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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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 3, 2011**

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**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. Employer 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)

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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 3, 2011, McGrath RentCorp (the “Company”) announced via press release the Company’s results for its third quarter ended September 30, 2011. 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 1933 or the Securities Exchange Act of 1934.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | Press Release of McGrath RentCorp, dated November 3, 2011. |

**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 3, 2011

By: /s/ Keith E. Pratt  
Keith E. Pratt  
Senior Vice President and  
Chief Financial Officer

**McGrath RentCorp Announces Results for Third Quarter 2011*****EPS increases 55% to \$0.62 for the Quarter******Rental revenues increase 16%***

LIVERMORE, Calif.--(BUSINESS WIRE)--November 3, 2011--McGrath RentCorp (NASDAQ: MGRC) (the "Company"), a diversified business to business rental company, today announced revenues for the quarter ended September 30, 2011 of \$105.0 million, an increase of 26%, compared to \$83.2 million in the third quarter of 2010. The Company reported net income of \$15.4 million, or \$0.62 per diluted share for the third quarter of 2011, compared to net income of \$9.7 million, or \$0.40 per diluted share, in the third quarter of 2010.

Dennis Kakures, President and CEO of McGrath RentCorp, made the following comments regarding these results and future expectations:

"Our Company-wide 16% increase in rental revenues for the quarter from a year ago reflects very favorable business activity and rental revenue increases in both our tank rental and electronics businesses. These very positive results were partly offset by our modular business rental revenues declining by 4% for the same comparative period. This is our sixth consecutive quarter over quarter increase in rental revenues coming out of the Great Recession.

Our tank and box division rental revenues increased 60% to \$16.1 million for the quarter, from \$10.0 million a year ago. The strong increase in rental revenues was directly related to higher business activity levels and continued expansion of Adler's rental equipment inventory. Income from operations was up 87% from a year ago to \$9.5 million, as the business further leveraged existing employee and facility infrastructure, and also benefited from its base of longer term rentals.

Our electronics division rental revenues for the quarter increased by \$3.0 million, or 14%, to \$24.8 million from a year ago. Income from operations increased by \$1.7 million, or 26%, to \$8.2 million. In addition to higher rental revenues, our electronics business also benefited from higher gross profit on equipment sales and lower depreciation and laboratory costs as a percentage of rental revenues from a year ago.

Modular division rental revenues for the third quarter decreased by \$0.8 million, or 4%, to \$20.1 million from a year ago. Rental revenues grew by 15% quarter over quarter in our markets outside of California; however, they declined by 13% within the State. California continues to be plagued by fiscal and unemployment rate challenges. Quarter over quarter income from operations increased by \$0.4 million, or 7%, to \$6.1 million. The increase in income from operations in 2011, despite the reduction in rental revenues, is the result of considerably higher inventory center costs a year ago, primarily for the preparation of a number of larger, customized commercial building complexes.

Our portable storage and environmental test equipment rental initiatives both continued to make good progress in their market penetration, booking levels and rental revenue growth during the third quarter. We are excited about the longer term prospects for both Mobile Modular Portable Storage and TRS-Environmental.

Enviroplex, our California modular school facilities manufacturing subsidiary contributed very favorably to our third quarter 2011 results. Sales revenues increased to \$18.5 million from \$5.8 million a year ago, with income from operations increasing to \$3.5 million from \$0.2 million. Enviroplex has benefited during 2011 primarily from its efforts in developing project opportunities in non-public school, educational end markets. Typically, for the school facility manufacturing business, the third quarter reflects the majority of both sales revenues and income for the year.

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During the first nine months of 2011 we had a net addition of over \$81.0 million in original cost of rental assets. These rental products are primarily for the growth of Adler Tank Rentals, and for our test equipment and portable storage businesses.

As a result of our overall healthy business activity levels thus far in 2011 and favorable outlook for the fourth quarter, we are increasing our full year earnings guidance range of \$1.65 to \$1.75 to a range of \$1.84 to \$1.89 per diluted share.”

All comparisons presented below are for the quarter ended September 30, 2011 to the quarter ended September 30, 2010 unless otherwise indicated.

