

ELECTRO RENT CORPORATION

6060 Sepulveda Boulevard
Van Nuys, California 91411-2512

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 15, 2009

DEAR SHAREHOLDERS:

You are cordially invited to attend the 2009 Annual Meeting of Shareholders (the "Annual Meeting") of **ELECTRO RENT CORPORATION** to be held on Thursday, October 15, 2009, at 10:00 a.m., local time, at our offices, located at 6060 Sepulveda Boulevard, Van Nuys, California 91411-2512. At the meeting, we will:

1. Elect seven directors to serve as members of our Board of Directors until the next annual meeting of shareholders or until their successors are elected.
2. Ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm.
3. Transact and act upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Shareholders of record at the close of business on August 17, 2009 are entitled to vote at the Annual Meeting. We urge you to vote your shares promptly by signing, dating and marking the enclosed proxy. You have the right to revoke your proxy before it is exercised by giving us written notice any time before the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting in person. In any event, please mark, date, sign and return the enclosed proxy.

By Order of the Board of Directors



Meryl D. Evans, Secretary

DATED: September 4, 2009

Your vote is important, whether or not you expect to attend the Annual Meeting; please mark, date, sign and return promptly the enclosed proxy in the stamped return envelope provided. Your prompt return of the proxy will help avoid the additional expense of further solicitation to assure a quorum at the meeting.

The Annual Meeting is on October 15, 2009. Please return your proxy in time.

ELECTRO RENT CORPORATION

**6060 Sepulveda Boulevard
Van Nuys, California 91411-2512**

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, OCTOBER 15, 2009

INTRODUCTION

Unless otherwise noted (1) the terms “we,” “us,” and “our,” refer to Electro Rent Corporation and its subsidiaries, (2) the terms “Common Stock” and “shareholder(s)” refer to Electro Rent’s common stock and the holders of that stock, respectively, and (3) the term “Board” refers to our Board of Directors.

We are furnishing this Proxy Statement to you in connection with the solicitation of proxies by and on behalf of our Board for use in connection with our annual meeting of shareholders to be held on October 15, 2009, and any adjournments or postponements thereof (our “Annual Meeting”). We will hold our Annual Meeting at our offices, located at 6060 Sepulveda Boulevard, Van Nuys, California 91411-2512 on Thursday, October 15, 2009 at 10:00 a.m., local time. At our Annual Meeting, shareholders will be asked to consider and vote upon the following proposals:

- The election of seven directors to serve as members of our Board until the next annual meeting of shareholders or until their successors are elected;
- The ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm; and
- The transaction of such other business as may properly come before our Annual Meeting.

We are first mailing this Proxy Statement and the accompanying form of proxy on or about September 4, 2009.

IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 15, 2009

Our Proxy Statement, Annual Report on Form 10-K, and form of proxy are available on the Internet on our corporate website at <http://www.electrorent.com/er/financial/proxy.aspx>.

INFORMATION CONCERNING SOLICITATION AND VOTING

Record Date; Quorum; Voting Rights; Votes Required for Approval; Revocation of Proxies

Our Board has fixed the close of business on August 17, 2009 as the record date for determining the shareholders entitled to receive notice of and to vote at our Annual Meeting. Only shareholders of record as of the close of business on the record date will be entitled to vote at our Annual Meeting. Holders of a majority of the issued and outstanding shares of Common Stock as of the record date, present in person or by proxy, will constitute a quorum for the transaction of business at our Annual Meeting.

As of August 17, 2009, the record date, there were 23,958,622 shares of Common Stock issued and outstanding. Each share is entitled to one vote. However, every shareholder entitled to vote for the election of directors has the right to cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected (seven) multiplied by the number of votes to which such shareholder's shares are entitled, or to distribute such shareholder's votes on the same principle among as many candidates as the shareholder thinks fit. No shareholder shall be entitled to cumulate votes unless the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting, and any shareholder has given notice at our Annual Meeting, prior to the voting, of such shareholder's intention to cumulate votes. The proxy holders are given discretionary authority, under the terms of the proxy, to cumulate votes represented by shares for which they are named in the proxy. In electing directors, the seven candidates receiving the highest number of affirmative votes shall be elected.

The selection of Deloitte & Touche LLP as our independent registered public accounting firm must be ratified by shareholders holding at least (1) a majority of shares present, or represented, and voting at our Annual Meeting and (2) a majority of the quorum. For this purpose, abstentions and broker non-votes will have no effect on the outcome of the vote unless such shares are necessary to satisfy the quorum requirement, in which case abstentions and broker non-votes will have the effect of a vote against the proposal.

All shares represented by valid proxies that we receive before our Annual Meeting will be voted at our Annual Meeting as specified in the proxy, unless the proxy has been previously revoked. If no specification is made on a proxy with respect to a proposal, then the related shares will be voted "FOR" that proposal. Unless you indicate otherwise, your proxy card also will confer discretionary authority on the Board-appointed proxies to vote the shares represented by the proxy on any matter that is properly presented for action at our Annual Meeting.

You have the right to revoke your proxy at any time before it is voted by giving written notice of revocation to our Secretary by mail or by facsimile, by submitting a subsequent later-dated proxy or by voting in person at our Annual Meeting.

Solicitation of Proxies; Cost of Solicitation

We will bear the cost of solicitation of proxies, including expenses of printing, assembling and mailing this Proxy Statement. We intend to solicit proxies primarily by mail. However, in addition to the use of the mails, our directors, officers or regular employees may solicit proxies without additional compensation, except for reimbursement of actual expenses. They may do so using the mails, in person, by telephone, by facsimile transmission or by other means of electronic communication. We may also make arrangements with brokerage firms and custodians, nominees and fiduciaries to forward proxy solicitation materials to beneficial owners of Common Stock held of record by such persons as of the record date. We will reimburse brokers, fiduciaries, custodians and other nominees for out-of-pocket expenses incurred in sending these proxy materials to, and obtaining instructions from, beneficial owners.

Recommendations of our Board

Our Board unanimously recommends that you vote "FOR" each of the nominees to be elected to our Board and "FOR" the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm.

If you sign and return your proxy but do not give voting instructions, then your shares will be voted as recommended by our Board.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth as of the record date the holdings (i) by each person who we know owns 5% or more of our Common Stock, (ii) by each of our directors, (iii) by each person named in the summary compensation table, and (iv) by all directors and executive officers as a group. We have relied upon information provided to us by our directors and executive officers and copies of documents sent to us that have been filed with the Securities and Exchange Commission ("SEC") by others for purposes of determining the number of shares each

person beneficially owns. Except as otherwise noted, the persons or entities named have sole voting and investment power with respect to all shares shown as beneficially owned by them.

<u>Name and Address of Owner(1)</u>	Common Stock	
	<u>Number of Shares (2)(3)</u>	<u>Percent of Class(2)(3)</u>
Phillip Greenberg(4)	2,335,573	9.8%
T. Rowe Price Associates, Inc.(5). 100 East Pratt Street Baltimore, Maryland 21202	3,892,000	16.2%
Dimensional Fund Advisors Inc.(6) 1299 Ocean Avenue, 11th Floor Santa Monica, California 90401	1,837,138	7.7%
Private Capital Management(7) 8889 Pelican Bay Blvd., Ste. 500 Naples, Florida 34108	1,764,095	7.4%
Daniel Greenberg(8)	4,817,505	20.1%
Steven Markheim	162,240	*
Craig R. Jones	64,558	*
Gerald D. Barrone.	49,875	*
Nancy Y. Bekavac	33,065	*
James S. Pignatelli	21,699	*
Karen J. Curtin	23,035	*
Joseph J. Kearns	17,067	*
Suzan K. DelBene.	864	*
Executive Officers and Directors as a Group (9 Persons)(9)	5,189,908	21.6%

* Less than 1%.

- (1) The address of each shareholder is 6060 Sepulveda Boulevard, Van Nuys, California 91411-2512 unless otherwise set forth in the table.
- (2) Shares underlying options that are currently exercisable or that will become exercisable within 60 days after the date as of which information in this table is provided are considered to be outstanding for the purpose of computing the percentage of outstanding shares owned by such person, but are not considered outstanding for the purpose of computing the percentage of shares owned by any other person. The number of shares in this table includes shares issuable on exercise of options that are currently exercisable or exercisable within 60 days after the date as of which information in this table is provided as follows: Mr. Markheim, 21,783 shares; Mr. Jones, 16,258 shares; Ms. Curtin, 9,000 shares; and 6,000 shares for each of Mr. Kearns, Mr. Pignatelli, Mr. Barrone, and Ms. Bekavac.
- (3) Shares underlying restricted stock units that are currently vested or that will become vested within 60 days after the date as of which information in this table is provided are considered to be outstanding for the purpose of computing the percentage of outstanding shares owned by such person, but are not considered outstanding for the purpose of computing the percentage of shares owned by any other person. The number of shares in this table includes 864 shares underlying restricted stock units that are currently vested or that will become vested 60 days after the date as of which information in this table is provided for each of Mr. Barrone, Ms. Bekavac, Ms. DelBene, Ms. Curtin, Mr. Kearns, and Mr. Pignatelli. See “Executive Compensation – Discussion and Analysis – Executive Compensation Components” and “Director Compensation” for a description of the terms of the restricted stock units.
- (4) In his Schedule 13G/A filed on February 14, 2006, Phillip Greenberg reported sole voting and disposition power with respect to 2,360,573 shares. On March 10, 2009, Phillip Greenberg gave 25,000 shares to The Greenberg Foundation and, as required by Regulation 13D-G, will file a Schedule 13G/A in 2010 to report such gift.

