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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): November 2, 2006

McGRATH RENTCORP
(Exact name of registrant as specified in its Charter)

California
(State or other jurisdiction of incorporation)

0-13292
(Commission File Number)

94-2579843
(I.R.S. Employee Identification No.)

5700 Las Positas Road, Livermore, CA 94551-7800
(Address of principal executive offices)

(925) 606-9200
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.02 Results of Operations and Financial Condition.

On November 2, 2006, McGrath RentCorp (the "Company") announced via press release the Company's results for its third quarter ended September 30, 2006. A copy of the Company's press release is attached hereto as Exhibit 99.1. This Form 8-K and the attached exhibit are provided under Items 2.02 and 9.01 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission, and shall not be incorporated by reference in any filing under the Securities Act of 1934 or the Securities Exchange Act of 1934.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.

Description

99.1

Press Release of McGrath RentCorp, dated
November 2, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MCGRATH RENTCORP

Dated: November 2, 2006

By: /s/ Keith E. Pratt

Keith E. Pratt
Vice President and
Chief Financial Officer

McGrath RentCorp Announces Results for Third Quarter 2006

Q3 EPS of \$0.50

Rental Revenues Increase 12%

LIVERMORE, Calif.--(BUSINESS WIRE)--Nov. 2, 2006--McGrath RentCorp (NASDAQ:MGRC) today announced revenues for the quarter ended September 30, 2006, of \$77.9 million, compared to \$77.8 million in the third quarter 2005, \$5.8 million of which were modular building sales arising from damages caused by Hurricane Katrina. The Company reported net income for the third quarter 2006 of \$12.7 million, or \$0.50 per diluted share, the most profitable quarter in the Company's history. Third quarter 2006 results included \$0.8 million of non-cash stock compensation recognized under SFAS 123R, which reduced net income by \$0.5 million, or \$0.02 per diluted share. This compares to net income of \$12.1 million, or \$0.48 per diluted share, in the third quarter 2005, which included \$0.9 million, or \$0.04 per share, contribution from Hurricane Katrina related sales. Rental revenue, the key driver of sustainable revenue and earnings levels, rose 12% for the quarter and 11% year-to-date.

For the Company's Mobile Modular division, rental revenues increased 14%, or \$3.0 million to \$23.9 million, with gross profit on rental revenues increasing 13% to \$15.0 million from \$13.3 million in the third quarter 2005. Sales revenues decreased \$8.6 million from \$20.9 million in the third quarter 2005 to \$12.4 million, with gross profit on sales decreasing \$1.4 million to \$3.5 million in the third quarter 2006. The decrease in sales revenues was primarily due to a \$5.8 million sale related to damages caused by Hurricane Katrina during the third quarter 2005. The Company views these types of large sale projects as unique opportunities and generally does not expect sale projects of a similar size to occur on a regular basis. Total gross profit increased 3% from \$20.8 million in the third quarter 2005 to \$21.4 million in the third quarter 2006. Selling and administrative expenses increased \$0.6 million to \$6.3 million in the third quarter 2006, primarily due to \$0.5 million of non-cash stock compensation expense related to the adoption of SFAS 123R. Allocated interest expense increased \$0.6 million due to higher average interest rates and average debt levels experienced by the Company. As a result, Mobile Modular pre-tax income decreased 5% to \$12.9 million from \$13.6 million in the third quarter 2005.

"For our modular rental business, we produced a 14% increase in rental revenues over the third quarter 2005," stated Dennis Kakures, President & CEO. "This was primarily a result of new educational rentals coming online and the impact of higher commercial activity. We had favorable rental revenue growth in our three modular rental markets, California, Texas and Florida, compared to both last year's third quarter, as well as sequentially from this year's second quarter. I couldn't be more pleased with the organizational culture created over the years in our modular division in serving our customers at a level that creates a strong competitive advantage. This is especially evident in our business levels to date in newer markets we have entered.

