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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): May 5, 2005

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

California
(State or other jurisdiction of incorporation)

0-13292 94-2579843
(Commission File Number) (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))

Item 2.02 Results of Operations and Financial Condition.

On May 5, 2005, McGrath RentCorp (the "Company") announced via press
release the Company's results for its first quarter ended March 31, 2005. 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.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No. Description

99.1 Press Release of McGrath RentCorp, dated May 5, 2005.

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: May 5, 2005

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President and Chief Financial
Officer

McGrath RentCorp Announces First
Quarter Results; Q1 2005 EPS Increases 26% to \$0.29; Company
Reconfirms 2005 EPS Guidance Range of \$1.45 to \$1.55

LIVERMORE, Calif.--(BUSINESS WIRE)--May 5, 2005--McGrath RentCorp (Nasdaq:MGRC), a leading rental provider of modular buildings for classroom and office space, and test equipment for communications, fiber optic and general purpose needs, today announced revenues for the quarter ended March 31, 2005, of \$52.9 million, compared to \$29.9 million in first quarter 2004. The Company reported net income of \$7.2 million, or \$0.29 per share, compared to \$5.7 million, or \$0.23 per share in first quarter 2004. During the first quarter of 2005, rental revenues increased 80% to \$36.0 million largely attributable to the Company's TRS-RenTelco division. McGrath purchased substantially all of the general purpose and communications test equipment assets of Dallas-based TRS, a division of CIT Group Inc. (NYSE:CIT), on June 2, 2004. The Company's results for the first quarter 2005 include the results of TRS as part of the Company's TRS-RenTelco division.

All share and per-share calculations in this press release reflect the previously announced 2-for-1 stock split, which took effect on March 25, 2005 and resulted in a proportional increase in the number of common shares outstanding.

For the first quarter of 2005, the Company's Mobile Modular division experienced increased rental revenues of 13% over the first quarter of 2004 on continued strength in the educational market, contributing to a 10% increase of pre-tax income to \$9.3 million. For TRS-RenTelco, rental revenues increased to \$16.9 million from \$3.2 million a year ago as a result of the TRS acquisition, contributing \$1.9 million in pre-tax earnings.

"Our 26% increase in first quarter EPS for 2005 over the same period last year reflects the impact of the TRS acquisition as well as the recurring rental stream from the increase in new classroom orders going on rent in the later half of 2004," stated Dennis Kakures, President & CEO.

"This was our highest first quarter pre-tax income ever for our modular division, with gross margin on rents increasing approximately 15% over first quarter 2004. We continue to benefit from our focus on educational rentals in the geographic markets we serve. During the first quarter of 2005, our Florida modular initiative completed its first year of operations and produced favorable margins and profitability that were ahead of our expectations. Based on our results to date, we continue to be enthusiastic about the prospects for developing a meaningful educational rental business in Florida.

"Our test equipment business, TRS-RenTelco, experienced slower business activity levels in the first quarter 2005, with rental revenues declining approximately 9% sequentially from fourth quarter 2004. From all indications, it appears that the test equipment industry as a whole had a challenging first quarter. However, we experienced a favorable increase in new rental bookings for April as we began seeing more projects coming online from our first quarter quoting activity as well as from new opportunities. In 2005, we are continuing our focus on lowering our depreciation expense as a percentage of rental revenues by targeting underutilized equipment for sale. We are also working hard at refining and executing on our business development strategies with a high focus on the deployment of the most effective marketing mediums to reach each of our target customer bases. If we are successful in these efforts, we believe we will see increasing profitability for TRS-RenTelco in 2005."

FIRST QUARTER 2005 HIGHLIGHTS (AS COMPARED TO FIRST QUARTER 2004)

- Rental revenues increased 80% to \$36.0 million. Within rental revenues, Mobile Modular increased 13% to \$19.0 million, and TRS-RenTelco increased 425% to \$16.9 million, primarily due to TRS's contribution.
- Sales revenues increased 116% to \$11.0 million resulting primarily from increased sales volume by TRS-RenTelco. Higher sales volume combined with a lower gross margin percentage, 31.1% in 2005 compared to 38.0% in 2004, resulted in a gross profit increase of \$1.5 million. Sales revenues can fluctuate from quarter to quarter depending on customer requirements, equipment availability and funding.
- Depreciation of rental equipment increased 255% to \$11.6 million primarily due to the purchase of TRS rental assets.

- Operating cash flow increased 140% to \$18.8 million, primarily due to the increase in operating income before depreciation, primarily as a result of the acquired TRS operations.
- Debt increased \$4.8 million during the quarter to \$156.7 million, with the Company's total liabilities to equity ratio decreasing from 1.84 to 1 at December 31, 2004 to 1.82 to 1 as of March 31, 2005. At March 31, 2005, the Company, under existing bank lines of credit, had capacity to borrow up to an additional \$38.3 million.
- Dividend rate increased 27% to \$0.14 per share for the first quarter 2005 as compared to \$0.11 per share for the first quarter of 2004. On an annualized basis, this dividend represents a 2.5% yield on the May 4, 2005 close price of \$22.65.