- (5) Based on information filed jointly by T. Rowe Price Associates, Inc., an investment adviser registered under the Investment Advisers Act of 1940, and T. Rowe Price Small-Cap Value Fund, Inc., a Maryland corporation, in their Schedule 13G/A on February 12, 2009, T. Rowe Price Associates, Inc. has sole voting power with respect to 1,191,300 shares and sole dispositive power with respect to 3,892,000 shares. T. Rowe Price Small-Cap Value Fund, Inc. has sole voting power with respect to 2,006,900 shares, but does not have sole or shared dispositive power with respect to any shares.
- (6) Based on information contained in its Schedule 13G/A filed on February 9, 2009, Dimensional Fund Advisors LP, an investment adviser registered under the Investment Advisers Act of 1940, has sole voting power with respect to 1,794,970 shares and sole dispositive power with respect to 1,837,138 shares.
- (7) Based on information contained in its Schedule 13G/A filed on February 13, 2009, Private Capital Management, L.P. beneficially owns a total of 1,764,095 shares and has (a) sole voting and sole dispositive power with respect to 1,035,724 shares, and (b) shared voting and dispositive power with respect to 728,371 shares.
- (8) The 4,817,505 shares reflected in the table include: (a) 145,496 shares held by The Greenberg Foundation, which Daniel Greenberg has the right to vote, but as to which he disclaims beneficial ownership, and (b) 649,938 shares held by the Ruth C. Greenberg Inter Vivos Trust of which Daniel Greenberg is the sole trustee and as to which he disclaims beneficial ownership.
- (9) Based on publicly available share ownership information and includes: (a) 71,041 shares underlying options held by our executive officers and directors that are currently exercisable or exercisable within 60 days after the date as of which information in this table is provided; (b) 5,184 shares underlying restricted stock units held by our directors that are currently vested or will be fully vested within 60 days after the date as of which information in this table is provided; (c) 123 shares held by our Employee Stock Ownership Plan for the benefit of our officers and directors; (d) 145,496 shares held by The Greenberg Foundation, which Daniel Greenberg has the right to vote but as to which he disclaims beneficial ownership; and (e) 649,938 shares held by the Ruth C. Greenberg Inter Vivos Trust of which Daniel Greenberg is the sole trustee and as to which he disclaims beneficial ownership.

PROPOSAL 1

ELECTION OF DIRECTORS

Our Board has nominated the following seven persons as directors to serve until our 2010 annual meeting of shareholders, or until their successors have been duly elected and qualified. Our Board has determined that each nominee, except Mr. Greenberg, our Chief Executive Officer, is independent as defined by the applicable rules and regulations of The NASDAQ Stock Market (“NASDAQ”). Each of the nominees is currently one of our directors. None of the nominees is related by blood, marriage or adoption to any other of our nominees or our executive officers. The seven nominees receiving the greatest number of votes at the Annual Meeting will be elected to the seven director positions. **Our Board recommends that you vote FOR each of the nominees listed below.**

Unless otherwise instructed, the proxy holders will vote the proxies received by them for these seven nominees. If any nominee is unable or declines to serve as director at the time of our Annual Meeting, the proxies will be voted for any nominee who is designated by our present Board to fill the vacancy.

<u>Name</u>	<u>Age</u>
Gerald D. Barrone	78
Nancy Y. Bekavac	62
Karen J. Curtin, Lead Director	54
Suzan K. DelBene	47
Daniel Greenberg	68
Joseph J. Kearns	67
James S. Pignatelli	65

Gerald D. Barrone has served on our Board since 1987. From 1987 until he retired in 1991, he served as President and Chief Operating Officer of Coast Federal Bank and Coast Savings Financial, Inc. From 1955 to 1987, he served as Chief Executive Officer, President and Vice Chairman of Fidelity Federal Bank and Citadel Holding Corporation. Mr. Barrone holds a B.S. in Business Administration from UCLA. He also completed the Executive Program at UCLA's Graduate School of Management.

Nancy Y. Bekavac has served on our Board since 1992. From 1990 until her retirement in 2007, she served as president of Scripps College. From 1988 to 1990, Ms. Bekavac was Counselor to the President of Dartmouth College. From 1985 to 1988, she worked with the Thomas J. Watson Foundation. From 1974 to 1988, she was a lawyer at the law firm of Munger, Tolles & Olson after clerking with the United States Court of Appeals for the District of Columbia from 1973 to 1974. Ms. Bekavac serves on the board of the Seaver Foundation. Ms. Bekavac is a graduate of Swarthmore College and holds a J.D. from Yale Law School.

Karen J. Curtin has served on our Board since 2004, and was appointed as our Lead Director in April 2009. She has been a Venture Partner in Paradigm Capital Ltd. since 2005. From 2004 until 2005, Ms. Curtin was a Principal in Dulcinea Ventures, a start up venture capital fund. From 1998 to 2002, Ms. Curtin was Executive Vice President for Bank of America. Prior to that time, she was manager of Bank of America's Leasing and Transportation Divisions and of predecessor Continental Bank's Leasing Division. Ms. Curtin holds a B.A. from Newcomb College of Tulane University and an M.A. from Columbia University School of International Affairs.

Suzan K. DelBene has served on our Board since 2009. Ms. DelBene is currently a management consultant and a strategic advisor to Global Partnerships, a non-profit organization focused on supporting microfinance and sustainable solutions, that serves those in poverty in Latin America. From 2004 to 2007, she was a corporate vice president at Microsoft Corp., overseeing all worldwide marketing efforts for the company's Mobile Communications Business. From 2000 to 2003, she was president and chief executive officer of Nimble Technology Inc. In 1998 and 1999, before joining Nimble Technology, she was the founding vice president of marketing and store development at drugstore.com, inc. Ms. DelBene also worked at Microsoft from 1989 to 1998 in various roles, including director of marketing and business development for the company's Interactive Media Group. Ms. DelBene currently serves on the board of trustees of Reed College. Ms. DelBene holds a B.A. in biology from Reed College and an MBA in business administration from the University of Washington.

Daniel Greenberg has served on our Board since 1976 and has been Chairman of our Board and Chief Executive Officer since 1979. Previously, he was President and Chief Executive Officer of Telecor, Inc., our former parent company. Prior to joining Telecor, he was a staff attorney with the State of California Department of Water Resources. Mr. Greenberg serves as Trustee of the National Public Radio Foundation and is Chairman of the Board of Trustees of Reed College. Mr. Greenberg holds a B.A. from Reed College and a J.D. from the University of Chicago Law School.

Joseph J. Kearns has served on our Board since 1988. Since January 1998, Mr. Kearns has served as President of Kearns & Associates LLC, which specializes in investment consulting for high net worth clients and family foundations. Mr. Kearns is also a part time lecturer on investment management at the Anderson School of Business at UCLA. He served as Vice-President and Chief Financial Officer/Chief Investment Officer of the J. Paul Getty Trust from May 1982 to January 1999. Before joining the Trust, he worked for nearly 20 years for Pacific Telephone, where he served as Financial Manager-Pension Funds and various other financial, accounting and data systems positions. He is a director of the Morgan Stanley Funds and the Ford Family Foundation and is a trustee of Mount Saint Mary's College. Mr. Kearns holds a B.A. in mathematics from California State University, Sacramento and an M.A. in statistics from Stanford University. He also completed the Williams College Program for Executives.

James S. Pignatelli has served on our Board since 2002. Since July 1998 until his retirement in January 2009, Mr. Pignatelli was Chairman of the Board, Chief Executive Officer and President of Unisource Energy Corporation, an electric utility holding company, and Chairman of the Board, Chief Executive Officer and President of Tucson Electric Power Company, its principal subsidiary. Previously he served those companies as Senior Vice President and Chief Operating Officer. Mr. Pignatelli serves on the Board of Directors of Evergreen Energy Inc., Millennium Energy Holdings, Inc., the Tucson Airport Authority, Edison Electric Institute and Blue Cross-Blue Shield of Arizona. Mr. Pignatelli holds a B.A. in accounting from Claremont Men's College and a J.D. from the University of San Diego.

