SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year ended: December 31, 1995	Commission File Number: 0-13292

MCGRATH RENTCORP

(Exact name of registrant as specified in its Charter)

California	94-2579843
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2500 GRANT AVENUE
SAN LORENZO, CALIFORNIA 94580-1810
(Address of principal executive offices)

Registrant's telephone number: (510) 276-2626

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
NONE	NONE

TITLE OF CLASS

COMMON STOCK

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

State the aggregate market value of voting stock, held by nonaffiliates of the registrant: $120,981,380 as of March 6, 1996.

At March 6, 1996, 7,793,715 shares of Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

McGrath RentCorp's Annual Report to Shareholders for the year ended December 31, 1995 (hereinafter referred to as the "Annual Report"), is filed herewith as Exhibit 13 and incorporated by reference into:

Part I - Items 1 and 2
Part II - Items 5, 6, 7 and 8

McGrath RentCorp's definitive Proxy Statement with respect to its Annual Shareholders' Meeting to be held June 13, 1996, which will be filed with the Securities and Exchange Commission within 120 days after the end of its fiscal year, is incorporated by reference into Part III, Items 10, 11, 12 and 13.

See page 4 for an index of Exhibits

PART I

ITEM 1. BUSINESS.

The information required by this Item is contained in the Annual Report under the headings "Company Profile" (pages 2 and 3), "Our Products" (pages 3 through 6). Such information is incorporated by reference and filed herewith.

ITEM 2. PROPERTIES.

The information required by this Item is contained in the Annual Report under the heading "Properties" (page 11). Such information is incorporated by reference and filed herewith.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any material pending legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS.

There were no matters submitted to a vote of shareholders during the fourth quarter of 1995.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The information required by this Item is contained in the Annual Report under the headings "Shareholder Matters - Stock Activity", "Shareholder Matters - - Number of Shareholders", and "Shareholders Matters - Dividend Policy" on the inside back cover. Such information is hereby incorporated by reference and filed herewith.

ITEM 6. SELECTED FINANCIAL DATA.

The unaudited information required by this Item is contained in the Annual Report under the heading "Consolidated Quarterly (Unaudited) and Five Year Selected Financial Data" (page 7). Such information is hereby incorporated by reference and filed herewith.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this Item is contained in the Annual Report under the headings "Management Discussion and Analysis" (page 8), "Fiscal Years 1995 and 1994" (page 8), "Fiscal Years 1994 and 1993" (page 9), "Liquidity and Capital Resources" and "Impact of Inflation" (page 10). Such information is hereby incorporated by reference and filed herewith.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this Item is contained in the Annual Report (pages 12 through 20). Such information is hereby incorporated by reference and filed herewith.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this Item is incorporated by reference to McGrath RentCorp's definitive Proxy Statement with respect to its Annual Shareholders' Meeting to be held June 13, 1996, which will be filed with the Securities and Exchange Commission by not later than May 1, 1996.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated by reference to McGrath RentCorp's definitive Proxy Statement with respect to its Annual Shareholders' Meeting to be held June 13, 1996, which will be filed with the Securities and Exchange Commission by not later than May 1, 1996.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is incorporated by reference to McGrath RentCorp's definitive Proxy Statement with respect to its Annual Shareholders' Meeting to be held June 13, 1996, which will be filed with the Securities and Exchange Commission by not later than May 1, 1996.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is incorporated by reference to McGrath RentCorp's definitive Proxy Statement with respect to its Annual Shareholders' Meeting to be held June 13, 1996, which will be filed with the Securities and Exchange Commission by not later than May 1, 1996.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1) FINANCIAL STATEMENTS.

The following financial statements and independent auditors report appearing in the Annual Report, on pages 12 through 20, are incorporated herein by reference:

Report of Independent Public Accountants
Consolidated Statements of Income for the Years Ended December 31, 1995, 1994 and 1993
Consolidated Balance Sheets as of December 31, 1995 and 1994
Consolidated Statements of Shareholders' Equity for the Years Ended December 31, 1995, 1994 and 1993
Consolidated Statements of Cash Flows for the Years Ended December 31, 1995, 1994 and 1993
Notes to Consolidated Financial Statements

(a) (2) FINANCIAL STATEMENT SCHEDULES.

None.

(a) (3) EXHIBITS.

Index to exhibits filed herewith as part of this report:

EXHIBIT NUMBER	TITLE	PAGE
4.1	First Amendment to Amended and Restated Credit Agreement dated June 16, 1995 between the Company and The Bank of California, N.A., National Westminster Bank, USA and Bank of America National Trust and Savings Association	7
11	Weighted Average Shares Composition	10
13	1995 Annual Report to Shareholders	11
27	Financial Data Schedule (filed electronically)	

Exhibit Number 4.1 (Amended and Restated Credit Agreement dated June 14, 1994) to the Company's Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the quarter ended June 30, 1994 (filed August 13, 1994) is hereby incorporated by reference herein.

Exhibit Number 10.4 (Real Property Lease Extension-Grant Avenue, San Lorenzo, California) to the Company's Annual Report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the year ended December 31, 1991 (filed March 28, 1992) is hereby incorporated by reference herein.

Exhibit Number 3.1 (Amendment to the Company's Articles of Incorporation) to the Company's Registration Statement under the Securities Act of 1933 (filed March 28, 1991, Registration No. 33-39633), is hereby incorporated by reference herein.

The following exhibits to the Company's Annual Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the year ended December 31, 1990 (filed March 28, 1991) are incorporated by reference herein:

3.1	Amended Bylaws of the Company
10.3	Long-Term Bonus Plan, together with attached exemplar Long-Term Stock Bonus Agreement

Exhibit Number 19.3 (Real Property Lease-8.8 Acres, Cota Street, Corona, California) to the Company's Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the quarter ended September 30, 1989 (filed November 14, 1989) is hereby incorporated by reference herein.

The following exhibits to the Company's Quarterly Report Under Section 13 and 15 (d) of the Securities Exchange Act of 1934 for the quarter ended June 30, 1988 (filed August 14, 1988) are hereby incorporated by reference herein:

19.1	The Amended and Restated Articles of Incorporation of the Company, filed with the California Secretary of State's Office on June 6, 1988.
19.3	The McGrath RentCorp 1987 Incentive Stock Option Plan.
19.4	Exemplar of the form of Incentive Stock Option Agreement entered into by the Company with participants in the McGrath RentCorp 1987 Incentive Stock Option Plan.
19.5	Exemplar of the form of Indemnification Agreement entered into by the Company with Directors, Officers and other agents of the Company approved by the Company's Board of Directors.

Exhibit Number 10.3 (Real Property Lease - 2500 Grant Avenue, San Lorenzo, California) to the Company's Annual Report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 for the year ended December 31, 1986 (filed March 31, 1987) is hereby incorporated by reference herein.

(b) REPORTS ON FORM 8-K.

No report on Form 8-K has been filed during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 29, 1996 MCGRATH RENTCORP

By: /s/ Robert P. McGrath
Robert P. McGrath,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates as indicated.

SIGNATURE	TITLE	DATE
/s/ Robert P. McGrath Robert P. McGrath	Chairman of the Board, and Chief Executive Officer	March 29, 1996
/s/ Delight Saxton Delight Saxton	Vice President, Chief Financial Officer, Secretary, and Director	March 29, 1996
/s/ Joan M. McGrath Joan M. McGrath	Director	March 29, 1996

EXHIBIT 4.1

FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("First Amendment") is made this 16th day of June, 1995, among McGRATH RENTCORP., a California corporation (the "Borrower"), and THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION, NATIONAL WESTMINSTER BANK, USA and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (each a "Bank" and collectively the "Banks") and THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION, as agent (the "Agent") for the Banks.

RECITALS

A. The Borrower is currently indebted to Banks pursuant to the terms and conditions of that certain Amended and Restated Credit Agreement dated June 14, 1994 (the "Agreement"), pursuant to which Banks extended to the Borrower certain Loans (as defined in the Agreement).

B. The Borrower and the Banks have agreed to amend the Agreement to reflect certain changes in the terms and conditions set forth in the Agreement.

AGREEMENT

NOW, THEREFORE, the Borrower, the Banks and the Agent hereby agree as follows:

1. <u>DEFINITIONS</u>. Unless otherwise expressly provided herein, each capitalized term used in this First Amendment shall have the same meaning as set forth in the Agreement.

2. <u>AMENDMENT OF SECTION 8.4</u>. Section 8.4 of the Agreement is hereby amended in its entirety to read as follows:

> "8.4. <u>GUARANTIES</u>. Except guaranties in existence as of the date of this agreement in connection with Borrower's Investor-Owner Sales Program, Borrower shall not become liable, directly or indirectly, as guarantor or otherwise, for any obligation of any other person or entity in excess of One Million Five Hundred Thousand Dollars ($1,500,000) in the aggregate, at any time."

