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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): February 24, 2005

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))

Item 2.02 Results of Operations and Financial Condition.

On February 24, 2005, McGrath RentCorp (the "Company") announced via
press release the Company's results for its fourth quarter ended December 31,
2004. 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 February 24, 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: February 24, 2005

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President and
Chief Financial Officer

McGrath RentCorp Announces Results for Fourth Quarter and Year-end; EPS Increases 31% for the Year; Company Announces 2-for-1 Stock Split and 27% Dividend Increase

LIVERMORE, Calif.--(BUSINESS WIRE)--Feb. 24, 2005--McGrath RentCorp (NASDAQ:MGRC), a leading rental provider of modular buildings for classroom and office space, and test equipment for general purpose and communications needs, today announced revenues for the quarter ended December 31, 2004, of \$59.3 million, compared to \$37.1 million in the fourth quarter of 2003. The Company reported net income of \$8.8 million, or \$0.70 per diluted share, compared to \$7.0 million, or \$0.57 per diluted share, in the fourth of quarter 2003. During the quarter, rental revenues increased 84%, largely attributable to the Company's TRS-RenTelco division. McGrath purchased substantially all the general purpose and communications test equipment assets of Dallas-based TRS, a division of CIT Group Inc. (NYSE:CIT) on June 2, 2004. Results for the fourth quarter and for the twelve months of 2004 include the results of TRS since that date.

Total revenues for the twelve months ended December 31, 2004, were \$202.5 million, compared to \$131.0 million in the same twelve-month period in 2003. Net income for the twelve months ended December 31, 2004, increased to \$30.0 million, or \$2.42 per diluted share, a 31% increase, compared to net income of \$22.7 million, or \$1.85 per diluted share, in the prior year period.

The Company also announced that the board of directors approved a 2-for-1 stock split and a proportional increase in the number of common shares outstanding from 12,284,749 to 24,569,498. Each shareholder of record as of March 11, 2005 will receive one additional share for each outstanding share held on the record date. Trading will begin on a split-adjusted basis on March 25, 2005. The board of directors also declared a post-split cash dividend of \$0.14 per common share for the quarter ended March 31, 2005, an increase of 27%. On an annualized basis, this dividend represents a 2.7% yield based on the February 23, 2005, closing price. The cash dividend will be payable on April 29, 2005, to all shareholders of record on April 15, 2005. The 2004 results disclosed in this release are not adjusted to reflect the 2-for-1 stock split unless described as such.

In the fourth quarter of 2004, Mobile Modular had record rental revenues of \$19.1 million that contributed to an 11% increase in total modular revenues to \$30.7 million. Mobile Modular's fourth quarter pre-tax income decreased 2% to \$9.8 million from \$10.0 million a year earlier predominantly due to increases in maintenance expenses associated with the preparation of unutilized equipment targeted for potential rental opportunities in 2005, as well as higher allocated overhead and interest expenses. Fourth quarter rental revenues at TRS-RenTelco increased to \$18.5 million from \$3.6 million in the fourth quarter of 2003, primarily from the TRS contribution, which resulted in divisional pre-tax income of \$3.9 million, compared to pre-tax income of \$1.1 million in the fourth quarter of 2003. Also, as a result of the acquired TRS operations, the fourth quarter effective tax rate was reduced from 39.9% to 35.0% due to recording a cumulative true-up adjustment for the state income tax accrual rate, increasing net income by \$0.7 million or \$0.05 per diluted share.

"These results demonstrate the ongoing strength of Mobile Modular's California classroom rental business, and in particular, strong classroom booking levels experienced in early 2004 for modernization and reconstruction projects," stated Dennis Kakures, President & CEO. "The \$19.1 million in rental revenues was our highest quarter ever for our modular rental division. This growth reflects our success as the leader in providing interim facilities to school districts throughout California. In addition, we continue to be pleased with the order activity we are generating in the Florida market, which we entered less than a year ago. Based upon our results to date, we are enthusiastic about the prospects for developing a meaningful educational rental business in Florida.

"Our test equipment rental business turned in a solid quarter as we continued to work on key integration projects. With the initial steps of integrating TRS-RenTelco in place, we are turning our full attention to optimizing our day-to-day execution. We are excited about the potential our industry leadership position, operating efficiencies, and talented work force affords TRS-RenTelco in positioning it for earnings growth in the years ahead.

"The 27% increase in the first quarter 2005 dividend is a one-time step up in the dividend pay out related to the TRS acquisition and reflects the increased amount of free cash flow that TRS is providing. Looking forward, we expect any future dividend increases beyond 2005 to generally reflect increases in our underlying growth rates. In our view, we create value for shareholders employing free cash flow and available debt capacity on strategic growth opportunities that we

believe may result in increased earnings, and distributing excess cash flow in the form of dividends."