BOARD AND COMMITTEES AND CORPORATE GOVERNANCE

Our Board held a total of four meetings during fiscal 2009 and acted nine times by written consent. All of our directors are expected to attend each meeting of our Board and the committees on which they serve and are encouraged to attend annual shareholder meetings, to the extent reasonably possible. All nominees attended more than 75% of the meetings of our Board and applicable committees in fiscal 2009 held during the period in which they served as directors. All of the nominees who were directors at that time attended our 2008 annual meeting of shareholders. Our Board has three standing committees: Audit Committee, Nominating and Corporate Governance Committee (“Nominating Committee”), and Compensation Committee. The charter of each of these committees is posted on our corporate website at <http://www.electrorent.com/er/governance.aspx>.

Audit Committee

Audit Committee Duties. Our Audit Committee’s primary function is to review the financial information to be provided to our shareholders, the financial reporting process, the system of internal controls, the audit process and our process for monitoring compliance with laws and regulations. Under our Audit Committee charter, our Audit Committee is solely responsible for:

- Hiring and firing the independent registered public accounting firm for the company;
- Resolving any disagreement between the independent auditors and our management; and
- Approving all audit and non-audit services performed by our independent auditors, subject to a de minimis exception.

Audit Committee Membership. The members of our Audit Committee are Joseph J. Kearns, Chairman, James S. Pignatelli and Karen J. Curtin. S. Lee Kling served on our Audit Committee during fiscal 2009 until July 26, 2008, the date of his death. Our Board has affirmatively determined that each member of our Audit Committee is, and Mr. Kling during the time of his service was, “independent,” meaning that the member does not have a material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) and is an independent director under the listing requirements for NASDAQ and under SEC rules and regulations. No Audit Committee member receives any compensation from us other than as a director and/or as a member of any committee appointed by our Board, or serves on audit committees for more than two other public companies. Our Board has determined that the Chair of our Audit Committee, Mr. Kearns, is an “audit committee financial expert” under the rules of the SEC, and that each of the other members of our Audit Committee is financially literate.

Audit Committee Meetings in Fiscal 2009. Our Audit Committee met five times during fiscal 2009.

Nominating and Corporate Governance Committee

Nominating Committee Duties. Our Nominating Committee manages the process for evaluating the performance of our Board and for nominating candidates (including current Board members) at the time for election by the shareholders after considering the appropriate skills and characteristics required on our Board, the current makeup of our Board, the results of the evaluations, and the wishes of existing Board members to be re-nominated. As appropriate, our Nominating Committee reviews director compensation levels and practices, and recommends, from time to time, changes in such compensation levels and practices to our Board. Our Nominating Committee also: reviews the definition of independent director; investigates potential conflicts of interest and related party transactions by directors and executive officers; recommends committee assignments; and reviews our Code of Business Conduct and Ethics, corporate governance guidelines and committee charters.

Nomination Process. On at least an annual basis, our Nominating Committee reviews with our Board whether it believes our Board would benefit from adding a new member(s), and if so, the appropriate skills and characteristics required for the new member(s). If our Board determines that a new member would be beneficial, our Nominating Committee solicits and receives recommendations for candidates and manages the process for evaluating candidates. All potential candidates, regardless of their source (including nominees by shareholders), are reviewed under the same process. Our Nominating Committee (or its chairperson) screens the available information about the potential candidates. Based on the results of the initial screening, interviews with viable

candidates are scheduled with Nominating Committee members, other members of our Board and senior members of management. Upon completion of these interviews and other due diligence, our Nominating Committee may recommend to our Board the election or nomination of a candidate.

Candidates for independent Board members have typically been found through recommendations from directors or others associated with us. Our Nominating Committee will consider nominations for directors from shareholders. Such nominations should be sent to our Secretary and include the name and qualifications of the nominee. All such recommendations will be brought to the attention of our Nominating Committee. The slate of directors included in this Proxy Statement was selected and recommended by our Nominating Committee and approved by our Board.

Our Nominating Committee has no predefined minimum criteria for selecting Board nominees although it believes that all independent directors should share qualities such as: independence; relevant, non-competitive experience; and strong communication and analytical skills. In any given search, our Nominating Committee may also define particular characteristics for candidates to balance the overall skills and characteristics of our Board and our perceived needs. Our Nominating Committee believes that it is necessary for at least one independent Board member to possess financial expertise. However, during any search, our Nominating Committee reserves the right to modify its stated search criteria for exceptional candidates. We believe that all of the nominees for election to our Board meet the minimum requirements and general considerations outlined above.

Nominating Committee Membership. All of the Board members, except Mr. Greenberg, serve as members of our Nominating Committee. Mr. Kling served on our Nominating Committee during fiscal 2009 until July 26, 2008, the date of his death. The Chair of our Nominating Committee is Ms. Bekavac. Our Board has determined that each member of our Nominating Committee is, and Mr. Kling during the time of his service was, an independent director under the listing standards of NASDAQ.

Nominating Committee Meetings in Fiscal 2009. Our Nominating Committee met four times and acted once by written consent during fiscal 2009.

Compensation Committee

Compensation Committee Duties. Our Compensation Committee is generally responsible for:

- Assisting in developing and evaluating potential candidates for executive positions and overseeing the development of executive succession plans;
- Reviewing the performance of our officers, in particular our Chief Executive Officer;
- Approving the compensation of officers;
- Making recommendations to our Board regarding amounts of or changes in compensation including:
 - o Bonuses;
 - o Stock options;
 - o Other management incentives; and
 - o Granting options under and administering our incentive option and equity incentive plans.

The Compensation Committee charter does not provide for the delegation of the Compensation Committee's duties to any other person.

Compensation Committee Membership. All of our Board members, except Mr. Greenberg, serve as members of the Compensation Committee, and Mr. Kling served on our Compensation Committee during fiscal 2009 until July 26, 2008, the date of his death. The Chair of our Compensation Committee is Ms. Curtin. Our Board has determined that each member of our Compensation Committee is, and Mr. Kling during the time of his service was, an independent director under the listing standards of NASDAQ.

Compensation Committee Meetings in Fiscal 2009. Our Compensation Committee met four times during fiscal 2009.

Indemnification Agreements

We have entered into Indemnification Agreements with each of our directors and officers. These Agreements require us to indemnify our officers and directors to the fullest extent permitted under California law against expenses and, in certain cases, judgments, settlements or other payments incurred by the officer or director in suits brought by us, derivative actions brought by shareholders and suits brought by other third parties related to the officer's or director's service to us.

Communications to the Board

Shareholders may contact any of our directors by writing to them c/o Electro Rent Corporation, attention: Company Secretary, 6060 Sepulveda Boulevard, Van Nuys, California 91411-2512. Shareholders and employees who wish to contact our Board or any member of our Audit Committee to report questionable accounting or auditing matters may do so anonymously by using the address above and designating the communication as "confidential." Alternatively, concerns may be reported to the following e-mail address: "auditcom@electrorent.com." This e-mail address is a special e-mailbox to report concerns to the appropriate persons for proper handling. Communications raising safety, security or privacy concerns, or matters that are otherwise improper, will be addressed in an appropriate manner.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our principal executive officer and principal financial officer ("Code of Ethics"). The Code of Ethics is designed to promote honest and ethical conduct, full, fair, accurate and timely public disclosure, compliance with all applicable laws, and prompt internal reporting of violations of the Code of Ethics to a person identified therein. Shareholders may obtain a copy of our Code of Ethics without charge. Requests should be addressed to our principal office, attention: Meryl D. Evans, Secretary. Our Code of Ethics can be found on our website at <http://www.electrorent.com/er/governance.aspx>. We intend to post any waivers from any provision of our Code of Ethics that apply to our principal executive officer or principal financial officer by posting that information on our corporate website, at www.electrorent.com.

