SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTER ENDED JUNE 30, 2000 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.)

5700 LAS POSITAS ROAD, LIVERMORE, CA 94550
(Address of principal executive offices)

Registrant's telephone number: (925) 606-9200

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 [ ]

At August 3, 2000, 12,307,918 shares of Registrant's Common Stock were outstanding.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands, except per share amounts)	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 1999
REVENUES				
Rental	$ 22,847	$ 19,019	$ 44,228	$ 38,078
Rental Related Services	3,974	3,100	7,296	5,534
Rental Operations	26,821	22,119	51,524	$ 43,612
Sales	10,315	9,208	17,008	16,071
Other	233	232	480	450
Total Revenues	37,369	31,559	69,012	60,133
COSTS AND EXPENSES				
Direct Costs of Rental Operations				
Depreciation	5,745	4,753	11,101	9,419
Rental Related Services	2,324	1,825	4,056	3,163
Other	4,706	3,531	8,487	6,664
Total Direct Costs of Rental Operations	12,775	10,109	23,644	19,246
Costs of Sales	6,915	6,187	11,736	11,047
Total Costs	19,690	16,296	35,380	30,293
Gross Margin	17,679	15,263	33,632	29,840
Selling and Administrative	4,787	3,989	9,482	8,188
Income from Operations	12,892	11,274	24,150	21,652
Interest	2,160	1,581	4,104	3,097
Income Before Provision for Income Taxes	10,732	9,693	20,046	18,555
Provision for Income Taxes	4,186	3,805	7,818	7,283
Income Before Minority Interest	6,546	5,888	12,228	11,272
Minority Interest in Income of Subsidiary	157	90	136	54
Income before Effect of Accounting Change	6,389	5,798	12,092	11,218
Cumulative Effect of Accounting Change, net of tax benefit of $833	--	--	--	(1,367)
Net Income	$ 6,389	$ 5,798	$ 12,092	$ 9,851
Earnings Per Share:				
Basic				
Income before Cumulative Effect of Accounting Change	$ 0.52	$ 0.43	$ 0.97	$ 0.82
Cumulative Effect of Accounting Change, net of tax	--	--	--	(0.10)
Net Income	$ 0.52	$ 0.43	$ 0.97	$ 0.72
Diluted				
Income before Cumulative Effect of Accounting Change	$ 0.52	$ 0.43	$ 0.97	$ 0.81
Cumulative Effect of Accounting Change, net of tax	--	--	--	(0.10)
	$ 0.52	$ 0.43	$ 0.97	$ 0.71
Shares Used in Per Share Calculation:				
Basic	12,305	13,403	12,402	13,611
Diluted	12,393	13,568	12,494	13,780

The accompanying notes are an integral part of these consolidated financial statements.

MCGRATH RENTCORP
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands)	JUNE 30, 2000	DECEMBER 31, 1999
ASSETS		
Cash	$ 2,697	$ 490
Accounts Receivable, less allowance for doubtful accounts of $650 in 2000 and 1999	27,154	25,095
Rental Equipment, at cost:		
Relocatable Modular Offices	252,381	238,449
Electronic Test Instruments	81,626	72,832
	334,007	311,281
Less Accumulated Depreciation	(99,175)	(94,103)
Rental Equipment, net	234,832	217,178
Land, at cost	19,303	19,303
Buildings, Land Improvements, Equipment and Furniture, at cost, less accumulated depreciation of $6,016 in 2000 and $5,116 in 1999	32,267	31,668
Prepaid Expenses and Other Assets	5,702	3,988
Total Assets	$ 321,955	$ 297,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes Payable	$ 125,800	$ 110,300
Accounts Payable and Accrued Liabilities	29,862	24,811
Deferred Income	8,610	9,511
Minority Interest in Subsidiary	2,971	2,836
Deferred Income Taxes	54,979	54,861
Total Liabilities	222,222	202,319
Shareholders' Equity:		
Common Stock, no par value - Authorized -- 40,000 shares Outstanding -- 12,308 shares in 2000 and 12,546 shares in 1999	8,631	8,755
Retained Earnings	91,102	86,648
Total Shareholders' Equity	99,733	95,403
Total Liabilities and Shareholders' Equity	$ 321,955	$ 297,722

The accompanying notes are an integral part of these consolidated financial statements.