3. <u>FULL FORCE AND EFFECT</u>. Except as specifically provided herein, all terms and conditions of the Agreement and each Loan Document remain in full force and effect, without waiver or modification. This First Amendment shall not be construed as a waiver of or a consent to any default under or breach of the Agreement. This First Amendment and the Agreement shall be read together as one document.

4. REPRESENTATIONS AND WARRANTIES As part of the consideration for the Banks and Agent to enter into this First Amendment, the Borrower represents and warrants to the Banks and Agent as follows:

(a) The execution, delivery and performance by the Borrower of this First Amendment are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and require no action by or in respect of, or filing with, any governmental body, agency or official, and the execution, delivery and performance by the Borrower of this First Amendment do not contravene, or constitute a default under, any provision of applicable law or requirements or of the certificate or articles of incorporation or the by-laws of the Borrower or of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or any assets of the Borrower, or result in the creation or imposition of any Lien on any asset of the Borrower.

(b) This First Amendment constitutes the valid and binding obligation of the Borrower, enforceable against it in accordance with its terms, except as enforceability may be subject to applicable bankruptcy, insolvency, reorganization, equity of redemption, moratorium or other laws now or hereafter in effect relating to creditors rights, and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(c) No Event of Default has occurred and is continuing, and the representations and warranties of the Borrower in the Agreement and other Loan Documents delivered pursuant thereto are true and correct in all material respects as of the date hereof as if made on the date hereof.

(d) The officer of the Borrower executing and delivering this First Amendment on behalf of the Borrower has been duly authorized by appropriate corporate resolutions to so execute and deliver this First Amendment.

5. COUNTERPARTS. This First Amendment may be executed by the parties hereto in one or more counterparts and all such counterparts, when taken together, shall constitute one and the same First Amendment.

IN WITNESS WHEREOF, the Borrower, the Banks and the Agent have executed this First Amendment as of the date first set forth above.

BORROWER: McGRATH RENTCORP.,
A California corporation

By: /s/ Delight Saxton

Its: Vice President of Admin. CFO

BANKS: THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION

By: /s/ Robert J. Vernagallo

Its: Vice President

NATIONAL WESTMINSTER BANK, USA

By:

Its:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By:

Its:

AGENT: THE BANK OF CALIFORNIA, NATIONAL ASSOCIATION,
as Agent

By: /s/ Robert J. Vernagallo

Its: Vice President

EXHIBIT 11

EXHIBIT 11
McGrath RentCorp
Weighted Average Shares Composition

	Year Ended December 31,		
	1995	1994	1993
Primary			
Weighted common shares issued and outstanding	7,974,362	8,279,350	8,306,641
Common stock equivalents	109,885	135,920	101,349
Shares used for EPS calculation	8,084,247	8,415,270	8,407,990
Fully Diluted			
Weighted common shares issued and outstanding	7,974,362	8,279,350	8,306,641
Common stock equivalents	125,017	147,409	119,579
Computed fully diluted shares	8,099,379	8,426,759	8,426,220

THE CORPORATION

2500 Grant Avenue, San Lorenzo, CA 94580 (510) 276-2626

McGrath RentCorp is engaged in the business of renting and selling relocatable modular offices and classrooms, and electronic test and measurement instruments with related accessories. Although the Company's primary emphasis is on rentals, both modulars and instruments are also sold to direct-use customers. The Company uses the tradenames "Mobile Modular" and "Rentelco". The Company manufactures portable classrooms through its subsidiary, Enviroplex, Inc., which sells directly to school districts.

[PHOTO OF SIGNS]

CONSOLIDATED FINANCIAL HIGHLIGHTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

Operations Data:

Year ended December 31,	1995	1994	Percent Change
Rental Revenues	$ 46,063	$ 46,149	-%
Total Revenues	71,273	68,295	4
Net Income	13,843	13,004	6
Net Income Per Share	1.71	1.55	10
Cash Dividends Per Share	0.48(1)	0.44(1)	9

Balance Sheet Data (YEAR-END):

Rental Equipment, net	$127,608	$127,244	-%
Total Assets	175,130	169,923	3
Notes Payable	37,080	35,950	3
Shareholders' Equity	85,893	83,839	2

Footnote

1. DIVIDEND OF $0.11 PER SHARE DECLARED IN JANUARY 1995 IS EXCLUDED FROM THE 1995 AMOUNT AND INCLUDED IN THE 1994 AMOUNT.

A MESSAGE
TO OUR
SHAREHOLDERS
- ------------

Robert P. McGrath
Dennis C. Kakures

Over the last several years we have talked about the real inner strength of the Company. In 1995 we instituted a program we call Exemplary Customer Service (ECS). Our Credo, developed and pledged by our staff reads:

> I will, as a team member of McGrath, embrace our customers' needs, and deliver exemplary service to earn customer loyalty.
>
> I will do this by:
>
> - focusing on doing things right the first time
> - providing the utmost attention to detail, and
> - always doing what I say I am going to do, with integrity.

Each of our offices conducts series of short meetings wherein our staff acknowledges those peers who have performed beyond the call of duty, either in the service of our customers or in the improvement of our product. This program has become much more than lip service; it is becoming an integral part of the McGrath way of doing business.

A year ago we cautioned that our record results were impacted positively by the 1994 Northridge earthquake, and that it would be difficult to make up those earnings in 1995. We are pleased that total revenues for 1995 increased 4% over 1994 to $71,273,000, net income increased 6% to $13,843,000, and net income per share increased 10% to $1.71 per share. Once again this was the best year in our history.

Cash flow continues strong. Rental assets increased by $7,713,000, improvements increased by $5,796,000, dividends paid were $3,768,000 and stock repurchased was $7,374,000 while our debt increased by only $1,130,000.

Last year we discussed our purchase of Rentelco three years earlier, and how that fits in with our philosophy--good people in a good working environment produce the best results. 1995 was again an excellent year for Rentelco.

This year we want to discuss Enviroplex. Several years ago we funded this startup company which wanted to make a contribution as a manufacturer of portable classrooms. In January 1995, we converted our note to a 73% ownership interest and the results are now part of our consolidated financial statements. President Joe Sublett has done an excellent job and brings a wealth of manufacturing know-how to Enviroplex. We like to think that Joe produces the best portable classrooms in the industry and his repeat customers tend to confirm this position. The head of the General Services Administration singled out a "School Project of the Future" produced by a private contractor. That award-winning project had classrooms provided by Enviroplex. This same philosophy of good people and a good working environment has again produced good results.

Our business strategy calls for creating facility capabilities that our competitors cannot duplicate. This will enable us to quickly and efficiently modify buildings to meet our customer's needs. Our goal is to be more responsive at less expense. There is solid progress. Our new Houston facility came on line in June 1995; we plan to move into our new Southern California facility by the time you receive this report; the move to our new Northern California facility is scheduled for the end of 1996. Our new computer based relational database programs that control our internal operations are about 70% operational.

Executing these operational plans requires dedication, a willingness to embrace change and painstaking work. As we said last year, shareholders like to hear about pizzazz and we are serving up bricks, mortar and computers. However, we continue to emphasize that our long-term success lies in our ability to provide a better service to our customers with our per transaction cost less than that of our competitors. We continue to look for investment opportunities in related areas.

After the California school bond issue failed to pass in 1994, the money for classroom modernization programs slowed down. On March 26, 1996, California voters passed a 3 billion dollar bond measure. A certain amount will be spent on modernization programs and we are looking forward to participating in this business.

Given our strong balance sheet and cash flow and our prospects for 1996, we are increasing our next quarterly dividend to $0.14 per share.

Sincerely,

/s/ Robert P. McGrath   /s/ Dennis C. Kakures

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Robert P. McGrath — Chairman and Chief Executive Officer

Dennis C. Kakures — President and Chief Operating Officer

P.S. In his first year as President, Dennis Kakures has more than met our expectations. His thirteen years with the Company have prepared him well. He brings energy and persistence to the development and marketing of our products, to the streamlining of our operations and the development of our management. The results are already visible.

RPM

[PHOTO OF CHAIRMAN
PHOTO OF PRESIDENT]

COMPANY PROFILE

Since its founding and incorporation in 1979, McGrath RentCorp has rented and sold relocatable modular offices designed to fill customers' temporary space needs. These units are used as temporary offices adjacent to existing facilities, and as classrooms, sales offices, construction field offices and for a variety of other purposes. Under the trade name "Mobile Modular Management Corporation", the Company conducts its rental and sales operations of relocatable modular offices from branch offices, two in California and one in Texas.

In 1985, the Company expanded its operations into the rental of electronic test and measurement instruments. Engineers, scientists and technicians use these instruments in evaluating the performance of their own electrical and electronic equipment, developing products, controlling manufacturing processes and in field service applications. These instruments are rented primarily to electronics, industrial, research and aerospace companies. The majority of the Company's inventory consists of instruments manufactured by Hewlett-Packard and Tektronix. The Company conducts rental and sales operations of electronic instruments from its Northern California branch office and telecommunications test equipment from its Dallas, Texas branch office.