Equity Ownership Guidelines

We believe that equity ownership by our executive officers and directors can help align their interests with our shareholders' interests, and in April 2009, we adopted equity ownership guidelines for our executive officers and directors. While these guidelines are informal (there are no penalties for failure to meet the ownership levels), we will report ownership status to our Compensation Committee on an annual basis, and failure to meet the ownership levels, or show sustained progress towards meeting them, may result in payment to the executive officers and directors of future annual or long-term incentive compensation in the form of equity. Executive officers and directors are expected to reach target equity ownership levels equal to the lesser of a multiple of their annual base salary or retainer at the previous year end or a fixed share amount, as follows:

<u>Title</u>	<u>Share Equivalents</u>	<u>Multiple of Base Salary/Retainer</u>
Chief Executive Officer	150,000	4x
Other executive officers	60,000	3x
Directors	12,500	3x

These requirements may be met through ownership of Common Stock (including restricted Common Stock) or restricted stock units, whether held individually, jointly with or separately by or in trust for an immediate family member, and/or through our 401(k) or other retirement account. Each executive officer and director is expected to reach his target ownership level within five years from the date he became subject to that ownership level, based on the fair market value of the equity at each year end.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers, as well as persons who own more than 10 percent of our Common Stock, to file with the SEC initial reports of beneficial ownership and reports of changes in beneficial ownership of our Common Stock. Directors, executive officers and greater-than-10-percent shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of copies of such reports filed with the SEC and submitted to us and on written representations by certain of our directors and executive officers, we believe that all of our directors and executive officers filed all such required reports on a timely basis during the past fiscal year except: (i) a Form 4 was filed for Mr. Jones on February 4, 2009 reporting the exercise of options and sale of common stock on January 30, 2009; (ii) a Form 4 was filed for Ms. Bekavac on June 8, 2009 reporting the exercise of options on May 31, 2009; (iii) a Form 4 was filed for Ms. Curtin on January 5, 2009 reporting the purchase of our common stock on December 26, 2008; and (iv) a Form 4 was filed for Mr. Pignatelli on August 21, 2008 reporting the exercise of options on August 6, 2008. In addition, on July 17, 2009, a Form 4 was filed for each of Mr. Barrone, Mr. Kearns, Mr. Pignatelli, Ms. Bekavac, Ms. Curtin and Ms. DelBene reporting the grant of restricted stock units on June 1, 2009.

TRANSACTIONS WITH RELATED PERSONS

Mr. Greenberg personally rents a total of approximately 1,000 square feet of space in our buildings located at 6060 Sepulveda Boulevard, Van Nuys, California 91411-2512 and 15387 Oxnard Street, Van Nuys, CA 91411-2506, at a rate of \$438 per month, which is comparable to rates paid by other third party tenants.

Policies and Procedures for Review, Approval or Ratification of Transactions with Related Persons

In August 2008, our Board adopted a Related Party Transaction Policy, which prescribes policies and procedures for review and approval of a “related party transaction.” The term “related party transaction” is defined as any transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which:

- the aggregate amount involved will or may be expected to exceed \$120,000 in any fiscal year;
- we are a participant; and
- any related party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity).

A “related party” is any person who, since the beginning of the last fiscal year for which we filed a Form 10-K and proxy statement (even if that person does not presently serve in that role), is or was:

- an executive officer, director or nominee for election as a director;
- a beneficial owner of more than five percent of any class of our voting securities;
- an immediate family member of any of the persons named above, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than five percent beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than five percent beneficial owner; and
- a firm, corporation or other entity in which any of the persons named above is employed or is a general partner or principal or in a similar position.

The Board has delegated to the Nominating Committee the responsibility of reviewing and approving related party transactions. The Nominating Committee either approves or disapproves of the entry into a related party transaction after reviewing the material facts of that related party transaction and taking into account such factors as the Nominating Committee deems appropriate. Approval of each related party transaction is given in advance, unless that is not practical, in which case ratification must be promptly sought from the Nominating Committee. Related party transactions that are ongoing are subject to ongoing review by the Nominating

Committee to determine whether it is in our best interest and our shareholders' best interest to continue, modify or terminate the related party transaction. No director may participate in the approval of a related party transaction with respect to which he or she is a related party.

Corporate Giving Program

Our Board established a charitable giving program a number of years ago. In fiscal 2009, we donated \$125,000 under this program. Mr. Greenberg, who administers the program with the oversight of our Nominating Committee, serves on the board of several public charities to which we made donations.

EXECUTIVE OFFICERS

The table below sets forth the name, age and office or offices of each of our executive officers. No executive officer is related by blood, marriage or adoption to any other officer, director or nominee for director.

<u>Name</u>	<u>Age</u>	<u>Office or Offices</u>
Daniel Greenberg	68	Chairman of the Board and Chief Executive Officer
Steven Markheim	56	President and Chief Operating Officer
Craig R. Jones	63	Vice President and Chief Financial Officer

Throughout this Proxy Statement, the above individuals, all of whom are included in the Summary Compensation Table below, are referred to as our "named executive officers." For Mr. Greenberg's biography, please see above under "Election of Directors."

Steven Markheim joined us as a Financial Analyst in 1980 and has been our President and Chief Operating Officer since 2007. Prior to joining us, he was Accounting Manager for Panasonic West, a wholly-owned subsidiary of Matsushita of America, from 1978 to 1980. Mr. Markheim was an auditor with Wolf & Co. from 1975 to 1977. Mr. Markheim holds a B.S. in Accounting from California State University, Northridge.

Craig R. Jones joined us in 1989 and has been our Vice President and Chief Financial Officer since 1990. Prior to joining us, Mr. Jones was Chief Financial Officer of Hollywood Park Companies from 1986 to 1989, Director of Corporate Accounting of Fluor Corporation from 1985 to 1986, and Controller of Ultrasystems, Inc. from 1983 to 1985. Mr. Jones was a Certified Public Accountant with Price Waterhouse from 1974 to 1983, leaving the firm as Senior Audit Manager. Mr. Jones holds a B.A. in Accounting and Business Administration from Rutgers University.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview of Compensation Program

Our Compensation Committee is responsible for oversight of our compensation and employee benefit plans and practices, including our executive compensation, incentive-compensation and equity-based plans. Our Compensation Committee also establishes our policies with respect to compensation of executive officers, including our named executive officers, and reviews our executive compensation disclosures as required by the SEC to be included in our annual proxy statement or annual report on Form 10-K filed with the SEC.

Compensation Philosophy and Objectives

In designing compensation programs, we believe that the total compensation of our named executive officers and other key employees should reflect the value created for shareholders while supporting our strategic goals. In doing so, the compensation programs reflect the following principles:

- Compensation should be meaningfully related to the value created for our shareholders.

- Compensation programs should support our short-term and long-term strategic goals and objectives.
- Compensation programs should reflect and promote our values.

One of our core values in setting compensation has been the promotion of team effort by our officers. We believe this value has resulted in an unusually stable management team, with our 10 officers averaging over 26 years of employment by us. However, it means that most of our compensation decisions, at least in any individual year, have not differentiated on individual performance during the year.

In July 2008, our Compensation Committee determined to explore whether we should use a compensation system that is quantitative or incentive based. Accordingly, our Compensation Committee determined to retain Frederic W. Cook & Co, Inc., a national compensation consulting firm (“FWC”), to assist in an independent review of our compensation structure, including our process for determining and awarding base salary, annual incentives and the annualized grant value of long term incentives. FWC also conducted an equity analysis including award types, mix and various measures of overall value and costs and compared shares usage and dilution. In consultation with us, FWC developed a benchmark list (our “Benchmark Group”) of the following 13 publicly traded United States based equipment lessors and technology distributors, the median market capitalization of which was consistent with Electro Rent’s market capitalization: Aircastle, Agilysys, H&E Equipment Services, McGrath RentCorp., Nu Horizons, PC Connection, PC Mall, RSC Holdings, Richardson Electronics, ScanSource, TAL International Group, Willis Lease Finance and Zones. FWC reported directly to our Compensation Committee, although it also conducted discussions with our executive officers.

Executive Compensation Components

The compensation for our named executive officers generally consists of the following components: base salary, annual incentive bonuses, stock options and other long-term equity incentives and other benefits.

Base Salary. We pay our named executive officers a salary to provide a minimum compensation level and to reflect the perceived current value of each executive relative to his or her peers. Our Compensation Committee reviews the salary of each of our named executive officers at least once each year. The analysis generally begins with an average increase for all employees, which generally reflects our performance, any changes in the cost of living and any perceived increases in competitive salaries. Our Compensation Committee may then adjust this average percentage to reflect individual circumstances, including such factors as performance, individual salary history, increased job responsibility and changes in compensation paid by competitors. However, given current economic conditions, our Compensation Committee decided not to increase salaries for any of our officers for fiscal 2010.

Our Compensation Committee may also adjust salaries at other times during the year under certain circumstances such as promotions. Although we have not hired a new named executive officer for a number of years, if we were to do so, we would expect that the initial compensation would be determined based on the executive’s experience and, where relevant, by comparison to salaries paid to executives in competitive businesses.

Annual Incentive Bonuses. As in recent years, for fiscal 2009 we created an annual bonus pool for our officers (a total of 10 persons in fiscal 2009), including our named executive officers, equal to approximately 3% of our annual earnings before taxes, or \$566,000. We believe that calculating the amount of this bonus pool based on our earnings before taxes aligns the interests of our officers with our financial results and hence to the interest of our shareholders. Thus, for example, the aggregate pool for fiscal 2009 declined by 43% from that for fiscal 2008 as a result of the economic recession. Our Compensation Committee retains the discretion to adjust the size of the pool to take into account factors such as changes in the number of officers participating and the impact on net earnings of acquisitions or other unusual events during the fiscal year. No adjustment was made in the bonus pool for fiscal 2009.