"Additionally, modular gross margin on rental revenues returned to the low sixty percent range, to 63%, in the third quarter from 55% in the second quarter 2006. We lowered inventory center expenses by approximately \$1.1 million during the third quarter compared to the second quarter and at the same time benefited from rental revenue stream growth from the higher spend in the second quarter in preparing equipment for rental."

For the Company's TRS-RenTelco division, rental revenues increased 9% to \$20.0 million compared to \$18.4 million in the third quarter of 2005, with gross profit on rental revenues increasing 14% to \$9.0 million from \$7.9 million in the third quarter 2005. Sales revenues decreased slightly from \$5.8 million in the third quarter 2005 to \$5.7 million in the third quarter 2006. Higher sales margins in the third quarter 2006 resulted in \$0.1 million higher gross profit on sales of \$1.8 million compared to the third quarter 2005. Selling and administrative expenses increased \$0.1 million due to \$0.3 million of non-cash stock compensation expense related to the adoption of SFAS 123R. Allocated interest expense increased \$0.3 million due to higher average interest rates and average debt levels experienced by the Company. As a result, TRS-RenTelco pre-tax income increased 16% to \$5.9 million from \$5.1 million in the third quarter 2005.

"TRS-RentTelco's rental revenue increase of 9% from the third quarter 2005 reflects continuing favorable market conditions across a broad range of electronic test equipment product and market segments," Mr. Kakures further stated. "Our gross margin on rents increased to 45% for the quarter, our highest quarterly level since the merger of TRS and RentTelco in mid-2004. We are continuing to buy the latest technology test equipment to support demand and invest in our North America market leadership position. We are also beginning to see improvement in our day-to-day rigor in managing our opportunity pipeline. Ultimately, this should result in closing more opportunities and lead to higher rental revenue levels.

"I would like to congratulate all of our employees for McGrath RentCorp's recent listing in Forbes Magazine's 200 Best Small Companies for 2006. This is our sixth time making the listing. Although there are many different financial metrics that are measured in making the list, we are most proud of what we have accomplished with our return on equity. Our ability to achieve a high return on equity over an extended period of time says a great deal about our ability to make intelligent rental equipment investments and to operate our businesses with increasing precision."

THIRD QUARTER 2006 HIGHLIGHTS (AS COMPARED TO THIRD QUARTER 2005)

- Rental revenues increased 12% to \$43.9 million. Within rental revenues, Mobile Modular increased 14% from \$20.9 million to \$23.9 million; TRS-RentTelco increased 9% from \$18.4 million to \$20.0 million.
- Sales revenues decreased 19% to \$25.1 million, resulting from lower sales volume at Mobile Modular partially offset by higher sales at Enviroplex. In the third quarter 2005, Mobile Modular sales revenues included a \$5.8 million sale related to damages caused by Hurricane Katrina. Lower sales volume was offset by a higher gross margin percentage of 32.7% in 2006 compared to 26.5% in 2005, resulting in a comparable gross profit of \$8.2 million in 2006 and 2005. Sales revenues and related gross margins can fluctuate from quarter to quarter depending on customer requirements, equipment availability and funding.
- Depreciation of rental equipment increased 6% to \$11.4 million, with Mobile Modular increasing 17% to \$2.8 million from \$2.4 million in 2005, and TRS-RentTelco increasing 3% to \$8.6 million from \$8.4 million in 2005.
- Debt decreased \$11.4 million during the quarter to \$178.1 million, with the Company's total liabilities to equity ratio decreasing from 1.71 to 1 as of June 30, 2006 to 1.66 to 1 at September 30, 2006. As of September 30, 2006, the Company, under its lines of credit, had capacity to borrow an additional \$76.9 million.
- Dividend rate increased 14% to \$0.16 per share for the third quarter 2006, as compared to \$0.14 per share for the third quarter of 2005. On an annualized basis, this dividend represents a 2.4% yield on the November 1, 2006 close price of \$26.13.
- EBITDA increased 11% to \$36.9 million for the third quarter 2006 compared to \$33.2 million for the third quarter 2005. EBITDA is defined as net income before minority interest in income of subsidiary, interest expense, provision for income taxes, depreciation, amortization and other non-cash stock compensation. A reconciliation of net income to EBITDA can be found at the end of this release.