Fourth Quarter 2004 Highlights as Compared to Fourth Quarter 2003

- Rental revenues increased 84% to \$37.7 million. Within rental revenues, Mobile Modular increased 13% to \$19.1 million, driven by California educational rentals; and RenTelco increased \$15.0 million to \$18.5 million, primarily due to TRS's contribution since June 2, 2004.
- Sales revenues increased 30% to \$14.7 million, primarily due to increased sales volume of TRS-RenTelco, offset by lower sales volumes at Mobile Modular and Enviroplex, resulting in a gross profit increase of \$1.1 million. Sales revenues and margins can fluctuate from quarter to quarter depending on customer requirements and funding.
- Depreciation of rental equipment increased 257% to \$11.7 million, primarily due to the purchase of TRS rental assets.
- Operating cash flow increased 67% to \$31.0 million, primarily due to the revenue and net income contribution of the acquired TRS operations.
- Debt decreased \$11.1 million during the quarter to \$151.9 million with the Company's total liabilities to equity ratio decreasing from 2.05 to 1 as of September 30, 2004, to 1.85 to 1 as of December 31, 2004. At December 31, 2004, the Company, under existing bank lines of credit, had capacity to borrow up to an additional \$43.1 million.
- Dividends increased to \$0.22 per share for the fourth quarter 2004 as compared to \$0.20 per share for the fourth quarter 2003.

We suggest 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

Giving effect to the announced 2-for-1 stock split, the Company expects its 2005 full-year earnings per share guidance to be in a range of \$1.45 to \$1.55 per diluted share. This guidance range excludes the impact of the third quarter of 2005 adoption of Statement of Financial Standards No. 123R, "Share Based Payment", which requires the expensing of stock options at fair value effective for quarters beginning after June 15, 2005. Assuming the effective date for these rules is not extended, the Company anticipates application on a retrospective basis and expects the impact to reduce 2005 diluted earnings per share by approximately \$0.05 per share. Such a forward-looking statement reflects McGrath RentCorp's expectations as of February 24, 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 customer's 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. McGrath RentCorp's majority owned subsidiary, Enviroplex, Inc., manufactures and sells classrooms directly to school districts 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 January 27, 2005, McGrath RentCorp will host a conference call at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) on February 24, 2005 to discuss the fourth quarter 2005 results. To participate in the teleconference, dial 1-800-218-0204 (international callers dial 1-303-262-2130). 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 1-303-590-3000 (outside the U.S.). The pass code for the call replay is 11019909.

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 regarding the opportunity for a meaningful educational rental business in Florida, our expectation regarding our ability to grow the TRS-RenTelco business in 2005 and its earnings in the years ahead, our expectation regarding the step-up in our dividend level due to the increased amount of free cash flow that TRS is providing and our expectations regarding our dividend levels in 2005 and beyond 2005, our future dividend increases generally, our belief that strategic growth opportunities may result in increased earnings, 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, balance sheet and segment data follow:

(in thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2004	2003	2004	2003
REVENUES				
Rental	\$ 37,662	\$ 20,426	\$120,358	\$76,678
Rental Related Services	6,640	5,192	23,907	16,746
Rental Operations	44,302	25,618	144,265	93,424
Sales	14,673	11,249	57,162	36,745
Other	337	204	1,093	802
Total Revenues	59,312	37,071	202,520	130,971
COSTS AND EXPENSES				
Direct Costs of Rental Operations				
Depreciation of Rental Equipment	11,701	3,277	32,426	12,745
Rental Related Services	4,926	3,482	15,172	10,356
Other	6,793	4,079	24,007	18,623
Total Direct Costs of Rental Operations	23,420	10,838	71,605	41,724
Costs of Sales	10,405	8,083	43,134	25,913
Total Costs	33,825	18,921	114,739	67,637
Gross Margin	25,487	18,150	87,781	63,334
Selling and Administrative	10,411	5,753	33,705	22,626
Income from Operations	15,076	12,397	54,076	40,708
Interest	1,664	583	5,188	2,668

Income Before Provision for Income Taxes and Minority Interest in Income of Subsidiary	13,412	11,814	48,888	38,040
Provision for Income Taxes	4,688	4,714	18,843	15,178
Income Before Minority Interest in Income of Subsidiary	8,724	7,100	30,045	22,862
Minority Interest in Income of Subsidiary	(34)	81	48	170
Net Income	\$ 8,758	\$ 7,019	\$ 29,997	\$22,692

Earnings Per Share:

Basic	\$ 0.72	\$ 0.58	\$ 2.46	\$ 1.87
Diluted	\$ 0.70	\$ 0.57	\$ 2.42	\$ 1.85

Shares Used in Per Share
Calculation:

Basic	12,232	12,119	12,172	12,125
Diluted	12,510	12,274	12,402	12,259

	December 31, 2004	December 31, 2003
BALANCE SHEET DATA		
Rental Equipment, net	\$357,788	\$232,046
Total Assets	474,280	323,858
Notes Payable	151,888	47,266
Shareholders' Equity	166,888	143,978

SEGMENT DATA

Modulars Electronics Enviroplex Consolidated

Three Months Ended
December 31,

	2004	2003		
Rental Revenues	\$ 19,146	\$ 18,516	\$ --	\$ 37,662
Rental Related Services Revenues	5,903	737	--	6,640
Sales and Other Revenues	5,680	7,925	1,405	15,010
Total Revenues	30,729	27,178	1,405	59,312
Depreciation of Rental Equipment	2,173	9,528	--	11,701
Gross Margin	15,527	9,643	317	25,487
Interest Expense (Income) Allocation	1,145	578	(59)	1,664
Income Before Provision for Income Taxes and Minority Interest in Income of Subsidiary	9,761	3,887	(236)	13,412
Rental Equipment Acquisitions	11,341	7,898	--	19,239
Accounts Receivable, net (period end)	28,237	22,558	3,051	53,846
Rental Equipment, at cost (period end)	339,537	149,437	--	488,974
Rental Equipment, net (period end)	245,924	111,864	--	357,788
Utilization (period end)(1)	86.1%	61.6%		
Average Utilization (1)	86.3%	63.9%		

Rental Revenues	\$ 16,875	\$ 3,551	\$ --	\$ 20,426
Rental Related Services Revenues	5,051	141	--	5,192
Sales and Other Revenues	5,720	1,838	3,895	11,453
Total Revenues	27,646	5,530	3,895	37,071
Depreciation of Rental Equipment	1,972	1,305	--	3,277
Gross Margin	14,702	2,318	1,130	18,150
Interest Expense (Income) Allocation	557	71	(45)	583
Income Before Provision				

for Income Taxes and Minority Interest in Income of Subsidiary	9,960	1,057	797	11,814
Rental Equipment Acquisitions	4,623	737	--	5,360
Accounts Receivable, net (period end)	26,616	3,664	1,919	32,199
Rental Equipment, at cost (period end)	304,905	34,448	--	339,353
Rental Equipment, net (period end)	215,589	16,457	--	232,046
Utilization (period end)(1)	84.6%	45.2%		
Average Utilization (1)	85.1%	46.6%		

SEGMENT DATA	Modulars	Electronics	Enviroplex	Consolidated
Twelve Months Ended December 31, ----- 2004				
Rental Revenues	\$ 71,460	\$ 48,898	\$ --	\$120,358
Rental Related Services Revenues	22,142	1,765	--	23,907
Sales and Other Revenues	28,061	20,940	9,254	58,255
Total Revenues	121,663	71,603	9,254	202,520
Depreciation of Rental Equipment	8,374	24,052	--	32,426
Gross Margin	59,812	25,986	1,983	87,781
Interest Expense (Income) Allocation	3,947	1,412	(171)	5,188
Income Before Provision for Income Taxes and Minority Interest in Income of Subsidiary	37,850	10,718	320	48,888
Rental Equipment Acquisitions	44,679	132,379	--	177,058
Accounts Receivable, net (period end)	28,237	22,558	3,051	53,846
Rental Equipment, at cost (period end)	339,537	149,437	--	488,974
Rental Equipment, net (period end)	245,924	111,864	--	357,788
Utilization (period end)(1)	86.1%	61.6%		
Average Utilization (1)	85.6%	61.7%		
2003				
Rental Revenues	\$ 63,948	\$ 12,730	\$ --	\$ 76,678
Rental Related Services Revenues	16,203	543	--	16,746
Sales and Other Revenues	18,973	7,567	11,007	37,547
Total Revenues	99,124	20,840	11,007	130,971
Depreciation of Rental Equipment	7,377	5,368	--	12,745
Gross Margin	52,007	8,071	3,255	63,333
Interest Expense (Income) Allocation	2,505	343	(180)	2,668
Income Before Provision for Income Taxes and Minority Interest in Income of Subsidiary	33,357	3,290	1,393	38,040
Rental Equipment Acquisitions	27,637	4,790	--	32,427
Accounts Receivable, net (period end)	26,616	3,664	1,919	32,199
Rental Equipment, at cost (period end)	304,905	34,448	--	339,353
Rental Equipment, net (period end)	215,589	16,457	--	232,046
Utilization (period end)(1)	84.6%	45.2%		
Average Utilization (1)	84.2%	45.3%		

(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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