During fiscal 2009, we altered the way in which we allocate the aggregate bonus pool among our individual officers. Because we believe that our officers should be encouraged to work together as a team, while the size of the bonus pool depends on our overall success (as measured by our earnings before taxes), the share of each individual officer in that pool in past years has been based almost exclusively on his or her seniority and salary level. As noted above, at the beginning of fiscal 2009, our Compensation Committee determined to conduct a full review of our compensation approach, and retain FWC to assist in doing so. Following the review, our Compensation Committee determined to retain many of the elements of our compensation system, while refining it to have approximately 25% of the bonus allocated to

each officer depend on an assessment of the officer's individual performance. As fully implemented for fiscal 2010, we expect the new method to calculate the incentive compensation for our officers as follows:

First, we expect to continue to set aside approximately 3% of our annual earnings before taxes in the incentive bonus pool, although our Compensation Committee continues to retain the discretion to adjust the size of the pool to take into account factors including (without limitation) changes in the number of officers participating and the impact on net earnings of acquisitions or other unusual events during our fiscal year. At the beginning of fiscal 2010, our Compensation Committee:

- Assigned to each officer a "Target Percentage" of the incentive bonus pool based largely on position, seniority and compensation. The Target Percentages for Messrs. Greenberg, Markheim and Jones for fiscal 2010 is 25.3%, 22.1% and 10.6%, equal to their Participation Percentages for fiscal 2008 (set forth below) adjusted for the departure of one officer. The aggregate of the Target Percentages for all of our officers equaled 100%. Our Compensation Committee retained the right to adjust the Target Percentages as a result of hires, promotions and terminations of officers; and
- Approved individual goals for the fiscal year for each officer. The goals were set by our Compensation Committee in consultation with our Chief Executive Officer and other members of management. Our Compensation Committee retained the right to adjust individual goals in its discretion to take into account factors such as changes in market conditions, acquisitions or other unusual events during the fiscal year.

At least once during the fiscal year, our Compensation Committee intends to review the progress of each officer towards the goals for that officer. Following the end of our fiscal year, our Compensation Committee expects to:

- Evaluate the performance of each officer still employed by us on that date against the performance goals for that officer and other factors in its discretion; and
- Based on that evaluation, award that officer a "Participation Percentage" that is generally not less than 85% of his or her Target Percentage nor more than 115% of his or her Target Percentage unless otherwise determined by our Compensation Committee (this means that the actual aggregate Performance Percentages may not add up to 100%).

The actual incentive bonus of each officer for fiscal 2010 will be his or her Participation Percentage multiplied by the aggregate incentive bonus pool. In sum, the potential adjustment to the Target Percentage means that approximately 26% of an officer's bonus depends on individual performance; in keeping with our traditional emphasis on the officers working together as a team, the majority will continue to be determined by our overall success (as measured by our earnings before taxes).

Because this system was not approved until the very end of fiscal 2009, we did not adopt any goals for fiscal 2009 for individual officers. However, our Compensation Committee did review the performance of each officer after the end of fiscal 2009, and then adjusted each officer's Participation Percentage from fiscal 2008 (adjusted proportionately to reflect the departure of one officer) generally by not more than approximately 15% (up or down) to derive a Participation Percentage for each officer for fiscal 2009. The Participation Percentages of our named executive officers approved by our Compensation Committee for fiscal 2009, compared to their Participation Percentages for fiscal 2008 and those fiscal 2008 percentages adjusted proportionately to reflect the departure of one officer, were:

<u>Name</u>	<u>Fiscal 2008 Participation Percentage</u>	<u>Fiscal 2008 Participation Percentage, adjusted for departure</u>	<u>Fiscal 2009 Participation Percentage</u>
Daniel Greenberg	24.4%	25.3%	26.0%
Steven Markheim	21.3%	22.1%	23.9%
Craig R. Jones.	10.2%	10.6%	12.5%

Stock Options or Long-Term Equity Incentives. Historically, we have granted equity participation to each of our named executive officers to provide incentives for them to guide the business toward our long-term goal of increasing shareholder value, to maintain competitive levels of total compensation and to reward attainment of corporate goals over a multi-year period. We did not grant equity incentives in fiscal 2008 or fiscal 2009 because we were considering an overall approach to equity compensation. However, at its meeting in July 2009, after the end of fiscal 2009, our Compensation Committee determined to begin annual grants of restricted stock units (“Units”) to our officers in an amount to bring the total compensation of the executives to slightly less than those of our Benchmark Group. (Our Compensation Committee noted that no grants had been made to the officers during the past two and a half years while we studied the issue of equity compensation, and accordingly determined to make a one time additional grant as a retention tool.) We choose to make the total compensation slightly less than the median in part because of the lower risk inherent in Units rather than the options used by many companies in our Benchmark Group. Each vested Unit entitles the holder to be issued one share of Common Stock on the earliest of: (i) the first January 1 after the fifth anniversary of the grant; (ii) a Change of Control, as defined in the 2005 Equity Incentive Plan; and (iii) the grantee ceasing to be an employee for any reason, including death or disability. Units vest in three equal annual installments, subject to acceleration on any Change of Control. Any Units not vested at the time the grantee ceases to be an employee (other than in connection with a Change of Control, death or disability) will be forfeited. In addition, an amount equal to any dividend (less any applicable withholding) paid on the underlying Common Stock will be paid at the same time on all vested Units, and a make-up payment for any dividends paid between the date of grant and the date of vesting will be paid on the first date any Units become vested.

Other Benefits. We provide our named executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. In addition to vacation, medical and health benefits comparable to those provided to our employees generally, each of our named executive officers receives (i) reimbursement of tax and financial services fees up to \$15,000 per year for Mr. Greenberg and \$5,000 per year for Mr. Markheim and Mr. Jones and (ii) personal use of a company owned vehicle. Mr. Greenberg also receives reimbursement for dues at clubs where he is a member. We also sponsor a retirement savings plan under Section 401(k) of the Internal Revenue Code that covers all of our eligible employees that allows eligible employees to defer, within prescribed limits, up to 15% of their compensation on a pre-tax basis through contributions to the plan. In addition, we have a Supplemental Executive Retirement Plan that provides for automatic deferral of contributions in excess of the maximum amount permitted under the 401(k) plan for our executives who choose to participate. In addition, for Mr. Greenberg, we have agreed to maintain lifetime medical coverage consistent with the standard coverage then available to him, for him and his spouse, regardless of any termination of employment relationship. We expect these benefits to be considered by our Compensation Committee in its review of compensation for our named executive officers. We believe these perquisites, while not representing a significant portion of our named executive officers’ total compensation, reflect our intent to create overall market comparable compensation packages.

Tax and Accounting Implications

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation paid to executive officers in excess of \$1,000,000 during any fiscal year. It is the current policy of our Compensation Committee to preserve, to the extent reasonably possible, our ability to obtain a corporate tax deduction for compensation paid to executive officers to the extent consistent with our best interests. However, our Compensation Committee believes that its primary responsibility is to provide a compensation program that will attract, retain and reward the executive talent necessary for our success. Consequently, our Compensation Committee recognizes that the loss of a tax deduction may be necessary in some circumstances.

We account for stock-based payments in accordance with the requirements of FASB Statement 123R, *Share Based Payment*.

Change of Control Payments

As described below under “Principal Compensation Agreements and Plans—Employment Agreements,” we are obligated under employment contracts with Messrs. Markheim and Jones to make severance payments to

them in the event they terminate their employment within 18 months following a Material Change (including a change of control) as defined in those agreements. We believe that agreeing to these payments was necessary to retain these officers.

Role of Executive Officers in Compensation Decisions

Under its charter, our Compensation Committee makes all compensation decisions with respect to the Chief Executive Officer and our other named executive officers and all other elected officers. In doing so, our Compensation Committee is expected to consult with our Chief Executive Officer and other officers as appropriate. In general, our Chief Executive Officer makes recommendations concerning the compensation of persons other than himself, but does not make any recommendation as to himself.

Compensation Committee Interlocks and Insider Participation

No member of our Compensation Committee is or was one of our officers or employees, or is related to any other member of our Compensation Committee, or any member of our Board, or any other of our executive officers, by blood, marriage or adoption or had any other relationship requiring disclosure under SEC rules.