It is suggested that this press release be read in conjunction with the financial statements and notes thereto included in the Company's latest Form 10-K and Forms 10-Q. You can visit the Company's web site at www.mgrc.com to access information on McGrath RentCorp, including the latest filings on Form 10-K and Form 10-Q.

FINANCIAL GUIDANCE

The Company revises its previous full-year 2006 guidance range of \$1.42 to \$1.49 to an updated range of \$1.48 to \$1.55 per diluted share. Such a forward-looking statement reflects McGrath RentCorp's expectations as of November 2, 2006. Actual 2006 full-year earnings per share results may be materially different and affected by many factors, including those factors outlined in the "forward-looking

statements" paragraph at the end of this press release.

About McGrath RentCorp

Founded in 1979, the Company, under the trade name Mobile Modular Management Corporation, rents and sells modular buildings to fulfill customers' temporary and permanent space needs in California, Texas and Florida. Mobile Modular believes it is the largest provider of relocatable classrooms for rental to school districts for grades K - 12 in California. The Company's TRS-RenTelco division rents and sells electronic test equipment and is one of the leading providers of general purpose and communications test equipment in North America.

CONFERENCE CALL NOTE: As previously announced in its press release of October 5, 2006, McGrath RentCorp will host a conference call at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) on November 2, 2006 to discuss the third quarter 2006 results. To participate in the teleconference, dial 1-800-218-4007 (in the U.S.), or 1-303-262-2075 (outside the U.S.), or visit the investor relations section of the Company's website at www.mgrc.com. Telephone replay of the call will be available for 48 hours following the call by dialing 1-800-405-2236 (in the U.S.), or 1-303-590-3000 (outside the U.S.). The pass code for the call replay is 11071763.

This press release contains statements, which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to a number of risks and uncertainties. These statements appear in a number of places. Such statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "estimates", "will", "should", "plans" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. These include: our expectation that rental revenue growth is the key driver of higher and more sustainable earnings levels; our expectation that our results reflect continuing favorable market conditions across a broad range of electronic test equipment product and market segments; our expectation that improvement in our day-to-day rigor in managing our opportunity pipeline should result in closing more opportunities and lead to higher rental revenue levels; our expectation that we will be able to continue to implement our business strategies and that our organizational culture will continue to be a source of competitive advantage; our belief that we will continue to succeed in new markets; and our belief that our ability to make intelligent capital investments and to operate our businesses with increasing precision will achieve a high return on equity over an extended period of time. These forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties. Actual results may vary materially from those in the forward-looking statements as a result of various factors. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed under "Risk Factors" and elsewhere in the company's 10-K, 10-Q and other SEC filings, including, the effectiveness of management's strategies and decisions, general economic and business conditions, state funding for education, economic conditions in the markets in which the Company conducts the majority of its business, fluctuations in interest rates and the Company's ability to manage credit risk, retention and motivation of key personnel, ability to finance expansion and to locate and consummate acquisitions, the condition of the telecommunications industry, new or modified statutory or regulatory requirements, continuing demand for modular products, timely delivery and installation of modular products, delays of future sales projects, and intense industry competition. There may be other factors not listed above that could cause actual results to vary materially from the forward-looking statements described in this press release.