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(In thousands)	SIX MONTHS ENDED JUNE 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 12,092	$ 9,851
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	12,001	10,215
Cumulative Effect of Accounting Change, net of tax	--	1,367
Gain on Sale of Rental Equipment	(3,355)	(2,674)
Change In:		
Accounts Receivable	(2,059)	(1,545)
Prepaid Expenses and Other Assets	(1,714)	(74)
Accounts Payable and Accrued Liabilities	4,968	2,953
Deferred Income	(901)	(1,517)
Deferred Income Taxes	118	5,039
Net Cash Provided by Operating Activities	21,150	23,615
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Rental Equipment	(34,234)	(19,723)
Purchase of Land, Buildings, Land Improvements, Equipment & Furniture	(1,497)	(1,704)
Proceeds from Sale of Rental Equipment	8,833	7,209
Net Cash Used in Investing Activities	(26,898)	(14,218)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net Borrowings Under Notes Payable	15,500	5,900
Net Proceeds from the Exercise of Stock Options	62	28
Repurchase of Common Stock	(4,379)	(12,584)
Payment of Dividends	(3,228)	(3,012)
Net Cash Provided by (Used in) Financing Activities	7,955	(9,668)
Net Increase (Decrease) in Cash	2,207	(271)
Cash Balance, Beginning of Period	490	857
Cash Balance, End of Period	$ 2,697	$ 586
Interest Paid During the Period	$ 3,930	$ 2,990
Income Taxes Paid During the Period	$ 7,700	$ 2,244
Dividends Declared but not yet Paid	$ 1,723	$ 1,598

The accompanying notes are an integral part of these consolidated financial statements.

MCGRATH RENTCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information for the six months ended June 30, 2000 has not been audited, but in the opinion of management, all adjustments (consisting of only normal recurring accruals, consolidation and eliminating entries) necessary for the fair presentation of the consolidated results of operations, financial position, and cash flows of McGrath RentCorp (the "Company") have been made. The consolidated results of the six months ended June 30, 2000 should not be considered as necessarily indicative of the consolidated results for the entire year. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest Form 10-K.

NOTE 2. NOTES PAYABLE

In June 2000, the Company extended its $5,000,000 line of credit related to its cash management services from June 30, 2000 to August 31, 2000. Management expects it will be able to further extend or renew this facility in the future.

NOTE 3. BUSINESS SEGMENTS

The Company defines its business segments based on the nature of operations for the purpose of reporting under Statement of Financial Accounting Standard No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). The Company's three reportable segments are Mobile Modular Management Corporation (Modulars), McGrath-RenTelco (Electronics), and Enviroplex. The operations of these three segments are described in the notes to the consolidated financial statements included in the Company's latest Form 10-K. As a separate corporate entity, Enviroplex revenues and expenses are separately maintained from Modulars and Electronics. Excluding interest expense, allocations of revenues and expenses not directly associated with Modulars or Electronics are generally allocated to these segments based on their pro-rata share of direct revenues. Interest expense is allocated between Modulars and Electronics based on their pro-rata share of average rental equipment, accounts receivable and customer security deposits. The Company does not report total assets by business segment. Summarized financial information for the six months ended June 30, 2000 and 1999 for the Company's reportable segments is shown in the following table:

(in thousands)	MODULARS(1)	ELECTRONICS(2)	ENVIROPLEX	CONSOLIDATED
SIX MONTHS ENDED JUNE 30, 2000				
Rental Operation Revenues	$ 34,311	$ 17,213	$ --	$ 51,524
Sales and Other Revenues	7,036	5,347	5,105	17,488
Total Revenues	41,347	22,560	5,105	69,012
Depreciation on Rental Equipment	5,821	5,280	--	11,101
Interest Expense (Income)	3,139	1,117	(152)	4,104
Income before Income Taxes	10,696	8,733	617	20,046
Rental Equipment Acquisitions	19,330	14,904	--	34,234
Accounts Receivable, net (period end)	12,330	10,564	4,260	27,154
Rental Equipment, at cost (period end)	252,381	81,626	--	334,007
1999				
Rental Operation Revenues	$ 30,508	$ 13,104	$ --	$ 43,612
Sales and Other Revenues	7,704	5,035	3,782	16,521
Total Revenues	38,212	18,139	3,782	60,133
Depreciation on Rental Equipment	5,096	4,323	--	9,419
Interest Expense (Income)	2,381	806	(90)	3,097
Income before Income Taxes	11,700	6,532	323	18,555
Rental Equipment Acquisitions	13,771	5,952	--	19,723
Accounts Receivable, net (period end)	11,648	8,391	3,317	23,356
Rental Equipment, at cost (period end)	227,105	67,534	--	294,639

(1) Operates under the trade name Mobile Modular Management Corporation

(2) Operates under the trade name McGrath-RenTelco

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains statements, which constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. 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. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that 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, new or modified statutory or regulatory requirements and changing prices and market conditions. This report identifies other factors that could cause such differences. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements.

