

MCGRATH RENTCORP

Audit Committee Charter

(Amended and Restated February 23, 2016)

This Charter sets forth the scope of the Audit Committee's (the "Committee") responsibilities and how it carries out those responsibilities, including structure, process and membership requirements.

I. POLICY; AUTHORITY AND PURPOSE

1. The Audit Committee of the Board of Directors (the "Board") of McGrath RentCorp (the "Company") is appointed by the Board. The primary purposes of the Committee are to oversee on behalf of the Board: (a) the engagement, replacement, compensation, qualification, independence and performance of the independent auditors; (b) the Company's accounting and financial reporting processes and the integrity of the Company's audited financial statements and other financial reports; (c) the performance of the Company's internal accounting, financial controls, and disclosure controls function; and (d) the Company's compliance with its policies and other legal requirements as such compliance relates to the integrity of the Company's financial reporting. The Committee's function is one of oversight only and shall not relieve the responsibilities of the Company's management for preparing financial statements that accurately and fairly present the Company's financial results and condition, or the responsibilities of the independent auditors relating to the audit or review of financial statements.

2. In fulfilling its purpose, the Committee shall endeavor to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Company. In addition, the Committee shall review the policies and procedures adopted by the Company to fulfill its responsibilities regarding the fair and accurate presentation of financial statements in accordance with accounting principles generally accepted in the United States, applicable SEC regulations and the listing standards, as defined below.

II. COMMITTEE STRUCTURE & MEMBERSHIP

1. **Membership.** The Committee shall be comprised of three or more "independent" directors (as defined in Section II(2) below) as determined by the Board. The Committee members shall be appointed by the Board and shall serve at the discretion of the Board. The Board shall designate a Committee member as the Chairperson of the Committee, or if the Board does not do so, the Committee members shall appoint a Committee member as Chairperson by a majority vote of the authorized members of the Committee.
2. **Independence.** Each member of the Committee shall be "independent" as defined in the listing standards of the Nasdaq Stock Market or such other national securities exchange on which the Company's securities are then listed, as the same may be amended from time to time (the "listing standards"), the rules and regulations ("SEC regulations") of the Securities and Exchange Commission (the "SEC") and any other laws applicable to the Company. No Committee member shall be an affiliated person of the Company or receive any compensation other than in his or her capacity as a member of the Committee, the Board or other Board committee, or as otherwise permitted by the listing standards and the SEC rules. Each Committee member must also be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a director. No Committee member shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three (3) years. In addition, all Committee members must meet the criteria for independence set forth in Rule 10A-3 promulgated under the Securities and Exchange Act of 1934, as amended.

3. Financial Literacy. Each member of the Committee shall be financially literate upon appointment to the Committee, as such qualification is interpreted by the Board in its business judgment under the listing standards. Specifically, each member of the Committee must be able to read and understand fundamental financial statements, including a corporation's balance sheet, income statement and cash flow statement. At least one member of the Committee shall be an "audit committee financial expert," as defined by Item 407(d)(5)(ii) of Regulation S-K, having: (i) an understanding of accounting principles generally accepted in the United States and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements (or experience actively supervising one or more persons engaged in such activities); (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.
4. Appointment. The Board shall appoint, on a yearly basis, the Committee members at the first meeting of the Board following the Annual Meeting of Shareholders. Members of the Committee shall continue to be Committee members until their successors are appointed and qualified or until their earlier retirement, resignation or removal. Any member may be removed from the Committee, with or without cause, by the approval of a majority of the directors then serving on the Board. The Board may fill any vacancies on the Committee by a majority vote of the directors then in office.