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2006	2005	2006	2005

Revenues

Rental	\$43,896	\$39,240	\$124,735	\$112,000
Rental Related Services	8,278	6,929	22,444	18,439
Rental Operations	52,174	46,169	147,179	130,439
Sales	25,110	30,986	47,377	62,093
Other	591	607	1,848	2,033
Total Revenues	77,875	77,762	196,404	194,565

Costs and Expenses

Direct Costs of Rental Operations				
Depreciation of Rental Equipment	11,399	10,763	33,571	33,090
Rental Related Services	5,587	4,474	15,295	12,206
Other	8,489	7,338	26,258	22,062
Total Direct Costs of Rental Operations	25,475	22,575	75,124	67,358
Costs of Sales	16,890	22,767	32,778	45,175
Total Costs	42,365	45,342	107,902	112,533
Gross Profit	35,510	32,420	88,502	82,032
Selling and Administrative	11,278	10,543	33,634	29,524
Income from Operations	24,232	21,877	54,868	52,508
Interest	2,959	2,095	8,085	5,726
Income Before Provision for Income Taxes	21,273	19,782	46,783	46,782
Provision for Income Taxes	8,296	7,517	17,365	17,777
Income Before Minority Interest	12,977	12,265	29,418	29,005
Minority Interest in Income of Subsidiary	302	194	237	291
Net Income	\$12,675	\$12,071	\$ 29,181	\$ 28,714

Earnings Per Share:

Basic	\$ 0.51	\$ 0.49	\$ 1.17	\$ 1.17
Diluted	\$ 0.50	\$ 0.48	\$ 1.16	\$ 1.14

Shares Used in Per Share Calculation:

Basic	24,960	24,678	24,927	24,626
Diluted	25,152	25,382	25,190	25,255

Cash Dividends Declared Per Share

	\$ 0.16	\$ 0.14	\$ 0.48	\$ 0.42
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MCGRATH RENTCORP
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

September 30, December 31,

(in thousands)

Assets

Cash	\$ 426	\$ 276
Accounts Receivable, net of allowance for doubtful accounts of \$1,000 in 2006 and 2005	63,607	63,702
Rental Equipment, at cost:		
Relocatable Modular Buildings	445,175	408,227
Electronic Test Equipment	180,185	154,708
	625,360	562,935
Less Accumulated Depreciation	(180,136)	(156,502)
Rental Equipment, net	445,224	406,433

Property, Plant and Equipment, net	57,167	56,008
Prepaid Expenses and Other Assets	17,810	16,019
Total Assets	\$ 584,234	\$ 542,438

Liabilities and Shareholders' Equity

Liabilities:

Notes Payable	\$ 178,057	\$ 163,232
Accounts Payable and Accrued Liabilities	47,878	51,690
Deferred Income	30,631	27,410
Minority Interest in Subsidiary	3,436	3,199
Deferred Income Taxes, net	104,684	98,438
Total Liabilities	364,686	343,969

Shareholders' Equity:

Common Stock, no par value -		
Authorized -- 40,000 shares		
Issued and Outstanding -- 24,941 shares		
in 2006 and 24,832 shares in 2005	30,601	26,224
Retained Earnings	188,947	172,245
Total Shareholders' Equity	219,548	198,469
Total Liabilities and Shareholders' Equity	\$ 584,234	\$ 542,438

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

Nine Months Ended
September 30,

(in thousands)

2006 2005

Cash Flows from Operating Activities:

Net Income	\$ 29,181	\$ 28,714
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	35,140	34,809
Provision for Doubtful Accounts	364	628
Non-Cash Stock Compensation	2,334	--
Gain on Sale of Rental Equipment	(7,689)	(7,123)
Change In:		
Accounts Receivable	(269)	(20,992)
Prepaid Expenses and Other Assets	(1,791)	(1,433)
Accounts Payable and Accrued Liabilities	4,990	8,524
Deferred Income	3,221	8,279
Deferred Income Taxes	6,246	8,301
Net Cash Provided by Operating Activities	71,727	59,707

Cash Flows from Investing Activities:

Purchase of Rental Equipment	(91,703)	(77,119)
Purchase of Property, Plant and Equipment	(2,728)	(1,593)
Proceeds from Sale of Rental Equipment	17,953	22,242
Net Cash Used in Investing Activities	(76,478)	(56,470)