In January 1995, the Company converted a $300,000 note receivable to a 73.2% ownership interest in Enviroplex, Inc. Enviroplex, Inc. manufactures portable classrooms built to the requirements of the California Division of the State Architect ("DSA") and sells primarily to school districts.

The following table shows the revenue components, percentage of total revenues, original cost and net book value of equipment, and average utilization by product line for the past five years.

PRODUCT HIGHLIGHTS

(DOLLAR AMOUNTS IN THOUSANDS)

Year ended December 31,	1995	1994	1993	1992	1991
RELOCATABLE MODULAR OFFICES					
Rental Operations:					
Rental	$ 31,577	$ 33,386	$ 30,565	$ 31,103	$ 30,523
Rental Related Services	9,103	9,181	7,429	6,755	6,822
	40,680	42,567	37,994	37,858	37,345
Sales and Related Services(1)	11,347	9,039	6,153	5,799	10,356
Total Revenues	$ 52,027	$ 51,606	$ 44,147	$ 43,657	$ 47,701
Percentage of Total Revenues	73.0%	75.6%	77.3%	80.0%	85.6%
Original Cost (YEAR-END)	$146,868	$144,674	$136,729	$130,075	$118,671
Net Book Value (YEAR-END)	$104,069	$107,341	$104,830	$103,802	$ 97,885
Average Utilization Rate(2)	73.9%	79.3%	77.0%	78.8%	81.9%
ELECTRONIC TEST AND MEASUREMENT INSTRUMENTS					
Rental Operations:					
Rental	$ 14,486	$ 12,763	$ 10,128	$ 7,654	$ 6,418
Rental Related Services	268	265	245	189	114
	14,754	13,028	10,373	7,843	6,532
Sales and Related Services	4,492	3,661	2,615	3,072	1,531
Total Revenues	$ 19,246	$ 16,689	$ 12,988	$ 10,915	$ 8,063
Percentage of Total Revenues	27.0%	24.4%	22.7%	20.0%	14.4%
Original Cost (YEAR-END)	$ 34,933	$ 29,542	$ 26,692	$ 21,218	$ 20,585

Net Book Value (YEAR-END)	$ 21,208	$ 17,735	$ 16,524	$ 13,550	$ 14,498
Average Utilization Rate(2)	55.2%	56.0%	52.3%	46.7%	47.5%

Footnote

1. INCLUDES REVENUES OF THE COMPANY'S MAJORITY OWNED SUBSIDIARY.

2. UTILIZATION IS CALCULATED AS OF THE END OF EACH MONTH BY DIVIDING THE ORIGINAL COST OF EQUIPMENT ON RENT BY THE TOTAL ORIGINAL COST OF ALL EQUIPMENT IN THE RENTAL INVENTORY; AND THE FIGURES SHOWN ARE THE AVERAGE OF SUCH MONTHLY FIGURES FOR EACH YEAR.

The Company has 252 employees. The operational compatibility between the two rental product lines results in the efficient use of overhead.

No single customer of either product line has accounted for more than 10% of the Company's total revenues generated in any given year. Our business is not seasonal, except for the rental of classrooms, which is heaviest in the several months prior to the opening of school each fall.

We are a company with a marketing sense throughout. We are constantly searching for ways both to streamline our service and to raise the quality of each relocatable office or instrument we rent. We are not only renting products, we are selling an old-fashioned idea: Paying attention to our customers pays off.

OUR PRODUCTS

RELOCATABLE MODULAR OFFICES

Relocatable modular offices are designed for use as temporary office space and may be towed from one location to another. Offices vary from simple single-unit construction site offices to attractive multi-module facilities, complete with wood exteriors and mansard roofs. The rental fleet includes a full range of styles and sizes. We consider our relocatable offices to be among the most attractive and well designed available. The units are constructed with wood siding which are sturdily built and physically capable of a useful life often exceeding 18 years. Units are provided with installed heat, air conditioning, lighting, electricity and floor covering, and may have customized interiors including partitioning, carpeting, cabinetwork and plumbing facilities.

The market for relocatable modular offices is broad. Businesses which have a need for additional space and have adjacent land or a parking lot are potential customers. Our largest single demand is for temporary classrooms. We believe the demand for classrooms is caused by shifting and fluctuating school populations, the lack of state funds for new construction, and the need for temporary classroom space during reconstruction of older schools. Other applications include sales offices, administrative offices for health care facilities, universities and museums. Large multi-modular complexes are used by the aerospace, energy and utility industries, and governmental agencies. Our branch offices, as well as our corporate office, are housed in various sizes of relocatable buildings.

The Company purchases new relocatable modular offices from various manufacturers who build to the Company's design specifications. None of the principal suppliers are affiliated with the Company. The Company believes that the loss of any one of these suppliers would not have a material adverse effect on its operations.

Since most of our customer requirements are to fill temporary space needs, the Company's marketing emphasis is on rentals rather than sales. The Company solicits customers through extensive yellow-page advertising, telemarketing and direct mail. Customers are encouraged to visit an inventory center to view different models on display and to see the branch office, which itself is a working example of a relocatable modular office.

Rental periods range from one month to five years, with a typical rental period of one year. Most rental agreements provide no purchase options, and when a rental agreement does provide the customer with a purchase option, it is generally on terms attractive to the Company.

[PHOTO OF BUILDING]

OUR PRODUCTS

The customer is responsible for the cost of transporting the unit to the site, preparation of the site, installation of the unit, dismantle and return of the unit to one of the Company's three inventory centers, and certain costs for customization. We maintain the units in good working order while on rent. Upon return, the units are refurbished for subsequent use including floor tile repairs, roof maintenance, cleaning, painting and cosmetic work.

In addition to operating its rental fleet, the Company sells relocatable offices to customers who have a direct and permanent use for such units. These sales arise out of our marketing efforts for the rental fleet and manufactured classrooms. Such sales can be of either new units or used units from the rental fleet or new manufactured classrooms. Of 1995 sales to direct-use customers, 58% arose from the Company's rental operations (20% were new equipment and 80% were used) and 42% were newly manufactured classrooms from Enviroplex, Inc.

Competition in the rental and sale of relocatable modular offices is intense. Many firms are engaged in the rental of relocatable modular offices, and some have substantially greater financial resources than the Company. Significant competitive factors in the rental business include availability, price, services, reliability and the quality and attractiveness of the units. McGrath RentCorp markets high-quality, well constructed and attractive offices. We believe that this strategy, together with our emphasis on prompt and efficient customer service, gives us a competitive advantage. We are determined to offer quick response to requests for information, experienced assistance for the first-time user, rapid delivery and timely maintenance of our units. The Company has a sales and maintenance staff trained in the Company's tradition of excellence in service.

We are eager to be accountable for the quality of the product we rent and for the excellence of our response to customer requests. In fact, we enjoy the satisfaction of a job well done, and we take pains to see that we never lose this company ethic.

CLASSROOM RENTALS

The rental of relocatable modular offices to school districts for use as portable classrooms, restroom buildings and administrative offices for kindergarten through grade twelve (K-12) accounted for approximately 34% of the Company's relocatable modular rental revenues during 1995 compared to 38% in 1994. The Company believes the decline in rental revenues derived from school districts is the result of a lack of available modernization and reconstruction funds due to the failed 1994 school bond measure.

In California (where most of the Company's rentals to school districts have occurred), school districts are permitted to purchase only portable classrooms which have been built to the requirements of the California Division of the State Architect ("DSA"). However, school districts may rent classrooms that meet either the Department of Housing ("DOH") or DSA requirements. Prior to 1988, the majority of the classrooms in the Company's rental fleet were built to the DOH requirements, and since 1988 the majority of new classrooms have been built to the DSA requirements. In 1988, California adopted a law which limits the term for which school districts may rent portable classrooms built to DOH standards to three years (under a waiver process), and which also requires the school board to indemnify the State against any claims arising out of the use of such classrooms. As a consequence, the tendency is for the Company to rent the DOH classrooms for shorter periods and to rent the DSA classrooms for longer periods. In 1993, a new law went into effect that allowed school districts that already had DOH classrooms to continue to rent them for an additional three years (i.e. up to six years in total). New orders for DOH classrooms placed after 1992 are restricted to the three year limitation as before.

New legislation has been adopted that eliminates the waiver process after September 30, 1997 or the expiration of the waiver in effect, whichever is longer. New regulations are in place that allow the use of the DOH classrooms for periods up to 24 months anytime after September 30, 1997, provided they receive a "Temporary Certification" from DSA.

All of the Company's DOH classrooms, with the exception of the 24'x40' standard classrooms, are also suitable for rent to non-school customers for commercial uses. Generally, the 24'x40' standard classrooms are not popular for commercial use. The Company has continued to rent returned DOH 24'x40' standard classrooms to school districts since 1988 and there is no reason to believe that it will not continue to do so in the future. However, there can be no assurance that this law or new laws may not adversely affect the Company's future classroom rental business.

The following table shows the relationship of 24'x40' standard DOH classrooms to DSA equipment marketed to school districts as of December 31, 1995, 1994 and 1993.