Principal Compensation Agreements and Plans

Employment Agreements

Mr. Greenberg. Mr. Greenberg, our Chief Executive Officer, is employed pursuant to a written employment contract containing a rolling three year term. The agreement was amended and restated in July 1992. Under his employment agreement, Mr. Greenberg is entitled to a salary, bonuses in an amount to be determined by the Board, and employee benefits comparable to those provided to our senior executives. In October 2001, we further amended the employment agreement to maintain medical coverage, consistent with the standard of coverage then available to him, for Mr. Greenberg and his spouse for as long as they each shall live, regardless of any termination of the employment relationship. Upon any termination of Mr. Greenberg's employment (including death or disability) other than termination by us for Cause (as defined in the employment agreement), Mr. Greenberg will receive (i) an amount equal to three times his highest "annual base amount" (as defined in the employment agreement, which includes base salary, bonus, incentive compensation and deferred compensation) during the term of his employment, payable in 36 monthly installments or in one lump sum at Mr. Greenberg's option, (ii) continuation of each employee health plan and welfare benefit plan and other fringe benefits for a period of three years (with medical coverage continuing for his and his spouse's lifetime) and (iii) an amount equal to the retirement contributions that would have been made on his behalf over the next three years. Mr. Greenberg's severance is not affected by a future change of control.

Mr. Markheim and Mr. Jones. On October 31, 2005, we entered into employment agreements with each of Steven Markheim, our President and Chief Operating Officer, and Craig R. Jones, our Vice President and Chief Financial Officer. Under his respective employment agreement, each of Mr. Markheim and Mr. Jones is paid a base salary and a discretionary bonus each year in an amount to be determined in accordance with our practices for our senior executives. In addition, each of Messrs. Markheim and Jones receives benefits generally available to our senior executives. Messrs. Markheim and Jones are "at will" employees, and may be terminated by us at any time for any reason, or resign at any time for any reason. If, within 18 months following a Material Change, such as a change of control, Mr. Markheim or Mr. Jones is terminated by us other than for Cause or terminates for Good Reason (each as defined in their respective employment agreement) then he shall be entitled to (i) a severance payment equal to two times his base salary as in effect on the date of termination, (ii) immediate vesting of all options and Units previously granted to him, (iii) a pro rata share of the bonus pool for the year of termination based on the percentage of the year worked prior to termination and his share of the prior year's bonus pool and (iv) reimbursement for any COBRA payments made by him for the 12 months following the termination date. If, at any time other than within 18 months following a Material Change, Mr. Markheim or Mr. Jones is terminated by us other than for Cause or terminates for Good Reason, then he shall be entitled to (i) a severance payment equal to one times his base salary, (ii) a pro rata share of the bonus pool for the year of termination based on the percentage of the year worked prior to

termination and his share of the prior year's bonus pool and (iii) reimbursement for any COBRA payments made by him for the 12 months following the termination date. The severance payments described in clause (i) of each of the two preceding sentences shall be payable, at our option, either (a) in monthly installments or (b) as one lump sum as soon as practicably possible with an appropriate discount to reflect such acceleration.

Payments Upon Termination

The information below sets forth the amount of compensation we will be required to pay to each of our named executive officers in the event of termination of such executive's employment, including certain estimates of the amount that would have been paid on certain dates under what we believe to be reasonable assumptions. However, the actual amounts to be paid out can only be determined at the time of such executive's termination.

All Terminations. Regardless of the manner in which any of our employees (including any of our named executive officers) is terminated, the employee is entitled to receive certain amounts due during such employee's term of employment. Such amounts include:

- Any unpaid base salary from the date of the last payroll to the date of termination;
- Reimbursement for any properly incurred unreimbursed business expenses;
- Unpaid, accrued and unused personal time off through the date of termination; and
- Any existing rights to indemnification for prior acts through the date of termination.

Mr. Greenberg. Assuming that Mr. Greenberg's employment was terminated effective as of May 31, 2009, for any reason other than by us for Cause, in accordance with his employment agreement (described above under "—Employment Agreements—Mr. Greenberg" in addition to the amounts summarized above under "—All Terminations," based on the compensation paid in fiscal 2009 and unvested options on May 31, 2009, and using medical insurance premiums and costs of other benefits (including retirement contributions) present valued using an interest rate consistent with the average yield on our invested cash as of May 31, 2009 and the price of our Common Stock as of May 31, 2009, we estimate that the approximate value of severance payments and benefits in connection with such termination would have been \$2,500,000. No additional amounts would be contractually due to Mr. Greenberg upon a termination by us for Cause, except that he and his spouse are entitled to lifetime medical benefits in connection with any termination of employment. Based on the medical insurance premiums and actuarial data, present valued using an interest rate consistent with the average yield on our invested cash as of May 31, 2009, we estimate that the approximate value of these benefits, assuming Mr. Greenberg's termination was effective as of May 31, 2009, would have been \$550,000.

Mr. Markheim and Mr. Jones. Assuming that Mr. Markheim's or Mr. Jones's (as applicable) employment was terminated effective as of May 31, 2009 by us other than for Cause or by Mr. Markheim or Mr. Jones (as applicable), for Good Reason, in accordance with their respective employment agreements (described above under "—Employment Agreements—Mr. Markheim and Mr. Jones"):

- Assuming the termination was not within 18 months following a Material Change, we estimate that the approximate value of the severance payments and benefits received upon termination would have been \$467,000 for Mr. Markheim and \$315,000 for Mr. Jones; and
- Assuming the termination was within 18 months following a Material Change, we estimate that the approximate value of severance payments and benefits received upon termination would have been \$776,000 for Mr. Markheim and \$537,000 for Mr. Jones.

The amounts for Messrs. Markheim and Jones above (i) are in addition to any amounts specified under "—All Terminations" and (ii) are calculated based on fiscal 2009 compensation levels and the named executive officer's unvested options as of May 31, 2009 and the price of our Common Stock as of May 31, 2009. No additional amounts would be contractually due to Mr. Markheim or Mr. Jones upon a termination by us for Cause or upon a voluntary termination without Good Reason by the named executive officer.

Equity Incentive Plans

We are currently authorized to issue options (incentive stock options and/or non-qualified stock options), stock appreciation rights, restricted stock awards, restricted stock units, performance unit awards and performance share awards to our officers, employees, directors and consultants under our 2005 Equity Incentive Plan. At May 31, 2009, our 2005 Equity Incentive Plan had options covering 56,500 shares of Common Stock outstanding, restricted stock awards of 8,474, and 935,026 shares available for future grants. Options to purchase an aggregate of 266,483 and 46,292 shares of Common Stock remain outstanding under our 2002 and 1996 Stock Option Plans, respectively, although no new options may be issued under those plans.

Our equity incentive plans are administered by our Compensation Committee. Each equity grant is evidenced by written agreement in a form approved by our Compensation Committee. No equity grant granted under our equity incentive plans is transferable by the optionee other than by will or by the laws of descent and distribution, and each option is exercisable, during the lifetime of the optionee, only by the optionee.

The exercise price of a stock option under our 2005 Equity Incentive Plan must be at least equal to 100% of the fair market value of the Common Stock on the date of grant (110% of the fair market value in the case of incentive stock options granted to employees who hold more than 10 percent of the voting power of our capital stock on the date of grant). The term of a stock option under our 2005 Equity Incentive Plan may not exceed 10 years (five years in the case of an incentive stock option granted to a 10 percent holder). Our Compensation Committee has the discretion to determine the vesting schedule and the period required for full exercisability of stock options. Upon exercise of any option granted under our 2005 Equity Incentive Plan, the exercise price may be paid in cash, and/or such other form of payment as may be permitted under the applicable option agreement, including, without limitation, previously owned shares of Common Stock.

Our 2005 Equity Incentive Plan permits the grant of shares of Common Stock (including restricted stock units, which automatically convert to shares of Common Stock) subject to conditions imposed by Our Compensation Committee, including, without limitation, restrictions based upon time, the achievement of specific performance goals, and/or restrictions under applicable federal or state securities laws. Our Compensation Committee may accelerate the time at which any restrictions lapse, and/or remove any restrictions.

Other Employee Benefit Plans

We maintain a Savings Plan (the “401(k) Plan”), which is intended to qualify under Section 401(k) of the Internal Revenue Code of 1986, as amended (the “Code”), a Supplemental Executive Retirement Plan (“SERP”), and a frozen Employee Stock Ownership Plan. Under Section 401(k) of the Code, contributions by employees or by us to the 401(k) Plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and our contributions will be deductible by us when made. Contributions in excess of the maximum permitted under the 401(k) are automatically deferred under the SERP for executives.

All of our employees who have attained 18 years of age become eligible to participate in the 401(k) Plan after 90 days of employment. We have the option to match contributions of participants at a rate determined by our management each year. For participants with three or more years of service, we also may elect to make additional discretionary matching contributions in excess of the rate elected for participants with less than three years of service.

Cash contributions by us to our 401(k) Plan were \$343,000, \$485,000 and \$474,000, and to our SERP were \$21,000, \$23,000 and \$21,000, for fiscal 2009, 2008 and 2007, respectively. Most of these contributions are based on a formula for matching employee contributions, while a portion is a discretionary contribution determined annually by our Board, which is then split among our employees based on applicable law.

