

MCGRATH RENTCORP

COMPENSATION RECOUPMENT POLICY

Effective April 18, 2011

The Board of Directors (the “Board”) of McGrath RentCorp (together with its subsidiaries, the “Company”) believes it is desirable and in the best interests of the Company and its stockholders to maintain and enhance a culture that is focused on integrity and accountability and that discourages conduct detrimental to the Company’s sustainable growth. Therefore, it may be appropriate for the Company to recover incentive compensation provided to employees in the event of a restatement of the Company’s financial statements or in the event that such incentive compensation is later determined to be based on materially inaccurate performance metrics. In light of these concerns, and to set an example for all employees throughout the Company, the Board has adopted the following Compensation Recoupment Policy (the “Policy”) effective as of April 18, 2011 (the “Effective Date”). The Policy applies to any Company employee who receives Incentive Compensation from the Company after the Effective Date.

1. Definitions.

A. “Executive Officer” shall have the meaning set forth in 17 CFR §240.3b-7.

B. “Incentive Compensation” shall mean any cash, equity or equity-linked compensation that is tied to a performance metric and intended to serve as a performance incentive over a period of one or more years, including, but not limited to, such compensation, or any portion thereof, that is based upon quantitative or qualitative measures and notwithstanding whether determined in whole or in part on an objective, subjective or discretionary basis by the person or committee determining the amount of such compensation.

C. “Measurement Date” shall mean the date on which the Company files restated financial statements with the Securities and Exchange Commission or, if the Company does not restate its financial statements but determines any performance metric(s) pursuant to which Incentive Compensation has been awarded are materially inaccurate, the date on which accurate performance metrics are calculated and made available to the Administrator (as defined below).

2. Recoupment of Incentive Compensation.

A. *Executive Officers.* If the Company restates its financial statements, then, to the fullest extent permitted by law, the Company shall require each current or former Executive Officer to reimburse the Company any Incentive Compensation received by such Executive Officer during the three-year period preceding the Measurement Date to the extent that such compensation (i) was earned after the Effective Date and (ii) is in excess of that which would have been paid to such Executive Officer if such compensation were based upon the financial statements as so restated.

B. *All Employees.* If compensation is paid to any employee pursuant to restricted stock units that constitute Incentive Compensation on the basis of materially inaccurate performance metric(s), notwithstanding whether (i) the inaccuracy results in a restatement of the Company’s financial statements or whether (ii) such employee was responsible for such inaccuracy, then the Company may require such employee to reimburse the Company any such Incentive

Compensation received by such employee during the three-year period preceding the Measurement Date to the extent that such compensation (i) was earned after the Effective Date and (ii) is in excess of that which would have been paid to such employee if such compensation were based upon accurate performance metric(s).

3. Recoupment Amount and Procedures.

A. The amount required to be reimbursed or returned to the Company shall be determined by the Administrator, and absent unusual circumstances, will generally equal the excess of (i) the gross Incentive Compensation payment(s) made over (ii) the gross Incentive Compensation payment(s) that would have been made if the original payment had been determined based on the restated financial statements or accurate performance metric(s).

B. The Company will determine, in its sole discretion, the method for obtaining reimbursement, which may include, but is not limited to: (i) offsetting the amount from any compensation owed by the Company to the affected employee (including, without limitation, amounts payable under a deferred compensation plan at such time as is permitted by Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder); (ii) reducing or eliminating future salary increases, cash incentive awards or equity awards payments; or (iii) requiring the affected employee to pay the amount to the Company upon the Company's written demand for such payment.

4. Administration. The Policy is to be administered by the Compensation Committee of the Company (the "Committee"), unless the Board elects to administer the Policy itself (the Committee or the Board in such role, as applicable, the "Administrator"). The Administrator may delegate ministerial duties to one or more Executive Officers or employees of the Company.

5. Miscellaneous. The Board intends that this Policy will be applied to the fullest extent permitted by law. In addition, the Administrator may determine that any equity award agreement, employment agreement or similar agreement entered into or amended after the Effective Date shall, as a condition to the grant of any benefit covered by such agreement, require the affected employee to contractually agree to abide by the terms of this Policy. Further, the adoption of this Policy does not mitigate, and is intended to enhance, the effect of any recoupment or similar policies in any equity award agreement, employment agreement or similar agreement in effect prior to the Effective Date.

6. Binding on Successors. The terms of this Policy shall be binding and enforceable against all Executive Officers and employees of the Company and their heirs, executors, administrators and legal representatives.

If you have any questions concerning this Policy, please call Randle F. Rose, the Company Compliance Officer at (925) 453-3104.

Acknowledgement and Agreement

I acknowledge that I have read the McGrath RentCorp Compensation Recoupment Policy. In consideration of my continued employment with McGrath RentCorp, I agree that all incentive compensation earned or paid to me after April 15, 2011, including, without limitation, all equity awards so earned or granted to me, will be subject to the terms and conditions of such Compensation Recoupment Policy, as amended from time to time.

Signature

Print Name

Dated