EQUIPMENT COMPARISON

(DOLLAR AMOUNTS IN THOUSANDS)

Balance At December 31,	1995	1994	1993
24'x40' Standard DOH Classrooms:			
Original Cost On Rent	$10,449	$13,114	$15,014
Original Cost Off Rent	5,015	3,258	1,928
Total Original Cost	$15,464	$16,372	$16,942
Net Book Value	$ 9,324	$10,650	$11,986
Utilization(1)	67.6%	80.1%	88.6%
DSA Equipment:			
Original Cost On Rent	$17,454	$18,644	$17,281
Original Cost Off Rent	3,653	1,829	1,236
Total Original Cost	$21,107	$20,473	$18,517
Net Book Value	$17,115	$17,304	$16,026
Utilization(1)	82.7%	91.1%	93.3%

Footnote

1. UTILIZATION IS CALCULATED AS OF DECEMBER 31 BY DIVIDING THE ORIGINAL COST OF EQUIPMENT ON RENT BY THE TOTAL ORIGINAL COST OF ALL EQUIPMENT IN THE RENTAL INVENTORY CATEGORY.

ELECTRONIC TEST AND MEASUREMENT INSTRUMENTS

OUR PRODUCTS

McGrath RentCorp commenced its electronic test and measurement instrument rental business in 1985, carrying primarily general purpose equipment. In 1991, the Company expanded its rental equipment base through the purchase of a telecommunication test equipment rental business conducted under the name "Rentelco" in Richardson, Texas (Dallas Area).

The Company's rental inventory includes electronic instruments such as oscilloscopes, spectrum analyzers, logic analyzers, signal generators, frequency counters, protocol analyzers, cable locaters, fiber optic and sonet equipment. A typical rental period is from one to six months. The Company also rents electronic instruments from other rental companies and re-rents the instruments to customers. The Company endeavors to keep its equipment fresh and attempts to sell equipment so that the majority of the inventory is less than five years old.

The business of renting electronic test and measurement instruments is an industry which emerged approximately 30 years ago, and which today has equipment on rent or available for rent in the United States with an aggregate original cost of several hundred million dollars. While there is a broad customer base for the rental of such instruments, most rentals are to electronics, industrial, research and aerospace companies. Although the Company has targeted the rental market in California and Texas, test equipment is shipped to other states.

The industry is dominated by four major companies. Two of these companies are much larger than the Company, have substantially greater financial resources and are well established in the industry with large inventories of equipment, several branch offices and experienced staffs.

We believe that customers rent electronic test and measurement instruments for many reasons. Customers frequently need equipment for short-term projects, for back-up to avoid costly down-time and to evaluate new products. Delivery times for the purchase of such equipment can be lengthy; thus, renting allows the customer to obtain the equipment expeditiously. We also believe that a substantial portion of electronic test and measurement instruments are used for research and development projects where the relative certainty of rental costs can facilitate cost control and be useful in bidding for government contracts. Finally, as is true with the rental of any equipment, renting rather than purchasing may better satisfy the customer's budgetary constraints.

The electronic test and measurement and the relocatable modular office product lines share common facilities, financing, senior management, and operating and accounting systems. Each product line has its own sales and technical personnel.

[PHOTO OF TWO EMPLOYEES
PHOTO OF PIECE OF TEST EQUIPMENT]

CONSOLIDATED QUARTERLY (UNAUDITED)
AND FIVE YEAR SELECTED FINANCIAL DATA

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Operations Data					Balance Sheet Data			
	Total Revenues	Income From Operations	Net Income	Net Income Per Share	Dividends Per Share	Rental Equipment, Net	Total Assets	Notes Payable	Shareholders' Equity
Total 1991	$55,764	$21,371	$11,366	$1.38	$0.32	$114,695	$137,024	$36,850	$63,157
Total 1992	54,572	18,404	10,145	1.18	0.36	119,681	144,223	35,000	68,700
Total 1993	57,135	19,083	10,637	1.27	0.40	123,431	161,427	40,100	76,071
Quarter									
1st	16,351	5,581	3,138	0.37	0.11	124,052	162,772	36,700	78,302
2nd	16,251	5,888	3,303	0.39	0.11	127,708	166,716	37,275	80,695
3rd	20,091	6,787	3,800	0.45	0.11	127,150	169,565	37,025	82,127
4th	15,602	6,290	2,763	0.33	0.11(1)	127,244	169,923	35,950	83,839
Total 1994	68,295	24,546	13,004	1.55	0.44	127,244	169,923	35,950	83,839
Quarter									
1st	16,649	5,935	3,177	0.38	0.12	126,761	170,510	34,050	84,451
2nd	17,121	6,157	3,264	0.39	0.12	127,901	174,540	37,315	85,270
3rd	19,067	6,627	3,506	0.44	0.12	128,308	177,065	39,925	82,801
4th	18,436	7,118	3,896	0.49	0.12	127,608	175,130	37,080	85,893
Total 1995	71,273	25,837	13,843	1.71	0.48	127,608	175,130	37,080	85,893

1. DECLARED JANUARY 1995.

MANAGEMENT'S
DISCUSSION
AND ANALYSIS
- ------------

Revenues are derived primarily from the rental of relocatable modular offices and electronic test and measurement instruments. The Company has expanded the rental inventory of relocatable modular offices and electronic instruments. This expansion has been funded through internal cash flow and conventional bank financing.

The major portion of the Company's revenue is derived from rentals and rental related services, comprising approximately 78% of total revenues in 1995. Over the past three years relocatable modular offices comprised 76% of the cumulative rental revenues, and test and measurement instruments comprised 24% of the cumulative rental revenues. Classrooms are a significant part of the Company's business (see "Our Products" - "Classroom Rentals").

The Company sells both previously rented and new relocatable modular offices to customers who have a direct and permanent use for such units, and through its majority owned subsidiary Enviroplex, Inc., sells DSA classrooms directly to school districts. The Company also acts as a dealer of new relocatable modular offices and is licensed as a dealer by governmental agencies in California and Texas. The Company also sells units from its rental inventory of test and measurement equipment. Revenues from sales of both modular and electronic equipment have comprised approximately 19% of total revenues over the last three years.

FISCAL YEARS
1995 AND
1994
- ------------

Rental revenues for 1995 decreased $86,000 from 1994. The rental revenue increase from electronics of $1,723,000 was offset by a $1,809,000 decrease in rental revenues from relocatable modular offices. The rental revenue decline for modulars was primarily due to the return of a significant amount of equipment (220 unit complex) from a single customer which had generated rental billings of $1,290,000 per year. Average utilization declined for both modular equipment, from 79.3% to 73.9%, and for electronics equipment, from 56.0% to 55.2%, as compared to 1994. Rental related services for 1995 decreased $75,000 from 1994 with gross margin increasing from 34% in 1994 to 41% in 1995. The increase in gross margin was due to additional incentive fees earned by the Company for equipment management.

Sales and related services in 1995 increased $3,139,000 (25%) over 1994. The sales volume increase is due to the contribution of the Company's majority owned subsidiary, Enviroplex, Inc., which had sales of $4,775,000. Gross margin on sales and related services remained the same at 32% for 1995 and 1994. Sales and related services fluctuate from quarter to quarter and from year to year depending on customer demands and requirements.

Interest expense in 1995 increased $664,000 (31%) over 1994 as a result of slightly higher borrowing levels combined with a higher average interest rate of 7.3% in 1995 versus 5.6% in 1994.

Income before provision for taxes increased $627,000 (3%) in 1995 over 1994 while net income increased $839,000 (6%) due to a lower effective tax rate in 1995 of 39.8% compared to 41.9% in 1994. Earnings per share increased 10%, from $1.55 in 1994 to $1.71 in 1995, primarily as a result of fewer outstanding shares.

FISCAL YEARS
1994 AND
1993
- ------------

Rental revenues for 1994 increased $5,456,000 (13%) over 1993. Rentals from both modular and electronic equipment contributed to the increase in rental revenues, with 52% ($2,821,000) derived from modulars due in part to the requirements caused by the January 1994 earthquake in Northridge, California and 48% ($2,635,000) derived from electronics. Generally, rates on new leases in 1994 were higher than in 1993. Average utilization improved for both modular equipment, from 77.0% to 79.3%, and electronics equipment, from 52.3% to 56.0%, as compared to 1993.

Rental related services increased $1,772,000 (23%) over 1993. The increase in rental related services resulted from significant requirements for site work on five projects (one earthquake related) of $1,063,000, coupled with increased shipments of modular equipment in part related to the Northridge earthquake. Gross margin for rental related services increased from 29% in 1993 to 34% in 1994.

Sales and related services in 1994 increased $3,932,000, a 45% increase over 1993. During 1994, ten significant sales of rental equipment accounted for $4,653,000 (37%) of the sales volume. The largest sale for the year occurred to a school district in the amount of $1,183,000 and consisted of modular classrooms which had been on rent to the school district. Sales and related services from year to year have fluctuated depending on customer requirements. Gross margin on sales and related services increased from 28% in 1993 to 32% in 1994.