THREE AND SIX MONTHS ENDED JUNE 30, 2000 AND 1999

The Company's core rental businesses continue to grow steadily. Rental revenues for the three and six months ended June 30, 2000 increased $3,828,000 (20%) and $6,150,000 (16%) over the comparative periods in 1999. Mobile Modular Management Corporation ("MMMC") contributed $2,162,0000 and McGrath-RenTelco contributed $3,988,000 of the six-month increase. MMMC's rental revenues increased as a result of having an average of $19,056,000 more equipment on rent compared to a year earlier even though the average monthly yield for all modular equipment has declined from 1.91% in 1999 to 1.87% in 2000. At June 30, 2000, modular utilization, excluding new equipment inventory, was 82.4% and average utilization for the six months ended June 30, 2000 was 81.0% compared to 82.0% for the same period in 1999. McGrath-RenTelco's rental revenue increase can be attributed to strong communication equipment rental activity, which resulted in an average of $11,074,000 more equipment on rent compared to a year earlier. Additionally, the average monthly yield for all electronics equipment increased from 3.20% in 1999 to 3.63% in 2000. At June 30, 2000, electronics utilization was 65.4% and average utilization for the six months ended June 30, 2000 was 58.8% compared to 51.4% for the same period in 1999.

Rental related services revenues for the three and six months ended June 30, 2000 increased $874,000 (28%) and $1,762,000 (32%) over the comparative periods in 1999. Two large projects with extensive modification and site related work accounted for 42% of the six month increase. Gross margin on rental related services for the six-month period increased from 43% in 1999 to 44% in 2000.

Sales for the three and six months ended June 30, 2000 increased $1,107,000 (12%) and $937,000 (6%) as compared to the same periods in 1999 with most of the sales growth from Enviroplex. Consolidated gross margin on sales was consistent for each of the reported six-month periods at 31%. Sales continue to occur routinely as a normal part of the Company's rental business; however, these sales can fluctuate from quarter to quarter and year to year depending on customer demands and requirements.

Enviroplex's backlog of orders as of June 30, 2000 and 1999 was $12,326,000 and $6,808,000, respectively. Backlog is not significant in MMMC's modular business or in McGrath-RenTelco's electronics business.

Depreciation on rental equipment for the three and six months ended June 30, 2000 increased $992,000 (21%) and $1,682,000 (18%) over the comparative periods in 1999 due to higher amounts of rental equipment. For the six months ended June 30, 2000, average modular rental equipment, at cost, increased $23,709,000 (11%) and average electronics rental equipment, at cost, increased $10,480,000 (16%) over the 1999 comparative period.

Other direct costs of rental operations for the three and six months ended June 30, 2000 increased $1,175,000 (33%) and $1,823,000 (27%) over the same periods in 1999 primarily due to an $832,000 write-off of rental equipment in the second quarter identified as equipment which was beyond economic repair. Additionally, higher maintenance and repair expenses of the modular fleet contributed to these increases.

Selling and administrative expenses for the three and six months ended June 30, 2000 increased $798,000 (20%) and $1,294,000 (16%) over the comparative periods in 1999 primarily due to higher personnel and benefit costs, including performance and incentive bonuses.

Interest expense for the three and six months ended June 30, 2000 increased $579,000 (37%) and $1,007,000 (33%) over the 1999 comparative periods as a result of a higher average borrowing level and a higher average interest rate in 2000. The average debt increase resulted from rental equipment purchases, repurchases of the Company's common stock and dividend payments made during the last twelve months.

Income before provision for taxes for the three months ended June 30, 2000 increased $1,039,000 (11%) to $10,732,000 while net income increased $591,000 (10%) to $6,389,000 or $0.52 per diluted share over the comparative period in 1999. Income before provision for taxes for the six months ended June 30, 2000 increased $1,491,000 (8%) to $20,046,000 while net income increased $2,241,000 (23%) to $12,092,000 or $0.97 per diluted share over the comparative period in 1999. The higher percentage increase in net income is due to the impact of a one-time charge of $1,367,000 recognized in the first quarter of 1999 representing the cumulative effect of an accounting change, net of tax. Excluding the impact of this one-time charge, net income for the six months ended June 30, 1999 was $11,218,000 or $0.81 per diluted share resulting in comparative earnings increasing 8% and comparative earnings per share increasing 20% in 2000.