III. RESPONSIBILITIES

The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board shall from time to time prescribe. The following duties and responsibilities are set forth as a guide with the understanding that the Committee has the authority to diverge from this guide as appropriate given the circumstances. For the avoidance of doubt, the Committee is expressly vested with all responsibilities and authority required by Rule 10A-3, relevant portions of which are attached hereto as Exhibit A, under the Securities Exchange Act of 1934, as amended. The Committee's policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

In meeting its responsibilities, the Committee is expected to:

Oversight of the Company's Independent Auditors

1. Be directly responsible for the appointment, retention, evaluation, compensation, and oversight of the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and, if necessary or advisable in the Committee's sole discretion, to terminate the independent auditors. The independent auditors shall report directly to the Committee, and the Committee's responsibility includes the resolution of disagreements between management and the independent auditors regarding financial reporting.
2. On an annual basis, request and obtain from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence. The Committee shall actively engage in a dialogue with management and the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors and take appropriate action in response to the independent auditors' report to

satisfy itself of the independent auditors' objectivity and independence. The Committee shall also: (i) confirm with the independent auditors that the independent auditors are in compliance with the partner rotation requirements established by the SEC; (ii) if applicable, consider whether the independent auditors' provision of any permitted non-audit services to the Company is compatible with maintaining the independence of the independent auditors; and (iii) obtain from the independent auditors assurances that it has complied with Section 10A of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

3. Assist in the resolution of any disagreements between management and the independent auditors regarding financial reporting.
4. Review the rationale for employing audit firms other than the principal independent auditors; and when an additional audit firm has been employed, review the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
5. Ensure that the independent auditors: (i) have received an external quality control review by an independent public accountant ("peer review") that determines whether the independent auditors' system of quality control is in place and operating effectively and whether established policies and procedures and applicable auditing standards are being followed; or (i) is enrolled in a peer review program and within 36 months receives a peer review that meets acceptable guidelines in accordance with the listing standards.
6. Set clear hiring policies for employees or former employees of the independent auditors.
7. Establish policies and procedures for review and pre-approval by the Committee of all audit services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent auditors, with exceptions provided for *de minimis* amounts under certain circumstances as permitted by law; provided, however, that: (i) the Committee may delegate to one (1) or more members the authority to grant such pre-approvals if the pre-approval decisions of any such delegate member(s) are presented to the Committee at its next scheduled meeting; and (ii) all approvals of non-audit services to be performed by the independent auditors must be disclosed in the Company's applicable periodic reports.
8. Discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 16, as may be modified or supplemented, relating to the conduct of the audit.

Accounting Process; Financial Statement and Disclosure Matters

9. Review and oversee the Company's accounting and financial reporting process and the auditing of the Company's financial statements.
10. Consider and review with management and the independent auditors: (i) any significant findings during the year, including the status of previous audit recommendations; (ii) any audit problems or difficulties encountered in the course of audit work including any restrictions on the scope of activities or access to required information; (iii) the overall scope and plans for the audit (including the audit budget and the adequacy of compensation and staffing of accounting and internal audit functions); (iv) any changes required in the planned scope of the audit; (v) any significant unadjusted audit differences; (vi) the coordination of audit efforts to monitor completeness of coverage, reduction of redundant efforts, and the effective use of audit resources; and (iv) any "management" or "internal control" letter issued by the independent auditors to the Company.