Depreciation on rental equipment in 1994 increased $576,000, a 6% increase over 1993 due to the increase in rental equipment.

Selling and administrative expenses increased $1,763,000, a 15% increase over 1993 primarily due to increased personnel costs which includes bonuses, additional support staff, modular repair and maintenance labor and temporary labor costs.

Interest expense in 1994 increased $406,000, a 23% increase over 1993, as a result of an increase in the average interest rate from 4.5% in 1993 to 5.6% in 1994 while average borrowing levels remained approximately the same during 1994.

Income before provision for income taxes increased 29% in 1994 over 1993 and represented 33% of the total revenues compared with 30% in 1993. Net income increased only 22% due to a higher effective tax rate of 41.9% in 1994 as compared to 38.6% in 1993.

LIQUIDITY AND CAPITAL RESOURCES

The Company requires substantial capital in order to maintain an available inventory of relocatable modular offices and electronic test and measurement instruments necessary to satisfy customer requirements in a timely manner. In 1995, as in prior years, the primary use of cash was for the purchase of rental equipment. During the last three years, the growth of the rental inventory has been financed primarily by cash flow from operations and bank borrowings. During 1995, the Company demonstrated its strong cash flow by purchasing $17,252,000 of rental equipment, purchasing $6,340,000 of land improvements, furniture and equipment, repurchasing $7,374,000 of common stock, paying dividends of $3,768,000, and paying income taxes of $7,457,000, while increasing its debt by only $1,130,000 during the year.

The Company believes that bank borrowings will continue to be a source of funds for the purchase of rental equipment. As the Company's assets have grown, it has been able to negotiate increases in the borrowing limit under its general bank line of credit to its current $50,000,000 limit consistent with its increased asset base. Although no assurance can be given, the Company believes it will continue to be able to negotiate higher limits on its general bank line of credit adequate to meet capital requirements not otherwise met by operational cash flows. Additionally, the Company guarantees a $1,000,000 line of credit for its majority owned subsidiary. The Company had a total liabilities to equity ratio of 1.04 to 1 and 1.03 to 1 as of December 31, 1995 and 1994, respectively. The debt (notes payable) to equity ratio was 0.43 to 1 at December 31, 1995 and 1994.

During 1994, the Company repurchased 158,354 shares of its outstanding common stock for an aggregate purchase price of $2,533,000 (or an average price of $15.99 per share). During 1995, the Company repurchased 436,066 shares of its outstanding common stock for an aggregate purchase price of $7,374,000 (or an average price of $16.91 per share). These repurchases were made in the over-the-counter market (NASDAQ) and through privately negotiated, large block transactions.

The Company believes that its needs for working capital and capital expenditures through 1996 and beyond will adequately be met by cash flow and bank borrowings.

IMPACT OF INFLATION

Although the Company cannot precisely determine the effect of inflation, from time to time it has experienced increases in the cost of rental equipment, as well as operating and interest expenses. Because most of its rentals are relatively short term, the Company has generally been able to pass on such increased costs through increases in rental rates and selling prices.

PROPERTIES

The Company currently conducts its operations from five locations. Inventory centers, at which relocatable modular offices are displayed, refurbished and stored are located in San Lorenzo, California (San Francisco Bay Area), Mira Loma, California (Los Angeles Area), and Pasadena, Texas (Houston Area). These three branches conduct rental and sales operations from multi-unit, relocatable modular offices, serving as working models of the Company's product. Electronic test and measurement instrument rental and sales operations are conducted from the San Lorenzo facility and from the Rentelco facility in Richardson, Texas (Dallas Area). The Company's majority owned subsidiary, Enviroplex, Inc., manufactures portable classrooms from its facility in Stockton, California (San Francisco Bay Area).

The Company has purchased land at three of the branch locations during the last few years; 137.7 acres in Livermore, California (San Francisco Bay Area) in 1991, 50 acres in Pasadena, Texas (Houston Area) in 1992 and 78.5 acres in Mira Loma, California (Los Angeles Area) in 1993. These land purchases will allow the Company to consolidate its relocatable modular office storage lots and operations into one location in each of Northern California, Southern California and Texas. The Company has completed the Pasadena, Texas facility and anticipates completion of the development of the remaining land and the relocation of branch office operations during 1996 and 1997.

The following table sets forth for each branch the acres leased, the acres owned, and the total acres at December 31, 1995.

FACILITIES

	Acres		
	Leased	Owned	Total
San Francisco Bay Area	23.2(1)	137.7(2)	160.9
Los Angeles Area	8.8	98.5(3)	107.3
Houston Area	-	50.0(4)	50.0
Dallas Area(5)	-	-	-
	32.0	286.2	318.2

Footnotes

1. INCLUDES AN 8.9 ACRE PARCEL WITH A 74,000 SQUARE FOOT MANUFACTURING FACILITY.

2. 45 ACRES OF A 137.7 ACRE PARCEL HAVE BEEN DEVELOPED AND ARE BEING USED FOR STORAGE.

3. 80 ACRES ARE BEING USED FOR STORAGE. THE ADDITIONAL 18.5 ACRES DEDICATED TO OFFICE SPACE, MAINTENANCE SHOP AND STORAGE ARE SCHEDULED FOR COMPLETION IN MARCH 1996.

4. 34 ACRES ARE BEING USED. THE REMAINING 16 ACRES WILL BE DEVELOPED FOR STORAGE.

5. LEASED OFFICE SPACE AND WAREHOUSE FACILITY OF APPROXIMATELY 6,611 SQUARE FEET.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of McGrath RentCorp:

We have audited the accompanying consolidated balance sheets of McGrath RentCorp (a California corporation) and subsidiary as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of McGrath RentCorp as of December 31, 1995 and 1994, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles.

San Francisco, California
February 16, 1996

ARTHUR ANDERSEN LLP

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31,	1995	1994	1993
REVENUES			
Rental Operations:			
Rental	$46,062,913	$46,148,783	$40,693,085
Rental Related Services	9,371,098	9,445,843	7,673,707
	55,434,011	55,594,626	48,366,792
Sales and Related Services	15,838,800	12,700,114	8,768,313
Total Revenues	71,272,811	68,294,740	57,135,105
COSTS & EXPENSES			
Direct Costs of Rental Operations:			
Depreciation	11,538,628	11,017,574	10,441,180
Rental Related Services	5,543,173	6,279,402	5,447,563
Other	4,190,313	4,471,245	4,294,031
	21,272,114	21,768,221	20,182,774
Cost of Sales and Related Services	10,734,775	8,634,057	6,285,459
	32,006,889	30,402,278	26,468,233
Gross Margin	39,265,922	37,892,462	30,666,872
Selling and Administrative	13,429,083	13,346,728	11,583,900
Income from Operations	25,836,839	24,545,734	19,082,972
Interest	2,830,863	2,166,541	1,760,887
Income Before Provision for Income Taxes	23,005,976	22,379,193	17,322,085
Provision for Income Taxes	9,162,831	9,375,172	6,684,880
Net Income	$13,843,145	$13,004,021	$10,637,205
Net Income Per Common and Common Equivalent Share	$ 1.71	$ 1.55	$ 1.27
Weighted Average Number of Common and Common Equivalent Shares Outstanding	8,084,247	8,415,270	8,407,990

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEETS

Balance at December 31,	1995	1994
ASSETS		
Cash	$ 221,075	$ 1,151,648
Accounts Receivable, less allowance for doubtful accounts of $605,000 in 1995 and $1,400,000 in 1994	13,201,196	12,662,213
Rental Equipment, at cost:		
Relocatable Modular Offices	146,867,850	144,674,027
Electronic Test Instruments	34,932,807	29,541,687
Accessory Equipment	3,755,754	3,627,776
	185,556,411	177,843,490
Less - Accumulated Depreciation	(57,948,456)	(50,599,702)
	127,607,955	127,243,788
Land, at cost	19,489,300	19,484,550
Land Improvements, Furniture and Equipment, at cost, less accumulated depreciation of $2,708,404 in 1995 and $2,348,664 in 1994	12,713,095	7,276,411
Prepaid Expenses and Other Assets	1,897,700	2,103,913
	$175,130,321	$169,922,523
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes Payable	$ 37,080,000	$ 35,950,000
Accounts Payable and Accrued Liabilities	11,701,417	9,603,107
Deferred Income	5,967,063	7,247,647
Deferred Income Taxes	34,488,695	33,282,281
Total Liabilities	89,237,175	86,083,035
Shareholders' Equity:		
Common Stock, no par value - Authorized - 20,000,000 shares Outstanding - 7,769,813 shares in 1995 and 8,158,687 in 1994	8,913,311	15,999,633
Retained Earnings	76,979,835	67,839,855
Total Shareholders' Equity	85,893,146	83,839,488
	$175,130,321	$169,922,523

