

**ELECTRO RENT CORPORATION**  
**AUDIT COMMITTEE CHARTER**  
**AMENDED AND RESTATED OCTOBER 15, 2009**

**Overview**

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Electro Rent Corporation ("**Electro Rent**") shall assist the Board in fulfilling its financial oversight responsibilities. Its primary function shall be to review the financial information which will be provided to the shareholders and others, the financial reporting process, the system of internal controls, the independent auditors' independence, the audit process and the process for monitoring compliance with laws and regulations.

To assure the appropriate division of labor in corporate governance, the Committee must draw a line between its oversight role and management's role in managing the affairs of Electro Rent. The Committee is intended to oversee, but not replace, management's own efforts. Accordingly, the Committee will initiate reviews of Electro Rent's financial reporting processes and systems, but it is the responsibility of management and the independent auditors to bring to the attention of the Committee any failures, irregularities, or other problems within those processes and systems that may arise from time to time.

In performing its duties, the Committee will seek to maintain free and open communication among the Board, the independent auditors, the internal auditors and the financial management of Electro Rent. The Committee is intended to provide an independent and, as appropriate, confidential forum in which interested parties can freely discuss information and concerns.

The Committee will have the authority necessary to carry out its duties and responsibilities as set forth in this Charter and take any action reasonably related thereto, subject to any restrictions in Electro Rent's articles of incorporation or bylaws and applicable law.

**Committee Composition**

**Committee Comprised Solely of Independent Directors.** The Committee shall be comprised of at least three directors, except as otherwise allowed by the rules and regulations of the Securities and Exchange Commission ("**SEC**") and the Nasdaq Stock Market ("**NASDAQ**"), with the exact number of members to be fixed and changed from time to time by the Board. Each member of the Committee must be "independent" in accordance with the applicable rules and regulations of the SEC and NASDAQ. If at any time the Committee is composed of fewer than three independent directors, such lesser number will constitute the Committee until the Board appoints a successor or successors.

**Member Qualifications.**

**All Members.** Each Committee member must be able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. Except as a member of this Committee or a member of the Board, no member of the Committee shall have participated in the preparation of the financial statements of Electro Rent's (or any of its subsidiaries) at any time during the past three years.

**One Committee Member Must be Financially Sophisticated.** At least one member of the Committee must have accounting or financial management experience (or other relevant experience) that will result in that person's financial sophistication as required by applicable NASDAQ rules and regulations. Unless otherwise determined by the Board, at least one member of the Committee should qualify as an "audit committee financial expert" under applicable SEC rules and regulations.

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Additional Limitation. No member of the Committee may sit on audit committees for more than two other public companies unless explicitly approved by the Board.

Chairperson. The Committee's chairperson shall be designated by the full Board or, if the Board does not do so, the Committee members shall elect a chairperson by vote of a majority of the full Committee.

**Compensation**

Committee members may not receive any direct or indirect compensation from Electro Rent other than as a director.

**Sole Authority for Retaining Auditors and Other Financial Professionals**

The Committee will have the sole power to:

- Hire and fire the independent auditors to audit the financial statements of Electro Rent and its divisions and subsidiaries, based on the Committee's judgment of the independent auditors' independence and effectiveness, as well as to approve all fees and engagement terms;
- Resolve any disagreement between the auditors and management; and
- Pre-approve all non-audit services performed by Electro Rent's auditors (including the fees and engagement terms for those services), all in accordance with SEC rules and regulations and subject to a de minimis exception as permitted by SEC rules and regulations. In doing so, the Committee will consider whether the provision of non-audit services, if any, by the independent auditors is compatible with maintaining the independent auditors' independence. The Committee will not approve any of the Prohibited Services listed on Appendix A to this Charter, and, in making a business judgment about particular non-audit services, the Committee will consider the guidelines contained in Appendix A to this Charter.

**Oversight Responsibilities**

The Committee will have oversight responsibility to:

- Review with financial management and the independent auditors the quarterly and annual earnings releases and press releases containing historical or forward-looking financial information before the applicable reports are filed with the SEC, or other regulators, or the releases are published. In addition, the Committee will review with financial management and the independent auditors (i) the financial statements contained in the quarterly and annual reports to be provided to shareholders and/or filed with the SEC to determine that the independent auditors are satisfied with the disclosure and content of the financial statements, and the Committee will recommend to the Board whether the audited financial statements should be included in Electro Rent's Form 10-K; (ii) Electro Rent's critical financial reporting issues, policies and practices, including changes in or adoptions of accounting principles and disclosure practices and significant period-end adjustments; (iii) the quality, not just acceptability, of accounting principles and the clarity of the financial disclosure practices used or proposed to be used, and particularly, the degree of aggressiveness or conservatism of Electro Rent's accounting principles and underlying estimates and other significant decisions made in preparing the financial statements; and (iv) any other matters required to be communicated to the Committee by the independent auditors.