## **MOBILE MODULAR**

For the third quarter of 2011, the Company’s Mobile Modular division reported a 7% increase in income from operations to \$6.1 million. Rental revenues decreased 4% to \$20.1 million and other direct costs decreased 23% to \$5.9 million, which resulted in an increase in gross profit on rental revenues of 10% to \$10.8 million. Sales revenues decreased 8% to \$8.5 million, with gross profit on sales revenues increasing 19% to \$2.2 million, primarily due to higher margins on new equipment sales revenues in the third quarter of 2011. Selling and administrative expenses increased 15% to \$8.4 million primarily as a result of increased investment in our Portable Storage growth initiative.

## **TRS-RENTELCO**

For the third quarter of 2011, the Company’s TRS-RenTelco division reported a 26% increase in income from operations to \$8.2 million. Rental revenues increased 14% to \$24.8 million. The increase in rental revenues, partly offset by a 6% increase in depreciation to \$9.8 million, with direct costs flat at \$3.3 million, resulted in an increase in gross profit on rental revenues of 27% to \$11.7 million. Sales revenues increased 24% to \$5.7 million with gross profit on sales increasing 14% to \$2.5 million, due to lower margins on new and used equipment sales revenues in the third quarter of 2011. Selling and administrative expenses increased 19% to \$6.4 million, primarily due to increased salary and benefit costs.

## **ADLER TANKS**

For the third quarter of 2011, the Company’s Adler Tanks division reported an 87% increase in income from operations to \$9.5 million. Rental revenues increased 60% to \$16.1 million, which resulted in an increase in gross profit on rental revenues of 72% to \$12.8 million. Rental related services revenues increased 15% to \$3.3 million, with gross profit on rental related services revenues increasing 42% to \$1.0 million. Selling and administrative expenses increased 42% to \$4.4 million, primarily due to increased personnel and benefit costs and bad debt expense.

## **ENVIROPLEX**

For the third quarter of 2011, the Company’s classroom manufacturing business (Enviroplex) operating income increased \$3.3 million to \$3.5 million. Sales revenue increased \$12.7 million to \$18.5 million and gross profit increased \$3.4 million to \$4.4 million.

## **OTHER HIGHLIGHTS**

- *Debt* increased \$19.1 million during the quarter to \$289.6 million, with the Company’s funded debt (notes payable) to equity ratio increasing from 0.87 to 1 at June 30, 2011 to 0.90 to 1 at September 30, 2011. As of September 30, 2011, the Company had capacity to borrow an additional \$165.4 million under its lines of credit.
  - *Dividend rate* increased 2% to \$0.23 per share for the third quarter 2011 compared to the third quarter 2010. On an annualized basis, this dividend represents a 3.6% yield on the November 2, 2011 close price of \$25.77.
  - *Adjusted EBITDA* increased 34% to \$46.0 million for the third quarter of 2011. At September 30, 2011, the Company’s ratio of funded debt to the last twelve months actual Adjusted EBITDA was 1.83 to 1 compared to 1.85 to 1 at June 30, 2011. Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation, amortization and other non-cash stock-based compensation. A reconciliation of net income to Adjusted EBITDA and Adjusted EBITDA to net cash provided by operating activities can be found at the end of this release.
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You should read this press release in conjunction with the financial statements and notes thereto included in the Company's latest Forms 10-K and 10-Q and other SEC filings. You can visit the Company's web site at [www.mgrc.com](http://www.mgrc.com) to access information on McGrath RentCorp, including the latest Forms 10-K and 10-Q and other SEC filings.

## **FINANCIAL GUIDANCE**

Based upon the year to date results and the outlook for the fourth quarter, the Company is increasing its previous 2011 full-year earnings guidance of \$1.65 to \$1.75 per diluted share to an updated range of \$1.84 to \$1.89 per diluted share. These forward-looking statements reflect McGrath RentCorp's expectations as of November 3, 2011. Actual 2011 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, McGrath RentCorp is a diversified business-to-business rental company. Under the trade name Mobile Modular Management Corporation (Mobile Modular), it rents and sells modular buildings to fulfill customers' temporary and permanent classroom and office space needs in California, Texas, Florida, and the Mid-Atlantic from Washington D.C. to Georgia. The Company's TRS-RenTelco division rents and sells electronic test equipment and is one of the leading rental providers of general purpose and communications test equipment in the Americas. In 2008, the Company purchased the assets of Adler Tank Rentals, a New Jersey based supplier of rental containment solutions for hazardous and nonhazardous liquids and solids with operations today serving key markets throughout the U.S. Also, in 2008, under the trade name TRS-Environmental, the Company entered the environmental test equipment rental business serving the Americas. In 2008, the Company also entered the portable storage container rental business in California under the trade name Mobile Modular Portable Storage, and in 2009 expanded this business into Texas and Florida. For more information on McGrath RentCorp and its operating units, please visit our websites:

Corporate – [www.mgrc.com](http://www.mgrc.com)

Tanks and Boxes – [www.AdlerTankRentals.com](http://www.AdlerTankRentals.com)

Modular Buildings – [www.MobileModularRents.com](http://www.MobileModularRents.com)

Portable Storage – [www.MobileModularRents-PortableStorage.com](http://www.MobileModularRents-PortableStorage.com)

Electronic Test Equipment – [www.TRS-RenTelco.com](http://www.TRS-RenTelco.com)

Environmental Test Equipment – [www.TRS-Environmental.com](http://www.TRS-Environmental.com)

School Facilities Manufacturing – [www.Enviroplex.com](http://www.Enviroplex.com)

## **CONFERENCE CALL NOTE**

As previously announced in its press release of October 13, 2011, McGrath RentCorp will host a conference call at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time) on November 3, 2011 to discuss the third quarter 2011 results. To participate in the teleconference, dial 1-877-941-2068 (in the U.S.), or 1-480-629-9712 (outside the US), or visit the investor relations section of the Company's website at [www.mgrc.com](http://www.mgrc.com). Telephone replay of the call will be available for 7 days following the call by dialing 1-800-406-7325 (in the U.S.), or 1-303-590-3030 (outside the U.S.). The pass code for the call replay is 4477142.

## **FORWARD-LOOKING STATEMENTS**

Statements in this press release which are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, regarding McGrath RentCorp's business strategy, future operations, financial position, estimated revenues or losses, projected costs, prospects, plans and objectives are forward looking statements. These forward-looking statements appear in a number of places and can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "future," "intend," "hopes," "goals" or "certain" or the negative of these terms or other variations or comparable terminology. In particular, the statements made in this press release about the following topics are forward looking statements: favorable business activity in our tank rental and electronics businesses, uncertainty in the California modular market, the growth potential of Adler Tank Rentals, Mobile Modular Portable Storage and TRS-Environmental, annual sales revenues and income for the school facility manufacturing business, and the statements under the heading "Financial Guidance."

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Management cautions that forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties that could cause our actual results to differ materially from those projected in such forward-looking statements including, without limitation, the following: the continuation of the current recession and financial, budget and credit crises, particularly in California, including the impact on funding for school facility projects and residential and commercial construction sectors, our customers' need and ability to rent our products, and the Company's ability to access additional capital in the current uncertain capital and credit market; changes in state funding for education and the timing and impact of federal stimulus monies; the effectiveness of management's strategies and decisions, general economic, stock market and business conditions, including in the states and countries where we sell or rent our products; continuing demand for our products; hiring, retention and motivation of key personnel; failure by third parties to manufacture and deliver our products in a timely manner and to our specifications; the cost of and our ability to successfully implement information system upgrades; our ability to finance expansion and to locate and consummate acquisitions and to successfully integrate and operate Adler Tanks and other acquisitions; fluctuations in interest rates and the Company's ability to manage credit risk; our ability to effectively manage our rental assets; the risk that we may be subject to litigation under environmental, health and safety and product liability laws and claims from employees, vendors and other third parties; fluctuations in the Company's effective tax rate; changes in financial accounting standards; our failure to comply with internal control requirements; catastrophic loss to our facilities; effect on the Company's Adler Tanks business from reductions to the price of oil or gas; new or modified statutory or regulatory requirements; success of the Company's strategic growth initiatives; risks associated with doing business with government entities; seasonality of our businesses; intense industry competition including increasing price pressure; our ability to timely deliver, install and redeploy our rental products; significant increases in raw materials, labor, and other costs; and risks associated with operating internationally, including unfavorable exchange rates for the U.S. dollar against our Canadian dollar denominated revenues.