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 1992	8,304,641	$18,445,346	$50,254,379	$68,699,725
Net Income	-	-	10,637,205	10,637,205
Exercise of Stock Options	8,000	56,750	-	56,750
Dividends Declared of $0.40 per share	-	-	(3,322,656)	(3,322,656)
Balance, December 31, 1993	8,312,641	18,502,096	57,568,928	76,071,024
Net Income	-	-	13,004,021	13,004,021
Repurchase of Common Stock	(158,354)	(2,532,591)	-	(2,532,591)
Exercise of Stock Options	4,400	30,128	-	30,128
Dividends Declared of $0.33 per share (Note 6)	-	-	(2,733,094)	(2,733,094)
Balance, December 31, 1994	8,158,687	15,999,633	67,839,855	83,839,488
Net Income	-	-	13,843,145	13,843,145
Repurchase of Common Stock	(436,066)	(7,374,279)	-	(7,374,279)
Common Stock Issued or Reserved Under Long-Term Stock Bonus Plan	6,786	221,609	-	221,609
Repurchase of Common Stock in Connection with the Exercise of Stock Options	(19,313)	(336,941)	-	(336,941)
Exercise of Stock Options	59,719	403,289	-	403,289
Dividends Declared of $0.59 per share (Note 6)	-	-	(4,703,165)	(4,703,165)
Balance, December 31, 1995	7,769,813	$ 8,913,311	$76,979,835	$85,893,146

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Increase (Decrease) in cash

Year ended December 31,	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$13,843,145	$13,004,021	$10,637,205
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	12,441,786	11,443,965	10,915,984
Gain on Sale of Rental Equipment	(3,281,144)	(3,474,741)	(1,513,626)
Change in:			
Accounts Receivable	(538,983)	(1,651,786)	(2,843,326)
Prepaid Expenses and Other Assets	206,213	(279,635)	(319,846)
Accounts Payable and Accrued Liabilities	1,384,566	2,287,032	1,300,434
Deferred Income	(1,280,584)	539,568	(814,717)
Deferred Income Taxes	1,206,414	2,881,288	4,163,389
Net Cash Provided by Operating Activities	23,981,413	24,749,712	21,525,497
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Rental Equipment	(17,251,729)	(21,172,069)	(17,040,369)
Purchase of Land	(4,750)	-	(9,695,966)
Purchase of Land Improvements, Furniture and Equipment	(6,339,843)	(2,457,641)	(1,491,550)
Proceeds from Sale of Rental Equipment	8,630,079	9,816,458	4,363,198
Net Cash Used in Investing Activities	(14,966,243)	(13,813,252)	(23,864,687)
CASH FLOW FROM FINANCING ACTIVITIES:			
Net Borrowings (Payments) Under Line of Credit	1,130,000	(4,150,000)	5,100,000
Net Proceeds from the Exercise of Stock Options	66,348	30,128	56,750
Repurchase of Common Stock	(7,374,279)	(2,532,591)	-
Payment of Dividends	(3,767,812)	(3,564,358)	(3,238,810)
Net Cash Provided (Used) by Financing Activities	(9,945,743)	(10,216,821)	1,917,940
Net Increase (Decrease) in Cash	(930,573)	(719,639)	(421,250)
Cash Balance, Beginning of Period	1,151,648	432,009	853,259
Cash Balance, End of Period	$ 221,075	$ 1,151,648	$ 432,009
Interest Paid During the Period	$ 2,835,280	$ 2,138,725	$ 1,742,028
Income Taxes Paid During the Period	$ 7,456,575	$ 6,537,003	$ 2,459,942
Dividends Declared but not yet Paid	$ 935,353	$ -	$ 831,264

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 - ORGANIZATION AND BUSINESS

McGrath RentCorp (the "Company"), also doing business as "Mobile Modular Management Corporation" and "Rentelco", is engaged in the business of renting and selling relocatable modular offices and electronic test and measurement instruments with related accessories primarily in California and Texas. Although the Company's primary emphasis is on rentals, both modulars and instruments are also sold to direct-use customers. The rental of relocatable modular offices to school districts for use as portable classrooms, restroom buildings and administrative offices for kindergarten through grade twelve (K-12) accounted for approximately 34% in 1995 and 38% in 1994 and 1993 of the Company's modular rental revenues.

In January 1995, McGrath RentCorp converted a $300,000 note receivable to a 73.2% ownership interest in Enviroplex, Inc. Enviroplex, Inc. manufactures portable classrooms built to the requirements of the California Division of the State Architect ("DSA") and sells primarily to school districts. During 1995, Enviroplex sales were $4,867,064 which included $92,388 of sales to the Company.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its majority owned subsidiary. All significant intercompany accounts and transactions have been eliminated.

RENTAL, RENTAL RELATED SERVICES AND SALES AND RELATED SERVICES REVENUE

Rental revenue is recognized under the "operating method" of accounting for the majority of leases. Revenue is recognized on a straight-line basis in those cases where equipment is leased with uneven payment terms. Rental billings for more than one month are recorded as deferred income and recognized as rental revenue when earned.

Rental related services revenue is primarily associated with relocatable modular office leases and consists of billings to customers for delivery, installation, modifications, skirting, additional site related work, return delivery and dismantle. These services are recognized in the period the services are performed and accepted.

Sales and related services revenue is recognized upon delivery and acceptance of the equipment by the customer.

SALES TYPE LEASES

Certain leases meeting the requirements of Statement of Financial Accounting Standards ("SFAS") No. 13, "Accounting for Leases", are accounted for as sales type leases. For these leases, sales revenue and the related accounts receivable are recognized upon execution of the leases and unearned interest is recognized over the lease term on a basis which results in a constant rate of return on the unrecovered lease investment (See Note 3).

DEPRECIATION AND MAINTENANCE

Rental equipment, land improvements, furniture and equipment are depreciated on a straight-line basis for financial reporting purposes and on an accelerated basis for income tax purposes. The costs of major refurbishment of relocatable modular offices are capitalized to the extent the refurbishment significantly improves the quality and adds value to the equipment. Land improvements consist of development costs incurred to build storage and maintenance facilities at each of the relocatable modular branch offices. The following estimated useful lives and residual values are used for financial reporting purposes:

Rental equipment:	
Relocatable modular offices	18 years, 18% residual value
Electronic test instruments	5 to 8 years, no residual value
Accessory equipment	7 to 18 years, 0% to 18% residual value
Land improvements, furniture and equipment	3 to 50 years, no residual value

Maintenance and repairs are expensed as incurred.

WARRANTY SERVICE COSTS

Sales of new relocatable modular offices, electronic test equipment and related accessories are typically covered by warranties provided by the manufacturer of the products sold. The Company provides limited 90-day warranties for certain sales of used rental equipment. Although the Company's policy is to provide reserves for warranties when required for specific circumstances, the Company has not found it necessary to establish such reserves to date.

INCOME TAXES

Provision has been made for deferred income taxes based upon the amount of taxes payable in future years, after considering changes in tax rates and other statutory provisions that will be in effect in those years (See Note 5).

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company believes that its financial instruments (cash and notes payable) carrying amounts approximate fair value.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in determining reported amounts of assets, liabilities, revenues and expenses.

NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

Net income per common and common equivalent share is computed by dividing net income by the weighted average number of shares of common stock and dilutive common equivalent shares outstanding during each period. Common stock equivalents result from dilutive stock options computed using the treasury stock method. The difference between primary and fully diluted earnings per share was not significant in any period presented.

NOTE 3 - SALES TYPE LEASE RECEIVABLES

The Company has entered into several sales type leases. The minimum lease payments receivable and the net investment included in accounts receivable for such leases at December 31, 1995 and 1994 are as follows:

	1995	1994
Gross minimum lease receivable	$ 4,127,199	$ 4,226,079
Less - Unearned interest	(875,735)	(919,602)
Net investment in sales type lease receivables	$ 3,251,464	$ 3,306,477

The future minimum lease payments as of December 31, 1995 are as follows:

Year ended December 31,	
1996	$ 2,222,428
1997	1,003,370
1998	574,971
1999	223,664
2000	67,805
2001 and thereafter	34,961
	$ 4,127,199

NOTE 4 - NOTES PAYABLE

The Company's unsecured line of credit agreement (the "Agreement") with its banks expires June 30, 1996 and permits it to borrow up to $50,000,000 of which $37,075,000 was outstanding as of December 31, 1995. The Agreement requires the Company to pay interest at prime or, at the Company's election, other rate options available under the Agreement. In addition, the Company pays a commitment fee on the daily average unused portion of the available line. Among other restrictions, the Agreement requires (i) the Company to maintain shareholders' equity of not less than $68,752,000 plus 50% of all net income generated subsequent to December 31, 1993 plus 90% of any new stock issuance proceeds (restricted equity at December 31, 1995 is $82,176,000), (ii) a debt-to-equity ratio (excluding deferred income taxes) of not more than 3 to 1, (iii) interest coverage (income from operations compared to interest expense) of not less than 2 to 1 and (iv) no payment of cash dividends in excess of 50% of one year's earnings without the bank's consent. If the Company does not amend or renegotiate the present Agreement for an additional time period prior to its expiration date, the principal amount outstanding at that time will be converted to a five-year term loan with principal due and payable in twenty (20) consecutive quarterly installments. Additionally, the Company guarantees a $1,000,000 line of credit at the prime rate for its majority owned subsidiary of which $5,000 was outstanding as of December 31, 1995.