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- Inquire quarterly of the independent auditors of their views about how Electro Rent's choices of accounting principles and disclosure practices may affect public views and attitudes about Electro Rent.
- Require the independent auditors to timely report to the Committee (i) any difficulties encountered in the course of their work, including any restriction on the scope of activities or access to required information; (ii) all alternative treatments of financial information within generally accepted accounting principles discussed by the independent auditors and management, the ramifications of each such alternative treatment and the accounting firm's preferred treatment; and (iii) other material written communications between the accounting firm and Electro Rent's management, such as any management letter or schedule of unadjusted differences.
- Meet with the independent auditors and financial management of Electro Rent prior to any audit to review the scope of any proposed audit, including the timing of the audit, the procedures to be utilized and the adequacy of the independent auditors' compensation. At the conclusion of the audit process, review the findings in the audit with the independent auditors and the cooperation that the independent auditors received during the course of their work.
- At least annually, obtain from the independent auditors a written communication delineating all their relationships and professional services, as required by Independence Standards Board Standard No. 1, Independence Discussion with Committees, and an explanation of the independent auditor's internal quality control procedures and material issues (if any) raised in their peer review or by any inquiry by governmental or professional authorities within the last five years relating to any of the auditors' independent audits, and any steps taken to deal with those issues. In addition, review with the independent auditors the nature and scope of any disclosed relationships or professional services and take, or recommend that the Board take, appropriate action to ensure the continuing independence of the auditors.
- Have a clear understanding with the independent auditors that they are ultimately accountable to the Committee, and that the Committee has the ultimate authority in deciding to engage, evaluate and, if appropriate, terminate their services.
- Review the performance of and succession planning for Electro Rent's financial and accounting personnel as a group.
- Review and concur with the Board in the appointment, replacement, reassignment or dismissal of the Chief Financial Officer of Electro Rent and provide oversight with respect to the operation of the accounting and finance department generally, including any internal auditing functions.
- Review the adequacy and effectiveness of the internal controls (including accounting and financial controls) of Electro Rent. This should include a discussion with the independent auditors in which the Committee should review any recommendations for the improvement of such internal controls or particular areas where new or more detailed controls or procedures are desirable.
- Review communications received by Electro Rent from regulators and other legal and regulatory matters that may have a material effect on Electro Rent's financial statements or compliance policies, as provided by management of Electro Rent.
- Inquire of management and the independent auditors about significant areas of risk or exposure and

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assess the steps management of Electro Rent has taken to minimize such risks.

- Investigate any allegations of fraud or other conduct by officers or directors which might violate the Code of Business Conduct and Ethics of Electro Rent.
- Consider such other matters in relation to the financial affairs of Electro Rent and its accounts, and in relation to the external audit of Electro Rent, as the Committee may, in its discretion, determine to be advisable.

**Policies and Procedures**

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible in order to be able to best react to changing conditions. However, the Committee will:

- Determine whether to investigate any matter brought to its attention within the scope of its duties.
- Obtain the approval of this Charter from the Board and review and reassess this Charter at least annually or more frequently if conditions dictate.
- Meet in executive session at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will provide an opportunity for the independent auditors and management of Electro Rent to meet separately with the Committee, without members of the other group present.
- Be governed by majority vote of its members.
- Report the results of the annual audit to the Board and, if requested by the Board, invite the independent auditors to attend the Board meeting to assist in reporting the results of the annual audit or to answer the directors' questions.
- Report the results of and any recommendations from each Committee meeting to the Board.
- Affirm in Electro Rent's Proxy Statement the matters required by SEC or NASDAQ rules and regulations.

The Committee shall have the authority to obtain advice and seek assistance from internal and external legal, accounting and other advisors such as consultants and shall determine the extent of funding necessary for the payment of compensation to such persons and for the payment of other expenses of the Committee necessary in carrying out its responsibilities.

**Procedures for Responding to Concerns**

Every employee of or consultant to Electro Rent who has, or who hears expressed by another person, any concerns about the manner in which Electro Rent's financial statements or public reports are prepared, the sufficiency of its internal financial controls, the honesty or competence of its financial management or independent auditors or any other matter within the purview of the Committee is directed and strongly encouraged to report the matter promptly to any member of the Committee. The Committee will attempt to keep the name of the person reporting the potential issue confidential to the extent requested by that

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person and not inconsistent with the best interests of Electro Rent. **The Committee will not tolerate retaliation against any person who reports potential issues to the Committee in good faith.**

Any member of the Committee who receives such a complaint or inquiry shall notify the Chair of the Committee, who shall then notify the other members of the Committee. The Committee will then promptly decide on an appropriate methodology to investigate, understand and resolve the potential issue in a timely fashion. To do so, the Committee has the power to retain outside counsel, accountants and other professionals to assist in responding to and investigating any issue. After review and discussion in an executive session and (as the Committee deems necessary) with the Board and with outside counsel or other outside advisors, the Committee shall seek to promptly address the concerns and respond privately or publicly, as appropriate, to address the matter. The decision of the Committee in any such matter will be final and binding on Electro Rent without further action of the Board.

Approved by the Board and the Committee as of October 15, 2009.

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APPENDIX A

To help maintain internal accounting controls, the following non-audit services shall not be performed by Electro Rent's independent auditors ("**Prohibited Services**"):

- Bookkeeping or other services related to Electro Rent's accounting records;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions or human resources;
- Broker, dealer, investment adviser, or investment banking services;
- Legal services and expert services unrelated to the audit; and
- Any other service not permitted by SEC or NASDAQ rules or regulations.

Some factors which may be considered by the Committee when deciding whether to approve audit and non-audit services, which are not Prohibited Services, include:

1. Whether the service facilitates the performance of the audit, improves Electro Rent's financial reporting process, or is otherwise in the interest of Electro Rent and its shareholders.
2. Whether the service is being performed principally for the Committee.
3. The effects of the service, if any, on audit effectiveness or on the quality and timeliness of Electro Rent's financial reporting process.
4. Whether the service would be performed by specialists who ordinarily also provide recurring audit support.
5. Whether the service would be performed by audit personnel and, if so, whether it will enhance their knowledge of Electro Rent's business and operations.
6. Whether the role of those performing the service would be inconsistent with the auditor's role.
7. Whether the audit firm's personnel would be assuming a management role or creating a mutuality of interest with management.
8. Whether the auditors, in effect, would be auditing their own numbers.
9. Whether the project must be started and completed very quickly.
10. The size of the fee(s) for the non-audit service(s).