11. Review and discuss with management and the independent auditors the accounting policies that may be viewed as critical, and review and discuss any significant changes in the accounting policies of the Company and any potential changes in accounting, auditing, review and financial reporting standards and regulations that may have a significant impact on the Company's financial reports. Inquire of and consider the independent auditors' views about management's choices among alternative accounting principles and the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting.
12. Inquire of management and the independent auditors about significant risks or exposures and assess the steps management has taken to minimize such risks. Discuss with management and the independent auditors the Company's systems and policies with respect to risk monitoring, assessment and management. Assume a key role in the oversight of the Company's Enterprise Risk Management ("ERM") process. In conjunction with the full Board of Directors, the Audit Committee discusses with management the steps taken to monitor and control risk exposures across the breadth of the Company's operations. In addition, the Audit Committee reviews the Company's accounting systems and policies with respect to risk monitoring, assessment and management, including any disclosures contained in the Company's quarterly financial reports regarding risk factors affecting the Company and its businesses. The Audit Committee provides regular reports to the full Board of Directors on its risk oversight activities and any issues identified.
13. Review with management and the independent auditors any correspondence with regulators that raise material issues regarding the Company's accounting policies or financial reporting.
14. Inquire of management and the independent auditors about whether significant new transactions or other significant matters or events not in the ordinary course of business have occurred and their views of the accounting treatment given thereto.
15. Review with legal counsel any legal and regulatory matters that may have a material impact on the Company's financial statement compliance policies and programs and any corresponding disclosures.
16. Review and discuss with management and the independent auditors any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with entities of which the Committee is made aware whose accounts are not consolidated in the financial statements of the Company and that may have a material current or future effect on the Company's financial condition, results of operations, liquidity, capital expenditures, capital resources or significant components of revenues or expenses.
17. Review and discuss or otherwise have the opportunity to comment on earnings press releases, other financial information and earnings guidance provided prior to any public disclosure thereof.
18. Review the Company's financial statements, and, as part of that review: (i) review with management and the independent auditors, prior to public release: (A) the Company's annual and interim financial statements to be filed with the SEC; (B) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;" and (C) any certifications regarding the financial statements or the Company's internal accounting and financial controls and procedures and disclosure controls or procedures by the Company's Chief Executive Officer or Chief Financial Officer that will be filed with or furnished to the SEC; (ii) discuss with the independent auditors the matters that the independent auditors inform the Committee are required to be discussed under applicable auditing standards; (iii) provide a report in the Company's proxy statement in accordance with SEC regulations; and (iv) make a recommendation to the Board regarding the inclusion of the audited annual financial statements in the Company's Annual Report on Form 10-K to be filed with the SEC.

19. The Committee shall establish procedures to comply with, and coordinate with the independent auditors regarding, Auditing Standard No. 18 (Related-Party Transactions) as adopted by the the Public Company Accounting Oversight Board (“Audit Standard No. 18”), including in relation to significant unusual transactions, as well as executive officer relationships and transactions. The Committee shall report regularly to the Board on Audit Standard No. 18 matters and any issues identified.
20. Meet separately with the independent auditors without any management member present before the release of the annual audited financial statements, and discuss: (i) the adequacy of the Company’s system of internal accounting and financial controls and the proper disclosure of such conclusions; (ii) the appropriateness of the accounting principles used in and the judgments made in the preparation of the Company’s audited financial statements; (iii) the quality of the Company’s financial statements; and (iv) any audit problems or difficulties or findings and recommendations of the independent auditors, and management’s response to such problems, difficulties or recommendations.

Oversight of the Company’s Internal Accounting and Financial Control Function

21. As appropriate, make inquiries and assess the main components of internal financial control, including, but not limited to: (i) authorization levels for making financial commitments on behalf of the Company, (ii) computer systems for order processing, billing, collections, equipment tracking and general accounting, (iii) staffing of the Company’s financial organization, and (iv) procedures being deployed to insure compliance with appropriate provisions of the Sarbanes-Oxley Act and compliance with other laws and regulations which could have a material impact on the Company.
22. Annually, obtain a written report from management on the effectiveness of internal controls over financial reporting, including controls over financial reporting designed to prevent or mitigate financial statement fraud, and review the effectiveness of internal controls over financial reporting with management and the independent auditors.

Oversight of Compliance Responsibilities

23. Review and approve procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential, anonymous submission by the Company’s employees of concerns regarding questionable accounting or auditing matters.
24. Review and discuss with management any transactions or courses of dealing with related parties (e.g., including significant shareholders of the Company, directors, corporate officers or other members of senior management or their family members). In such review consider: (i) the financial accounting accorded the transaction(s) or course of action; (ii) whether the terms or other aspects differ from those that would likely be negotiated with independent parties; and (iii) whether the proposed disclosure of the transaction(s) or course of dealing, if any, is in accordance with accounting principles generally accepted in the United States and SEC regulations. Upon completion of such review, the Committee shall either approve or disapprove (with referral to the Board) each reviewed related party transaction(s) or course of action.
25. Review policies and procedures with respect to officers’ and directors’ expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditors.