The following information relates to the lines of credit for each of the following periods:

Year ended December 31,	1995	1994
Maximum amount outstanding	$ 41,035,000	$ 40,100,000
Average amount outstanding	$ 36,838,000	$ 36,340,000
Weighted average interest rate	7.33%	5.59%
Effective interest rate at end of period	7.04%	7.20%
Prime interest rate at end of period	8.50%	8.50%

NOTE 5 - INCOME TAXES

The provision for income taxes is comprised of the following:

	Current	Deferred	Total
Year ended December 31,			
1995:			
FEDERAL	$ 6,785,118	$ 1,177,522	$ 7,962,640
STATE	1,171,299	28,892	1,200,191
	$ 7,956,417	$ 1,206,414	$ 9,162,831
1994:			
Federal	$ 5,500,987	$ 2,795,237	$ 8,296,224
State	992,897	86,051	1,078,948
	$ 6,493,884	$ 2,881,288	$ 9,375,172
1993:			
Federal	$ 1,910,248	$ 3,542,288	$ 5,452,536
State	611,243	621,101	1,232,344
	$ 2,521,491	$ 4,163,389	$ 6,684,880

The components of the deferred provision are as follows:

Year ended December 31,	1995	1994	1993
Excess of tax over book depreciation	$ 1,281,460	$ 2,349,543	$ 2,849,600
Alternative minimum credit carryover	131,690	1,186,803	1,123,718
State income taxes	(8,191)	(346,340)	(212,734)
Nondeductible accruals	(48,396)	(191,649)	(69,930)
Revenue deferred for financial reporting purposes	264,532	(86,449)	251,060
Other, net	(414,681)	(30,620)	221,675
	$ 1,206,414	$ 2,881,288	$ 4,163,389

The reconciliation of the federal statutory tax rate to the Company's effective tax rate is as follows:

Year ended December 31,	1995	1994	1993
Federal statutory rate	35.00%	35.00%	34.00%
State taxes, net of federal income tax benefit	3.41	4.33	4.70
Other	1.42	2.56	(0.11)
	39.83%	41.89%	38.59%

The following table shows the tax effect of the Company's cumulative temporary differences included in deferred income taxes on the Company's Balance Sheets as of December 31, 1995 and 1994:

Year ended December 31,	1995	1994
Excess of tax over book depreciation	$ 40,644,594	$ 39,363,134
State income taxes	(2,421,043)	(2,412,852)
Nondeductible accruals	(1,040,426)	(992,030)
Revenue deferred for financial reporting purposes	(2,272,315)	(2,536,847)
Other, net	(422,115)	(139,124)
	$ 34,488,695	$ 33,282,281

NOTE 6 - COMMON STOCK AND STOCK OPTIONS

In 1985, the Company established an Employee Stock Ownership Plan, as amended. Under the terms of the plan, the Company makes annual contributions in the form of cash or common stock of the Company to a trust for the benefit of eligible employees. The amount of the contribution is determined annually by the Board of Directors. A contribution of $550,000 was approved for 1995 and 1994 and $525,000 for 1993.

The Company adopted a 1987 Incentive Stock Option Plan (the "1987 Plan"), effective December 14, 1987, under which options to purchase common stock may be granted to officers and key employees of the Company. The plan provides for the award of options at a price not less than the fair market value of the stock as determined by the Board of Directors on the date the options are granted. Under the 1987 Plan, options have been granted with an exercise price of $6.125 and $13.875 per share. The options become exercisable over the term of the related option agreements. Option activity and options exercisable for the three years ended December 31, 1995, 1994 and 1993 were as follows:

	1995	1994	1993
Options outstanding at January 1	322,292	326,692	339,382
Options granted during the year	-	-	-
Options exercised during the year	(59,719)	(4,400)	(8,000)
Options terminated during the year	(6,150)	-	(4,690)
Options outstanding at December 31	256,423	322,292	326,692
Options exercisable at December 31	163,328	186,827	153,717

As of December 31, 1995, 664,840 options remain available for future grant under the 1987 Plan.

In 1991, the Board of Directors adopted a Long-Term Stock Bonus Plan (the "LTB Plan") under which 200,000 shares of common stock are reserved for grant to officers and other key employees. The stock bonuses granted under the LTB Plan are evidenced by written Stock Bonus Agreements covering specified performance periods. The LTB Plan provides for the grant of stock bonuses upon achievement of certain levels of return on equity during a specified period. Stock bonuses earned under the LTB Plan vest over 5 years from the grant date contingent on the employee's continued employment with the Company. As of December 31, 1995, 37,041 shares of common stock have been granted, of which 24,242 shares of common stock are vested. Future grants of 36,798 shares of common stock are authorized by the Board of Directors to be issued under the LTB Plan in the event the Company reaches the highest level of achievement. Compensation expense for 1995, 1994 and 1993 under these plans was $76,318, $53,726 and $31,742, respectively, and is based on a combination of the anticipated shares to be granted, the amount of vested shares previously issued and fluctuations in market price of the Company's common stock.

The Board of Directors has authorized the repurchase of shares of the Company's outstanding common stock. These purchases are to be made in the over-the-counter market and/or through large block transactions at such repurchase price as the officers shall deem appropriate and desirable on behalf of the Company. All shares repurchased by the Company are to be canceled and returned to the status of authorized but unissued shares of common stock. In 1994, the Company repurchased 158,354 shares of common stock for an aggregate repurchase price of $2,532,591 or an average price of $15.99 per share. In 1995, the Company repurchased 436,066 shares of common stock for an aggregate repurchase price of $7,374,279 or an average price of $16.91 per share. As of December 31, 1995, 495,000 shares remain authorized for repurchase.

In January 1995, the Board of Directors declared a quarterly dividend on its common stock of $0.11 per share related to fourth quarter 1994. The dividend was paid on January 31, 1995.

SHAREHOLDER MATTERS

STOCK ACTIVITY

The Company's common stock is traded in the NASDAQ National Market System under the symbol "MGRC". The range of reported high and low bid quotations for each quarter in 1994 and 1995, according to the automated quotation system of the NASDAQ, was as follows:

1994	High Bid	Low Bid
First Quarter	$ 17 3/4	$ 14 1/4
Second Quarter	17 1/4	15
Third Quarter	17	15
Fourth Quarter	17 1/4	15 1/4

1995	High Bid	Low Bid
First Quarter	17	14 1/2
Second Quarter	17 1/2	15 1/4
Third Quarter	19	16 1/2
Fourth Quarter	19 1/2	17 1/2

Such over-the-counter market quotations reflect inter-dealer prices, without retail markup, markdown, or commission, and may not necessarily represent actual transactions.

NUMBER OF SHAREHOLDERS

On February 28, 1996, the Company's Common Stock was held by approximately 142 shareholders of record, which does not include shareholders whose shares are held in street or nominee name. The Company believes that when holders in street or nominee name are added, the number of holders of the Company's Common Stock exceeds 500.

DIVIDEND POLICY

The Company has declared a quarterly dividend on its common stock every quarter since 1990. (See Consolidated Quarterly (Unaudited) and Five Year Selected Financial Data on page 7). Subject to its continued profitability and favorable cash flow, the Company intends to continue the payment of quarterly dividends. The Company has agreed with its lending banks that it will not pay dividends or make other distributions to shareholders in excess of 50% of its net income in any year. The Company's current dividend policy is in compliance with this restriction.

STOCK TRANSFER AGENT

U.S. Stock Transfer
1745 Gardena Avenue - Second Floor
Glendale, CA 91204
(818) 502-1404

AUDITORS

Arthur Andersen LLP
Spear Street Tower
One Market Plaza
San Francisco, CA 94105

GENERAL COUNSEL

Christopher Ream, Esq.
1717 Embarcadero Road
Palo Alto, CA 94303

ANNUAL MEETING

The Annual Meeting of the Shareholders of McGrath RentCorp will be held at 2:00 p.m. on Thursday, June 13, 1996 at our San Lorenzo Corporate Office.