Cash Flows from Financing Activities:

Net Borrowings Under Bank Lines of Credit	14,825	2,735
Proceeds from the Exercise of Stock Options	1,441	2,609
Excess Tax Benefit from Exercise and Disqualifying		
Disposition of Stock Options	626	1,090
Repurchase of Common Stock	(526)	--

Payment of Dividends	(11,465)	(9,598)
Net Cash Provided by (Used in) Financing Activities	4,901	(3,164)
Net Increase in Cash	150	73
Cash Balance, beginning of period	276	189
Cash Balance, end of period	\$ 426	\$ 262
Interest Paid, during the period	\$ 7,362	\$ 4,907
Income Taxes Paid, during the period	\$ 10,493	\$ 12,934
Dividends Declared, not yet paid	\$ 3,991	\$ 3,469
Rental Equipment Acquisitions, not yet paid	\$ 5,615	\$ 10,099

Mobile Modular - Q3 2006 compared to Q3 2005 (Unaudited)

(dollar amounts in thousands)	Three Months Ended		Increase (Decrease)	
	September 30,	September 30,	\$	%
	2006	2005		
Revenues				
Rental	\$ 23,857	\$ 20,886	\$ 2,971	14%
Rental Related Services	7,902	6,670	1,232	18%
Rental Operations	31,759	27,556	4,203	15%
Sales	12,372	20,949	(8,577)	-41%
Other	184	163	21	13%
Total Revenues	\$ 44,315	\$ 48,668	\$ (4,353)	-9%
Gross Profit				
Rental	\$ 15,004	\$ 13,263	\$ 1,741	13%
Rental Related Services	2,727	2,487	240	10%
Rental Operations	17,731	15,750	1,981	13%
Sales	3,473	4,911	(1,438)	-29%
Other	184	163	21	13%
Total Gross Profit	\$ 21,388	\$ 20,824	\$ 564	3%
Pre-tax Income	\$ 12,920	\$ 13,615	\$ (695)	-5%

Other Information

Depreciation of Rental Equipment	\$ 2,835	\$ 2,422	\$ 413	17%
Interest Expense Allocation	2,160	1,514	646	43%
Average Rental Equipment (1)	\$392,979	\$348,115	\$ 44,864	13%
Average Rental Equipment on Rent (1)	328,762	294,903	33,859	11%
Average Monthly Total Yield (2)	2.02%	2.00%		1%
Average Utilization (3)	83.7%	84.7%		-1%
Average Monthly Rental Rate (4)	2.42%	2.36%		2%
Period End Rental Equipment (1)	\$404,086	\$360,168	\$ 43,918	12%
Period End Utilization (3)	82.9%	84.1%		-1%
Period End Floors (1)	24,721	22,887	1,834	8%

1 Average and Period End Rental Equipment represents the cost of rental equipment excluding new equipment inventory and accessory equipment. Period End Floors excludes new equipment inventory.

2 Average Monthly Total Yield is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment, for the

period.

3 Period End Utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding new equipment inventory and accessory equipment. Average Utilization for the period is calculated using the average costs of the rental equipment.

4 Average Monthly Rental Rate is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment on rent, for the period.

TRS-RenTelco -Q3 2006 compared to Q3 2005 (Unaudited)

	Three Months Ended		Increase (Decrease)	
	September 30,		\$	%
	2006	2005		
Revenues				
Rental	\$20,039	\$18,354	\$1,685	9%
Rental Related Services	376	259	117	45%
Rental Operations	20,415	18,613	1,802	10%
Sales	5,734	5,807	(73)	-1%
Other	407	444	(37)	-8%
Total Revenues	26,556	24,864	1,692	7%
Gross Profit				
Rental	9,004	7,876	1,128	14%
Rental Related Services	(36)	(32)	(4)	-13%
Rental Operations	8,968	7,844	1,124	14%
Sales	1,831	1,729	102	6%
Other	407	444	(37)	-8%
Total Gross Profit	11,206	10,017	1,189	12%
Pre-tax Income	\$5,877	\$5,068	\$809	16%