26. Review periodically with management the provisions of the Company's Code of Business Conduct and Ethics bearing on the integrity of financial reporting including any waivers provided under such code since the last review.
27. Review and address any concerns regarding potentially illegal actions raised by the independent auditors pursuant to Section 10A(b) of the Exchange Act and cause the Company to inform the SEC of any report issued by the independent auditors to the Board regarding such conduct pursuant to Rule 10A-1 under the Exchange Act.

Company-wide Risk Oversight

28. The Audit Committee plays a key role in the Board of Directors Company-wide risk oversight process. The Audit Committee's duties include discussing the Company's guidelines and policies with respect to risk assessment and risk management with Company management and the Company's independent auditors. The Audit Committee also receives regular reports from Company management and discusses with management the steps taken to monitor and control risk exposures. The Audit Committee provides regular reports to the full Board of Directors on its risk oversight activities and any issues identified.

Other Duties

29. Conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with its Charter.
30. Review and reassess, at least annually, the adequacy of this Charter and submit any recommended changes to the Board for its consideration.
31. The duties and responsibilities of a member of the Committee are in addition to those duties set out for a member of the Board.

IV. POWERS

1. The Committee is at all times authorized to have direct, independent and confidential access to the Company's other directors, management and personnel, as well as to the Company's books, records and facilities to carry out the Committee's purposes. The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other experts and advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report and to any experts and advisors employed by the Committee. The Board and the Committee are in place to represent the Company's shareholders. Accordingly, the independent auditors are ultimately accountable to the Board and the Committee.

V. MEETINGS

1. Meetings. The Committee shall meet as often as it determines necessary or advisable, but not less frequently than four times per year and in executive session at least twice a year. The Committee may also hold special meetings or act by unanimous written consent as the Committee may decide. As permitted in the Company's Bylaws (the "Bylaws"), the meetings may be in person or telephone. The Committee shall keep written minutes of its meetings and shall deliver a copy of such minutes to the Board and to the Corporate Secretary of the Company for inclusion in the Company's minute books. The Committee shall meet periodically with the independent auditors in separate executive sessions. The

Committee may request any officer or employee of the Company or the independent counsel or the independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including but not limited to, any director who is not a member of the Committee.

2. Procedures. The Committee may establish its own procedures, including the formation and delegation of authority to subcommittees, in a manner not inconsistent with this Charter, the Bylaws, the listing standards, SEC regulations or other applicable laws or regulations. The Chairperson or majority of the Committee members may call meetings and set agendas of the Committee. A majority of the Committee members shall constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at the meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this Charter, the Bylaws, the listing standards, SEC regulations or other applicable laws or regulations.
3. Reports. The Committee shall keep minutes and make regular reports to the Board of its findings, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, and the performance and independence of the independent auditors.

VI. DISCLOSURE OF CHARTER

1. This Charter will be made available on the Company's Web site at www.mgrc.com.

Exhibit A

Select Provisions of Rule 10A-3

Rule 10A-3(b). *Required Standards.*

(2) *Responsibilities Relating to Registered Public Accounting Firms.* The audit committee of each listed issuer, in its capacity as a committee of the board of directors, must be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer, and each such registered public accounting firm must report directly to the audit committee.

(3) *Complaints.* Each audit committee must establish procedures for:

(i) The receipt, retention, and treatment of complaints received by the listed issuer regarding accounting, internal accounting controls, or auditing matters; and

(ii) The confidential, anonymous submission by employees of the listed issuer of concerns regarding questionable accounting or auditing matters.

(4) *Authority to Engage Advisers.* Each audit committee must have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.

(5) *Funding.* Each listed issuer must provide for appropriate funding, as determined by the audit committee, in its capacity as a committee of the board of directors, for payment of:

(i) Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the listed issuer;

(ii) Compensation to any advisers employed by the audit committee under paragraph (b)(4) of this section; and

(iii) Ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.