LIQUIDITY AND CAPITAL RESOURCES

This section contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. See the statement at the beginning of this Item for cautionary information with respect to such forward-looking statements.

The Company's operations produced a positive cash flow for the six months ended June 30, 2000 of $21,150,000 as compared to $23,615,000 for the year earlier period. During 2000, the primary uses of cash have been to purchase additional rental inventory to satisfy customer requirements, to repurchase shares of the Company's common stock on the open market, and to pay dividends to the Company's shareholders.

The Company had total liabilities to equity ratios of 2.23 to 1 and 2.12 to 1 as of June 30, 2000 and December 31, 1999, respectively. The debt (notes payable) to equity ratios were 1.26 to 1 and 1.16 to 1 as of June 30, 2000 and December 31, 1999, respectively. Both ratios have increased since December 31, 1999 partially as a result of the Company's stock repurchase program.

The Company has made purchases of shares of its common stock from time to time in the over-the-counter market (NASDAQ) and/or through privately negotiated, large block transactions under an authorization of the Board of Directors. Shares repurchased by the Company are cancelled and returned to the status of authorized but unissued stock. During the six months ended June 30, 2000 the Company repurchased 265,360 shares of its outstanding common stock for an aggregate purchase price of $4,379,000 (or an average price of $16.50 per share). As of August 3, 2000, 975,500 shares remain authorized for repurchase.

The Company believes that its needs for working capital and capital expenditures through 2000 and beyond will be adequately met by cash flow and bank borrowings.

MARKET RISK

This section contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. See the statement at the beginning of this Item for cautionary information with respect to such forward-looking statements.

The Company currently has no material derivative financial instruments that expose the Company to significant market risk. The Company is exposed to cash flow and fair value risk due to changes in interest rates with respect to its notes payable. As of June 30, 2000, the Company believes that the carrying amounts of its financial instruments (cash and notes payable) approximate fair value.

YEAR 2000

This section contains statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. See the statement at the beginning of this Item for cautionary information with respect to such forward-looking statements.

The Company experienced no disruption in operations due to transition to the Year 2000. A number of major system projects were initiated in 1997, 1998 and 1999 to upgrade core computer hardware, networking and software systems. These projects replaced existing systems as opposed to simply fixing Year 2000 problems; they are now complete and operational. There are no known trends or deferred capital spending related to Year 2000 issues that are likely to affect the Company's results of operations.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

McGrath RentCorp has been named along with a number of other companies as a defendant in a lawsuit alleging a failure to warn about certain chemicals associated with building materials used in portable classrooms in California. The lawsuit was filed by As You Sow, a corporation that has served as a plaintiff in numerous lawsuits alleging similar failures to warn. The Company and its subsidiary Enviroplex, Inc. are two of nineteen named defendants, all of whom are involved in the portable classroom industry in the State of California. While the plaintiff alleges that materials used to construct portable classrooms require certain warnings, there is no allegation that any individual has suffered any injury or harm. The plaintiff does not allege that any particular classroom leased, sold or manufactured by the Company or Enviroplex has exposed anyone to any such chemicals; and the Company believes that in fact none of the portable classrooms it leases or sells and none of the portable classrooms manufactured by Enviroplex pose any health risk. The Company believes the lawsuit is without merit, and it intends to defend against the suit vigorously.

The lawsuit was filed in the Superior Court of the State of California for the County of San Francisco on July 7, 2000. The complaint seeks a court injunction ordering the defendants to post warning signs in portable classrooms, recovery of a fine of $2,500 for each failure to post a warning sign where required, and recovery of monies the defendants may have made by selling or leasing classrooms without appropriate warnings. Plaintiff also asks for payment of attorneys' fees.

ITEM 3. OTHER INFORMATION

On May 31, 2000, the Company declared a quarterly dividend on its Common Stock; the dividend was $0.14 per share. Subject to its continued profitability and favorable cash flow, the Company intends to continue the payment of quarterly dividends.

ITEM 4. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. No exhibits included.

(b) Reports on Form 8-K.
No reports on Form 8-K have been filed during the quarter for which this report is filed.

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 August 3, 2000

MCGRATH RENTCORP

By: /s/ Thomas J. Sauer

Thomas J. Sauer
Vice President and Chief
Financial Officer (Chief
Accounting Officer)

INDEX TO EXHIBITS

Number	Description
27	Financial Data Schedule

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MCGRATH RENTCORP FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS
DEC-31-2000
JAN-01-2000
JUN-30-2000
2,697
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27,804
(650)
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(105,191)
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0.97