Other Information

Depreciation of Rental Equipment	\$8,564	\$8,341	\$223	3%
Interest Expense Allocation	927	638	289	45%
Average Rental Equipment (1)	\$175,827	\$151,250	\$24,577	16%
Average Rental Equipment on Rent (1)	123,038	\$103,281	19,757	19%
Average Monthly Total Yield (2)	3.80%	4.04%		-6%
Average Utilization (3)	70.0%	68.3%		2%
Average Monthly Rental Rate (4)	5.43%	5.92%		-8%
Period End Rental Equipment (1)	\$178,568	\$151,250	\$27,318	18%
Period End Utilization (3)	68.8%	70.9%		-3%

1 Average and Period End Rental Equipment represents the cost of rental equipment excluding accessory equipment.

2 Average Monthly Total Yield is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment, for the period.

3 Period End Utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding accessory equipment. Average Utilization for the period is calculated using the average costs of the rental equipment.

4 Average Monthly Rental Rate is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment on rent, for the period.

Mobile Modular - Nine Months Ended 9/30/06 compared to Nine Months Ended 9/30/05 (Unaudited)

(dollar amounts in thousands)	Nine Months Ended September 30,		Increase (Decrease)	
	2006	2005	\$	%
Revenues				
Rental	\$66,867	\$59,498	\$7,369	12%
Rental Related Services	21,447	17,449	3,998	23%
Rental Operations	88,314	76,947	11,367	15%
Sales	24,467	34,730	(10,263)	-30%
Other	545	463	82	18%
Total Revenues	113,326	\$112,140	\$1,186	1%
Gross Profit				
Rental	\$40,238	\$37,793	\$2,445	6%
Rental Related Services	7,362	6,019	1,343	22%
Rental Operations	47,600	43,812	3,788	9%
Sales	6,608	8,307	(1,699)	-20%
Other	545	463	82	18%
Total Gross Profit	\$54,753	\$52,582	\$2,171	4%
Pre-tax Income	\$30,284	\$33,401	\$(3,117)	-9%

Other Information

Depreciation of Rental Equipment	\$7,973	\$6,814	\$1,159	17%
Interest Expense Allocation	5,949	4,089	1,860	45%
Average Rental Equipment (1)	\$378,962	\$333,944	\$45,018	13%
Average Rental Equipment on Rent (1)	315,040	284,737	30,303	11%
Average Monthly Total Yield (2)	1.96%	1.98%		-1%
Average Utilization (3)	83.1%	85.3%		-3%
Average Monthly Rental Rate (4)	2.36%	2.32%		2%
Period End Rental Equipment (1)	\$404,086	\$360,168	\$43,918	12%
Period End Utilization (3)	82.9%	84.1%		-1%
Period End Floors (1)	24,721	22,887	1,834	8%

1 Average and Period End Rental Equipment represents the cost of rental equipment excluding new equipment inventory and accessory equipment. Period End Floors excludes new equipment inventory.

2 Average Monthly Total Yield is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment, for the period.

3 Period End Utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding new equipment inventory and accessory equipment. Average Utilization for the period is calculated using the average costs of the rental equipment.