MCGRATH RENTCORP

OFFICERS

Robert P. McGrath
Chairman of the Board
and Chief Executive Officer

Dennis C. Kakures
President and Chief Operating Officer

Delight Saxton
Vice-President of Administration,
Chief Financial Officer and Secretary

Thomas J. Sauer
Vice-President and Treasurer

DIRECTORS

Bryant J. Brooks
Independent Financial Consultant

Joan M. McGrath
McGrath RentCorp

Robert P. McGrath
Chairman of the Board
and Chief Executive Officer
McGrath RentCorp

Delight Saxton
Vice-President of Administration,
Chief Financial Officer and Secretary
McGrath RentCorp

Ronald H. Zech
President and Chief Executive Officer
GATX Corporation

SPECIAL CONSULTANT TO THE BOARD OF DIRECTORS

Claude N. Rosenberg, Jr.
Senior Partner
Rosenberg Capital Management
Chairman, RREEF Corporation

OFFICES

San Francisco (Corporate Office)
Modular and Electronic Inventory Centers
2500 Grant Avenue
San Lorenzo, CA 94580
(510) 276-2626
Modular Manager - Scott Alexander
Electronic Manager - Nanci Clifton

Los Angeles
Modular Inventory Center
11450 Mission Boulevard
Mira Loma, CA 91752
(909) 360-6600
Modular Manager - Tom Sanders

Houston
Modular Inventory Center
4445 East Sam Houston Parkway South
Pasadena, TX 77505
(713) 487-9222
Modular Manager - Doylton Davis

Dallas
Rentelco - Electronic Inventory Center
1901 North Glenville Drive
Richardson, TX 75081
(214) 234-2422

Electronic Manager - Bill Chapman

Enviroplex, Inc. (Majority Owned Subsidiary)
Manufacturer of Classrooms
4777 E. Carpenter Road
Stockton, CA 95215
(209) 466-8000
President - Joe Sublett

P.S. "HERE ARE OUR GREAT PEOPLE!"
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JOANNE ACEVES
MARK ACEVES
ROBERTO AGUILAR
SCOTT ALEXANDER
NORMA ALLEN
DAVID ALVAREZ
CARL ANDERS
MAX ANDREWS
ARTHUR ARREDONDO
DEBORAH ATHERTON
JOSE AVALOS-CALZADA
JOSE AVALOS-GAMEZ
SUZANNE AZEVEDO
RICARDO AVILA
JACKIE BANKS
JOHN BARNETT
RICARDO BARRON
DONALD BEEBE
SABRINA BEER
ROBERT BENNETT
KAREN BICKERSTAFF
BRANDI BOATRIGHT
JOHN BOEHM
JEFFREY BOOGAARD
JERRY BRANCH
MIKE BREMERTHON
DINA BROWN
RICHARD BROWN
MARIO BUENROSTRO
DIANA BURTON
ROSEMARY CAMPOS
ERNESTINA CANTU
AIDA CARMONA
JON CARR
URBANO CARRILLO
LYNN CATLEY
MANUEL CEBREROS
CLAUDIA CELOTTI
RAMON CERDA
JUAN CERNA-VERDUSCO
BENITO CERVANTES
WILLIAM CHAPMAN
JAIME CHAVEZ
EDUARDO CHIN-HERNANDEZ
LAURA CISSELL
NANCI CLIFTON
CHRIS CONARD
URIEL CONTRERAS
ROBERT COOK
JEFFREY COOPER
MICHAEL COOPER
ISMAEL CORONA
JENNIFER COUCH
STEVEN COWLES
KEVIN COX
MARIA CRAIG
DANA CRAMER
RANDY CROOKS
RHONDA CROUSE
DONALD CURTIS
GRACE DAQUINAG
DOYLTON DAVIS
JUANITA DEFOREST
DAVID DELEON
MATTHEW DERRING
ED DIAZ
ALLEN DIXON
MICHAEL DOWD
JAMES DUNN
ROBERT ESQUIVEL
LUIS ESTRADA
IONATONA FAAULI
JAIME FABIAN
MIGUEL FAVIAN
LYNNETTE FLANAGAN
DAVID FLIN
DAVID FRUECHTING
VICTOR GAMEZ
FRANCISCO GARCIA
JULIAN GARCIA
STEVEN GARNER
JUAN GARZA
MICHAEL GASTON
DENNIS GEORGE
LUCIUS GETWOOD
GARY GIBSON
ROBERT GONZALES
ROGELIO GRANADOS
CYNTHIA GRAVES
VENA GROSS
JANICE GUERRERO
JAVIER GUZMAN
JIM HALL
BETH HAMILTON
ALBERT HAMMONS
LORI HANRAHAN
DANA HANSON
JOHN HARTUNG
HUGO HERNANDEZ
JAIME HERNANDEZ
SANTIAGO HERNANDEZ
ROBERT HERRERA
FREDRICK HOWE
CATHERINE HUNT
JILL IAMESI
NANCY ISRAELS
JESSICA JALLORINA
EVARARDO JARAMILLO
BRIAN JENSEN
RONALD JENSEN
BEVERLY JOHNSON
LINDA JONES
CHAD JORGENSEN
DIANA KAKOS
DENNIS KAKURES
LYDIA KATEN
THERESA KERR
JOYCE KETRON
MATTHEW KILLINGSWORTH
CYNTHIA LAWIN
MATTHEW LAZARZ
LAURIE LEAHY
JAIME LEON
ROGELIO LEON
WILLIAM LIGHTFOOT
MOISES LLANOS
RUDY LOPEZ
ROSEMARY MACEDO
MARIA MACIAS
SERGIO MAGANA-GUTIERREZ
JOSE MALDONADO
KIM MANTEUFEL
TOMMY MARTINEZ
JOSEPH MASSAH
MARTIN MAYERS
PAMELA MCGINTY
JOAN MCGRATH
ROBERT MCGRATH
JACKIE MCKENZIE
EFREN MEDINA
RICHARD MEDINA
CATE MESMER
DORIE METTLER
ANTONIO MEZA-ARMENDARIS
MICHAEL MISEMER
LUCIANO MONTES-ARIZMENDIZ
JAMES MONTOYA
BONNIE MOODY
DARREN MOORE
CLAUDIO MORENO
JEANNE MORFORD
SHARON MORRISON
SANTOS MORROW
MICHAEL MOSS
TONY MOTON
MARK MURRELL
DANIEL NAVA
TIMOTHY NEEL
BOB NICHOLSON
SALLY NUNES
ELADIO OLVERA
MICHAEL ORONA
JUAN OROZCO
RAFAEL ORTIZ
DELORISE OWENS
BARRY OXENRIDER
IVETTE PACHECO
JAMES PALTJON
TONI PANIAGUA
JOE PASSANISI
EMILIANO PATINO
JOSE PATINO
DEBBIE PEEBLES
DONNA PEGUERO
ALFREDO PENAFOLOR
GLORIA PEREZ
TIMOTHY PETRIN
RICHARD PINEDA
STEVEN PINGEL
ANNETTE POWELL
CONRADO PULGO
SHARON QURAISHI
BRENDA RALSTON
GILBERT RAMIREZ
RICARDO RAMIREZ
RALPH RAMON
CARLEEN RANTZOW
RYAN RANTZOW
JACK RAY
ENRIQUE RECIO
DONALD REED
GUSTAVO REYES
KRISTY REYES
PABLO REYES
RAMIRO RIVAS
SERGIO RIVAS
CHRISTINA RIZZO
CHERIE RODERICK
LEO RODRIGUEZ
NASARIO RODRIGUEZ
GUSTAVO ROSALES
JESUS ROSALES
SUSAN ROSEBERRY
TIM SALKEN
ALFONSO SANCHEZ
SARA SANCHEZ
MARTIN SANDE
JERI SANDERS
TOM SANDERS
TOM SAUER
DELIGHT SAXTON
WILLIAM SEABROOK
KEVIN SEYMOUR
JOHN SKENESKY
JAVIER SOLIS
ALVARO SOSA
KEN SPINK
JASON STAYSA
STACI STREETER
JOE SUBLETT
PHILLIP SUBLETT
RITA SUBLETT
DAVID THOMPSON
BONNY THROWER
CARMELO TORRES
GENARO TORRES
MATILDE TORREZ
TAMMY TRICKEL
BRETT TURLEY
LAURA UHE
KRISSY VANTREASE
DAVID VANZANDT
JIM VARIAN
JORGE VASQUEZ
ISIDORE VIGIL
EDUARDO VILLEGAS
SANDY WAGGONER
KARLA WALKER
DENNIS WHEELAND
KIMBERLY WHITE
TIFFANY WHITE
PATSY WILLIAMS
CRAIG WILSON
FRANCES WILSON
VANESSA WILSON
BRADLEY WOON
ANTHONY WREN
BILL YANDELL
DEBRA YOCUM
FRANK ZARATE

OUR CREDO

I will, as a team member of McGrath,
embrace our customers' needs,
and deliver exemplary service to earn
customer loyalty.

I will do this by:

- - focusing on doing things right the first time,
- - providing the utmost attention to detail, and
- - always doing what I say I am going to do, with integrity.

CUSTOMER SATISFACTION IS MY JOB!

2500 Grant Avenue
San Lorenzo, CA 94580
(510) 276-2626

[LOGO]

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This schedule contains summary financial information extracted from McGrath
Rentcorp Annual Report (10K) for the year ending December 31, 1995 and is
qualified in its entirety by reference to such financial statements.

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12-MOS
DEC-31-1995
JAN-01-1995
DEC-31-1995
221
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13,806
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2,831
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9,163
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0
13,843
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Includes Rental Equipment, Land, Land Improvements, Furniture and Equipment.
Accumulated Depreciation related to footnote 16 above