Summary Compensation Table

The following table sets forth the base salary and other compensation paid or earned in 2009, 2008 and 2007 by those persons serving as our chief executive officer, chief financial officer and president and chief operating officer during fiscal 2009:

Name	Year	Salary (\$)	Bonus (\$)	Option Awards \$(1)	Non-Equity Incentive Plan Compensation \$(2)	All Other Compensation \$(3)	Total (\$)
Daniel Greenberg Chairman of the Board and Chief Executive Officer	2009	\$450,000	\$ -	\$ -	\$147,000	\$62,105	\$659,105
	2008	450,000	240,000	29,799	-	63,555	783,354
	2007	415,000	240,000	187,536	-	55,962	898,498
Steven Markheim President and Chief Operating Officer	2009	\$309,000	\$ -	\$ 37,547	\$135,000	\$32,023	\$513,570
	2008	300,000	210,000	52,484	-	36,416	598,900
	2007	230,000	210,000	117,590	-	33,944	591,534
Craig R. Jones Vice President and Chief Financial Officer	2009	\$222,000	\$ -	\$ 16,688	\$ 71,000	\$23,542	\$333,230
	2008	215,000	100,000	24,150	-	26,163	365,313
	2007	180,000	100,000	57,477	-	29,463	366,940

- (1) Represents the dollar amount recognized for financial statement reporting purposes in accordance with SFAS 123(R), excluding assumed forfeitures, and includes amounts from awards granted in and prior to fiscal 2007, 2008 and 2009 (as applicable). Assumptions used in the calculation of this amount are included in Note 14 to our audited financial statements for fiscal 2009 included in our Annual Report on Form 10-K filed with the SEC on August 12, 2009.
- (2) Consists of amounts paid under our annual incentive compensation program. See “Compensation Discussion and Analysis—Executive Compensation Components—Annual Incentive Bonuses.”
- (3) The components of the column entitled “All Other Compensation” are set forth in the following table:

Name	Year	401(k) Savings Plan	Supplemental Executive Retirement Plan	Life Insurance Premiums	Professional Services (a)	Personal Use of Company Owned Vehicle	Other (b)	Total (\$)
Daniel Greenberg	2009	\$5,750	\$11,714	\$15,294	\$15,000	\$ 2,947	\$11,400	\$62,105
	2008	8,234	12,113	15,294	15,000	1,514	11,400	63,555
	2007	8,289	9,144	9,554	15,000	2,535	11,440	55,962
Steven Markheim	2009	\$5,750	\$ 7,221	\$ 1,710	\$ 5,000	\$12,342	\$ -	\$32,023
	2008	8,234	7,058	1,710	5,000	14,414	-	36,416
	2007	8,289	4,740	1,470	5,000	14,445	-	33,944
Craig R. Jones	2009	\$7,477	\$ 590	\$ 4,225	\$ -	\$11,250	\$ -	\$23,542
	2008	7,150	3,174	4,225	364	11,250	-	26,163
	2007	7,950	1,038	4,225	5,000	11,250	-	29,463

Each named executive officer is responsible for paying income tax on such amounts.

- (a) Professional services include legal, accounting, financial planning, investment counseling and other services.
- (b) Mr. Greenberg receives reimbursement for dues at clubs where he is a member.

Grants of Plan-based Awards

There were no grants of plan-based awards to our named executive officers during fiscal 2009.

Outstanding Equity Awards at Fiscal Year-end

The following table sets forth certain information with respect to equity grants to our named executive officers that were outstanding on May 31, 2009:

<u>Name</u>	<u>Number of Securities Underlying Unexercised Options (#) Exercisable</u>	<u>Number of Securities Underlying Unexercised Options (#) Unexercisable (1)</u>	<u>Option Exercise Price (\$)</u>	<u>Option Expiration Date</u>
Daniel Greenberg	120,000	-	\$ 9.51	7/28/2009
Steven Markheim	37,340	-	\$ 9.51	7/28/2009
	3,783	-	\$ 8.45	7/13/2010
	12,000	6,000	\$17.69	10/12/2011
Craig R. Jones	8,258	-	\$ 8.45	7/13/2010
	5,333	2,667	\$17.69	10/12/2011

(1) These options vest on October 12, 2009.

Option Exercises and Stock Vested

We did not have any awards of restricted stock to our named executive officers that vested during fiscal 2009. The following table sets forth the exercises of options by our named executive officers during fiscal 2009:

<u>Name</u>	<u>Number of Shares Acquired on Exercise (#)</u>	<u>Value Realized on Exercise (\$)(1)</u>
Steven Markheim	34,016	\$78,753
Craig R. Jones	30,000	\$37,271

(1) Value realized was computed by calculating the difference between the market price of our stock at the exercise dates, and the exercise prices of the options exercised.

COMPENSATION COMMITTEE REPORT

The information contained in this Compensation Committee Report shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (except to the extent that we specifically incorporate this information by reference).

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION COMMITTEE

Karen J. Curtin, Chairperson
 Gerald D. Barrone
 Nancy Y. Bekavac
 Suzan K. DelBene
 Joseph J. Kearns
 James S. Pignatelli

DIRECTOR COMPENSATION

Directors who are employees receive no additional compensation for their services as directors. Non-employee directors receive the following compensation:

- An annual retainer of \$24,000, payable in restricted shares of Common Stock, valued at the closing price of our Common Stock on the date of grant unless the Board member elected to take up to 50% of his or her retainer in cash. Beginning with fiscal 2010, the annual cash retainer was increased to \$25,000, and is payable quarterly in cash.
- \$1,000 in cash for each Board or committee meeting that he or she attends (except meetings lasting a de minimus amount of time), with all Board and committee meetings held in connection with a scheduled quarterly meeting considered a single meeting, and multiple meetings of the Board and/or one or more committees on the same day involving the same general topic considered one meeting.
- An additional cash retainer of \$2,000 per year for the chairperson of each of our Nominating Committee and our Compensation Committee. Beginning with fiscal 2010, this was increased to \$5,000 for our Compensation Committee chairperson and \$4,000 for our Nominating Committee chairperson.
- An additional cash retainer of \$5,000 per year for the Audit Committee chairperson. Beginning with fiscal 2010, this was increased to \$10,000.
- An additional \$1,000 for our lead director for each board meeting he or she attended. Beginning with fiscal 2010, this was changed to an additional annual cash retainer of \$10,000, payable quarterly.

In addition, commencing with fiscal 2010, each non-employee director will receive an annual grant of Units valued at \$25,000. The Units will vest in four equal quarterly installments (subject to acceleration on any change of control, death or disability) but are otherwise the same as those issued to our officers.

The table below summarizes the compensation paid by us to our non-employee directors for fiscal 2009:

<u>Name</u>	<u>Stock Awards (\$)(1)(2)</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Option Awards (\$)(1)(3)</u>	<u>Total (\$)</u>
Gerald D. Barrone	\$11,974	\$21,026	\$2,293	\$35,293
Nancy Y. Bekavac	\$12,990	\$22,010	\$2,293	\$37,293
Karen J. Curtin	\$25,981	\$11,019	\$2,293	\$39,293
Suzan K. DelBene	\$ -	\$ 8,000	\$ -	\$ 8,000
Joseph J. Kearns	\$14,459	\$23,541	\$2,293	\$40,293
James S. Pignatelli	\$23,948	\$ 8,052	\$2,293	\$34,293
S. Lee Kling(4)	\$ 2,993	\$ 6,007	\$ 382	\$ 9,382

- (1) Reflects the dollar amount recognized for financial statement reporting purposes in accordance with SFAS 123(R), excluding assumed forfeitures, and, if applicable, includes amounts from awards granted prior to fiscal 2009. Assumptions used in the calculation of this amount are included in Note 14 to our audited financial statements for fiscal 2009 included in our Annual Report on Form 10-K filed with the SEC on August 12, 2009. The dollar amount specified in the first column of this director compensation table also reflects the grant date fair value of all restricted stock awards granted in fiscal 2009.
- (2) The following directors were issued the number of shares of restricted stock (which vested quarterly and were fully vested at the end of fiscal 2009) next to their names in respect of their annual retainer for fiscal 2009: Gerald D. Barrone, 848; Nancy Y. Bekavac, 920; Karen J. Curtin, 1,840; Joseph J. Kearns, 1,024; James S. Pignatelli, 1,696; and S. Lee Kling, 212. As of May 31, 2009, no director had any unvested restricted share awards outstanding.
- (3) No options were granted to directors in fiscal 2009. As of May 31, 2009, each Director had the following number of options outstanding: Gerald D. Barrone, 6,000; Nancy Y. Bekavac, 6,000; Karen J. Curtin, 9,000; Joseph J. Kearns, 6,000; and James S. Pignatelli, 6,000.
- (4) Mr. Kling passed away on July 26, 2008.