4 Average Monthly Rental Rate is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment on rent, for the period.

TRS-RenTelco - Nine Months Ended 9/30/06 compared to Nine Months Ended 9/30/05 (Unaudited)

(dollar amounts in thousands)	Nine Months Ended September 30,		Increase (Decrease)	
	2006	2005	\$	%

Revenues				
Rental	\$57,868	\$52,502	\$5,366	10%
Rental Related Services	997	990	7	1%
Rental Operations	58,865	53,492	5,373	10%
Sales	13,436	19,026	(5,590)	-29%
Other	1,303	1,570	(267)	-17%
Total Revenues	\$73,604	\$74,088	\$(484)	-1%

Gross Profit				
Rental	\$24,668	\$19,055	\$5,613	29%
Rental Related Services	(213)	214	(427)	-200%
Rental Operations	24,455	19,269	5,186	27%
Sales	4,672	5,412	(740)	-14%
Other	1,303	1,570	(267)	-17%
Total Gross Profit	\$30,430	\$26,251	\$4,179	16%

Pre-tax Income	\$14,557	\$11,721	\$2,836	24%
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Other Information

Depreciation of Rental Equipment	\$25,598	\$26,276	\$(678)	-3%
Interest Expense Allocation	2,507	1,810	697	39%
Average Rental Equipment (1)	\$166,660	\$150,301	\$16,359	11%
Average Rental Equipment on Rent (1)	116,715	97,488	19,227	20%
Average Monthly Total Yield (2)	3.86%	3.88%		-1%
Average Utilization (3)	70.0%	64.9%		8%
Average Monthly Rental Rate (4)	5.51%	5.98%		-8%
Period End Rental Equipment (1)	\$178,568	\$151,250	\$27,318	18%
Period End Utilization (3)	68.8%	70.9%		-3%

1 Average and Period End Rental Equipment represents the cost of rental equipment excluding accessory equipment.

2 Average Monthly Total Yield is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment, for the period.

3 Period End Utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding accessory equipment. Average Utilization for the period is calculated using the average costs of the rental equipment.

4 Average Monthly Rental Rate is calculated by dividing the averages of monthly rental revenues by the cost of rental equipment on rent, for the period.

Reconciliation of Net Income to EBITDA

The Company presents EBITDA as a financial measure as management believes it provides useful information regarding the Company's liquidity and financial condition and because management, as well as the Company's lenders, use this measure in evaluating the performance of the business. EBITDA is defined by the Company as net income before minority interest in income of subsidiary, interest expense, provision for income taxes, depreciation, amortization, and non-cash stock compensation. In addition, several of the loan covenants and the determination of the interest rate related to the Company's revolving line of credit are expressed by reference to this financial measure, similarly calculated. EBITDA should not be considered in isolation or as a substitute for net income, cash flows, or other consolidated income or cash flow data prepared in accordance with generally accepted accounting principles in the United States or as a measure of the Company's profitability or liquidity. The Company's EBITDA may not be comparable to similarly titled measures presented

by other companies. Since EBITDA is a non-GAAP financial measure as defined by the Securities and Exchange Commission, the following table reconciles EBITDA to the most directly comparable financial measures calculated and presented in accordance with accounting principles generally accepted in the United States for the three, nine and twelve months ended September 30, 2006 and 2005.

(dollar amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	2006	2005	2006	2005	2006	2005
Net Income	\$12,675	\$12,071	\$29,181	\$28,714	\$41,286	\$37,472
Minority Interest in Income of Subsidiary	302	194	237	291	208	256
Provision for Income Taxes	8,296	7,517	17,365	17,777	24,237	22,465
Interest	2,959	2,095	8,085	5,726	10,249	7,389
Income from Operations	24,232	21,877	54,868	52,508	75,980	67,582
Depreciation and Amortization	11,917	11,332	35,140	34,809	46,765	47,125
Non-Cash Stock Compensation	786	--	2,334	--	2,334	57
EBITDA (1)	\$36,935	\$33,209	\$92,342	\$87,317	\$125,079	\$114,764
EBITDA Margin (2)	47%	43%	47%	45%	46%	45%

1 EBITDA is defined as net income before minority interest in income of subsidiary, interest expense, provision for income taxes, depreciation, amortization, and other non-cash stock compensation.

2 EBITDA Margin is calculated as EBITDA divided by total revenues for the period.

CONTACT: McGrath RentCorp
Keith E. Pratt, 925-606-9200 (Chief Financial Officer)