strategic and financial objectives, the development of management talent within the Company, enhancement of shareholder value and other matters relevant to the short-term and the long-term success of the Company. For further information on the Compensation Committee, see ELECTION OF DIRECTORS COMMITTEES OF THE BOARD OF DIRECTORS - COMPENSATION COMMITTEE.





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**Executive Compensation**