PROPOSAL 2

RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee, with the ratification of both our Board and our shareholders, selected the accounting firm of Deloitte & Touche LLP (“D&T”) as our independent registered public accounting firm for fiscal 2009. Our Audit Committee and our Board have selected D&T as our independent registered public accounting firm for fiscal 2010, and that selection is now being submitted to the shareholders for ratification. A representative of D&T will be available at our Annual Meeting to respond to appropriate questions or make any other statements such representative deems appropriate.

Notwithstanding ratification by the shareholders of the appointment of D&T, our Audit Committee may, if the circumstances warrant, appoint another independent registered public accounting firm. **The Board recommends a vote “FOR” the proposal to ratify the selection of D&T as our independent registered public accounting firm for fiscal 2010.**

Independent Auditors’ Fees and Services

The following table presents fees for professional services rendered by D&T for fiscal 2008 and 2009:

	<u>Fiscal 2009</u>	<u>Fiscal 2008</u>
Audit fees(1)	\$430,000	\$520,924
Audit-related fees(2)	-	-
Tax fees(3)	44,000	55,010
All other fees	-	-
Total	<u>\$474,000</u>	<u>\$575,934</u>

- (1) Consists of fees for professional services rendered for the audit of our annual financial statements and review of our annual report on Form 10-K and for reviews of the financial statements included in our quarterly reports on Form 10-Q for the first three quarters of fiscal 2009 and 2008.
- (2) Consists of fees for assurance services that are reasonably related to performance of audit or review of our financial statements.
- (3) Consists of professional services rendered by D&T for tax compliance, tax advice and tax planning, which are aggregate fees billed by D&T for tax services rendered to us, other than those described above under “Audit Fees.”

Approval by Audit Committee

Prior to engaging our independent auditors to audit the financial statements of the company, our Audit Committee approves such engagement based on its judgment of the independence and effectiveness of our independent auditors. Our Audit Committee pre-approves all non-audit services performed by our independent auditors. In pre-approving non-audit services, our Audit Committee considers whether the provision of non-audit services, if any, by our independent auditors is compatible with maintaining our independent auditors’ independence. In fiscal 2009 and 2008, our Audit Committee pre-approved all non-audit services provided by our independent auditors. Our Audit Committee will not approve any of the prohibited services listed on Appendix A to its charter, and, in making a business judgment about particular non-audit services, our Audit Committee will consider the guidelines contained in Appendix A to its charter. Our Audit Committee considered and determined that the provision of non-audit services by D&T was compatible with maintaining the independent auditors’ independence.

AUDIT COMMITTEE REPORT

The information contained in this Audit Committee Report shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any such filing (except to the extent that we specifically incorporate this information by reference) and shall not otherwise be deemed “soliciting material” or “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Securities Exchange Act of 1934 (except to the extent that we specifically incorporate this information by reference).

Although the Audit Committee oversees our financial reporting process on behalf of our Board consistent with the Audit Committee’s written charter, management has the primary responsibility for preparation of our consolidated financial statements in accordance with generally accepted accounting principles and the reporting process, including disclosure controls and procedures and the system of internal control over financial reporting. Our independent registered public accounting firm is responsible for auditing the annual financial statements prepared by management.

The Audit Committee has reviewed and discussed with management and our independent registered public accounting firm, Deloitte & Touche LLP (“D&T”) our fiscal 2009 audited financial statements and management’s assessment of the effectiveness of our internal control over financial reporting as of May 31, 2009. Prior to the commencement of the audit, the Audit Committee discussed with our management and D&T the overall scope and plans for the audit. Subsequent to the audit and each of the quarterly reviews, the Audit Committee discussed with D&T, with and without management present, the results of their examinations or reviews, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of specific judgments and the clarity of disclosures in the consolidated financial statements.

In addition, the Audit Committee discussed with D&T the matters required to be discussed by Statement on Auditing Standards No. 61, “Communication with Audit Committees” as amended by Statement on Auditing Standards No. 90, “Audit Committee Communications.” The Audit Committee has also received the written disclosures and the letter from D&T required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence. The Audit Committee discussed with D&T its independence from us and our management and considered the compatibility of non-audit services with the independent auditors’ independence.

Based upon the reviews and discussions referred to in the foregoing paragraphs, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for fiscal 2009 filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

Joseph J. Kearns, Chairman
Karen J. Curtin
James S. Pignatelli

DATE FOR RECEIPT OF SHAREHOLDER PROPOSALS FOR PRESENTATION AT 2010 ANNUAL MEETING

Any proposal that a shareholder wishes to have presented for consideration at the 2010 annual meeting of shareholders and included in the proxy statement and form of proxy for the 2010 annual meeting, of shareholders including any shareholder director nominees, must be received at our principal office, attention: Meryl D. Evans, Secretary, no later than May 7, 2010. Shareholders wishing to submit proposals or director nominations that are not to be included in such proxy statement and proxy must give timely notice thereof in writing to our Secretary. To be timely, a shareholder’s proposal or nomination must be delivered to or mailed and received at our principal executive offices no later than the close of business on July 21, 2010.

FORWARD-LOOKING STATEMENTS

This proxy statement contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to expectations concerning matters that are not historical facts. You can find many (but not all) of these statements by looking for words such as “approximates,” “believes,” “expects,” “anticipates,” “estimates,” “intends,” “plans,” “would,” “may” or other similar expressions in this proxy statement. We claim the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995. We caution you that any forward-looking statements presented in this proxy statement, or that we may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to us. Such statements are based on assumptions, and the actual outcome will be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control or ability to predict. Although we believe that our assumptions are reasonable, they are not guarantees of future performance and some will inevitably prove to be incorrect. As a result, our actual future results may differ from our expectations, and those differences may be material. We are not undertaking any obligation to update any forward-looking statements. Accordingly, you should use caution in relying on past forward-looking statements, which are based on known results and trends at the time they are made, to anticipate future results or trends.

Please refer to the risk factors under “Item 1A. Risk Factors” of our Annual Report on Form 10-K for fiscal 2009 as well as those described elsewhere in our public filings. The risks included are not exhaustive, and additional factors could adversely affect our business and financial performance. We operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

OTHER MATTERS

Although we are not aware of any other matters to be submitted to our shareholders at our Annual Meeting, if other matters do properly come before our Annual Meeting, the persons named in the enclosed proxy may vote on such matters in accordance with their best judgment. Enclosed with this Proxy Statement is a copy of our Annual Report to Security Holders for fiscal 2009, which is not intended to be a part of this Proxy Statement or a solicitation of proxies.

Additional copies and additional information, including our Annual Report on Form 10-K, filed with the SEC may be obtained by any shareholder without charge. Requests should be addressed to our principal office, attention: Meryl D. Evans, Secretary.

By order of the Board



Meryl D. Evans
Secretary

Van Nuys, California
September 4, 2009

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**REVOCABLE PROXY
ELECTRO RENT CORPORATION
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

The undersigned hereby appoints Daniel Greenberg and Steven Markheim as Proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, including the right to cumulate votes (if cumulative voting is desired by the Proxies), all the shares of common stock of Electro Rent Corporation held of record by the undersigned on August 17, 2009 at the annual meeting of shareholders to be held on October 15, 2009, or any adjournment thereof in the manner below upon matters set forth in the accompanying Proxy Statement and, in the judgment and discretion of the Proxies, upon such other business as may properly come before the meeting.

1. ELECTION OF DIRECTORS of all nominees listed (except as marked to the contrary below):

For	Withhold	For All Except
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Director Nominees: **G.D. Barrone, N.Y. Bekavac, K.J. Curtin,
S.K. DelBene, D. Greenberg, J.J. Kearns,
J.S. Pignatelli**

INSTRUCTION: To withhold authority to vote for any individual nominee, mark "For All Except" and write that nominee's name in the space provided below.

2. PROPOSAL TO RATIFY THE SELECTION OF DELOITTE & TOUCHE LLP as the independent registered public accounting firm of the corporation.

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This proxy, when properly executed will be voted in the manner directed herein by the undersigned shareholder. If no direction is made, this proxy will be voted for the seven nominees for directors and for proposal 2.

PLEASE CHECK BOX IF YOU PLAN TO ATTEND THE MEETING. →

Please be sure to date and sign this proxy card in the box below.	Date
Sign Above	

Please sign exactly as name appears of record on your stock certificates. When shares are held by joint tenants, both should sign.
When signing as attorney, as executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporate name, by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

▲ **Detach above card, sign, date and mail in postage paid envelope provided.** ▲
ELECTRO RENT CORPORATION
6060 Sepulveda Boulevard
Van Nuys, California 91411-2512

**PLEASE ACT PROMPTLY
PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY CARD PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.