It is suggested that the 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 reconfirms its 2005 full-year earnings per share to be in a range of \$1.45 to \$1.55 per diluted share. Such a forward-looking statement reflects McGrath RentCorp's expectations as of May 5, 2005. Actual 2005 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 April 13, 2005, McGrath RentCorp will host a conference call at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) on May 5, 2005 to discuss the first quarter 2004 results. To participate in the teleconference, dial 1-800-240-4186 (international callers dial 1-303-262-2175). In addition, a live webcast and replay of the call may be found in 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 1-303-590-3300 (outside the U.S.). The pass code for the call replay is 11028069.

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 expectations regarding the continued benefits from our focus on educational rentals in the geographical markets we serve, our prospects for developing a meaningful educational rental business in Florida, our belief that our business development strategies and our efforts to lower depreciation as a percentage of rents will increase profitability for TRS-RenTelco in 2005, our annualized dividend yield, and our 2005 full-year earnings per share guidance. 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. These factors include the effectiveness of management's strategies and decisions, general economic and business conditions, 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, changing prices and market conditions. 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 earnings, selected balance sheet and segment data follow:
(in thousands, except per share amounts)

	Three Months Ended March 31	
	2005	2004
REVENUES		
Rental	\$35,959	\$20,023
Rental Related Services	5,275	4,544
Rental Operations	41,234	24,567
Sales	10,972	5,083
Other	732	229
Total Revenues	52,938	29,879
COSTS AND EXPENSES		
Direct Costs of Rental Operations		
Depreciation of Rental Equipment	11,565	3,261
Rental Related Services	3,571	2,675
Other	7,245	4,644
Total Direct Costs of Rental Operations	22,381	10,580
Costs of Sales	7,564	3,151
Total Costs	29,945	13,731
Gross Profit	22,993	16,148
Selling and Administrative	9,561	6,057
Income from Operations	13,432	10,091
Interest	1,719	540
Income Before Provision for Income Taxes	11,713	9,551
Provision for Income Taxes	4,451	3,811
Income Before Minority Interest	7,262	5,740
Minority Interest in Income of Subsidiary	85	2
Net Income	\$7,177	\$5,738
Earnings Per Share:		
Basic	\$0.29	\$0.24
Diluted	\$0.29	\$0.23
Shares Used in Per Share Calculation:		
Basic	24,572	24,252
Diluted	25,147	24,606

BALANCE SHEET DATA	March 31, 2005	December 31, 2004
Rental Equipment, net	\$370,856	\$357,788
Total Assets	484,515	474,280
Notes Payable	156,676	151,888
Shareholders' Equity	171,577	168,888

SEGMENT DATA (Unaudited)

(in thousands) Modulars Electronics Enviroplex Consolidated

Three Months Ended
March 31,

2005				
Rental Revenues	\$19,026	\$16,933	\$--	\$35,959
Rental Related Services Revenues	4,968	307	--	5,275
Sales and Other Revenues	2,735	6,677	2,292	11,704
Total Revenues	26,729	23,917	2,292	52,938
Depreciation of Rental Equipment	2,164	9,401	--	11,565
Gross Profit	15,109	6,925	959	22,993
Interest Expense (Income) Allocation	1,212	572	(65)	1,719
Income before Provision for Income Taxes	9,293	1,936	484	11,713
Rental Equipment Acquisitions	21,755	7,928	--	29,683
Accounts Receivable, net (period end)	24,260	21,383	5,469	51,111
Rental Equipment, at cost (period end)	359,820	150,389	--	510,209
Rental Equipment, net book value (period end)	264,600	106,256	--	370,856
Utilization (period end)(1)	85.3%	61.6%		
Average Utilization(1)	85.7%	61.6%		

2004				
Rental Revenues	\$16,797	\$3,226	\$--	\$20,023
Rental Related Services Revenues	4,420	124	--	4,544
Sales and Other Revenues	1,904	2,114	1,294	5,312
Total Revenues	23,121	5,464	1,294	29,879
Depreciation of Rental Equipment	2,006	1,255	--	3,261
Gross Profit	13,270	2,366	512	16,148
Interest Expense (Income) Allocation	519	63	(42)	540
Income before Provision for Income Taxes	8,431	1,105	15	9,551
Rental Equipment Acquisitions	4,350	1,292	--	5,642
Accounts Receivable, net (period end)	22,433	3,887	2,985	29,305
Rental Equipment, at cost (period end)	308,075	33,484	--	341,559
Rental Equipment, net book value (period end)	217,386	15,508	--	232,894
Utilization (period end)(1)	84.2%	47.3%		
Average Utilization(1)	84.3%	46.3%		

1 Utilization is calculated each month by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding new equipment inventory and accessory equipment. The average utilization for the period is calculated using the average costs of rental equipment.

CONTACT: McGrath RentCorp
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