Our future business, financial condition and results of operations could differ materially from those anticipated by such forward-looking statements and are subject to risks and uncertainties including the risks set forth above, those discussed in Part II—Item 1A “Risk Factors” and elsewhere in our Form 10-Q for the quarter ended September 30, 2011 filed with the SEC on November 3, 2011 and in our Form 10-K for the year ended December 31, 2010 filed with the SEC on February 25, 2011, and those that may be identified from time to time in our reports and registration statements filed with the SEC. Forward-looking statements are made only as of the date of this press release and are based on management's reasonable assumptions; however, these assumptions can be wrong or affected by known or unknown risks and uncertainties. Readers should not place undue reliance on these forward-looking statements and are cautioned that any such forward-looking statements are not guarantees of future performance. Except as otherwise required by law, we do not undertake any duty to update any of the forward-looking statements after the date of this press release to conform such statements to actual results or to changes in our expectations.

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**MCGRATH RENTCORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

| <i>(in thousands, except per share amounts)</i> | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |            |
|---|-------------------------------------|-----------|------------------------------------|------------|
|   | 2011                                | 2010      | 2011                               | 2010       |
| <b>REVENUES</b>                                 |                                     |           |                                    |            |
| Rental  | \$ 60,964                           | \$ 52,674 | \$ 172,108                         | \$ 145,658 |
| Rental Related Services                         | 10,737                              | 10,401    | 28,616                             | 25,718     |
| Rental Operations                               | 71,701                              | 63,075    | 200,724                            | 171,376    |
| Sales   | 32,783                              | 19,640    | 55,206                             | 38,535     |
| Other   | 477                                 | 489       | 1,534                              | 1,546      |
| Total Revenues                                  | 104,961                             | 83,204    | 257,464                            | 211,457    |
| <b>COSTS AND EXPENSES</b>                       |                                     |           |                                    |            |
| Direct Costs of Rental Operations               |                                     |           |                                    |            |
| Depreciation of Rental Equipment                | 15,357                              | 14,109    | 44,794                             | 41,665     |
| Rental Related Services                         | 8,321                               | 8,335     | 22,201                             | 19,721     |
| Other   | 10,274                              | 12,097    | 30,479                             | 30,846     |
| Total Direct Costs of Rental Operations         | 33,952                              | 34,541    | 97,474                             | 92,232     |
| Costs of Sales                                  | 23,622                              | 14,613    | 37,392                             | 26,865     |
| Total Costs of Revenues                         | 57,574                              | 49,154    | 134,866                            | 119,097    |
| Gross Profit                                    | 47,387                              | 34,050    | 122,598                            | 92,360     |
| Selling and Administrative Expenses             | 20,081                              | 16,569    | 57,284                             | 48,929     |
| Income from Operations                          | 27,306                              | 17,481    | 65,314                             | 43,431     |
| Interest Expense                                | 2,051                               | 1,632     | 5,487                              | 4,647      |
| Income Before Provision for Income Taxes        | 25,255                              | 15,849    | 59,827                             | 38,784     |
| Provision for Income Taxes                      | 9,900                               | 6,149     | 23,452                             | 15,048     |
| Net Income                                      | \$ 15,355                           | \$ 9,700  | \$ 36,375                          | \$ 23,736  |
| <b>Earnings Per Share:</b>                      |                                     |           |                                    |            |
| Basic   | \$ 0.63                             | \$ 0.41   | \$ 1.50                            | \$ 0.99    |
| Diluted   | \$ 0.62                             | \$ 0.40   | \$ 1.47                            | \$ 0.98    |
| <b>Shares Used in Per Share Calculation:</b>    |                                     |           |                                    |            |
| Basic   | 24,362                              | 23,936    | 24,320                             | 23,884     |
| Diluted   | 24,719                              | 24,173    | 24,702                             | 24,138     |
| Cash Dividends Declared Per Share               | \$ 0.230                            | \$ 0.225  | \$ 0.690                           | \$ 0.675   |



**MCGRATH RENTCORP**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

| <i>(in thousands)</i>   | <b>September 30,<br/>2011</b> | <b>December 31,<br/>2010</b> |
|---|-------------------------------|------------------------------|
| <b><u>ASSETS</u></b>  |                               |                              |
| Cash  | \$ 652                        | \$ 990                       |
| Accounts Receivable, net of allowance for doubtful<br>accounts of \$1,500 in 2011 and \$1,700 in 2010 | 89,641                        | 76,488                       |
| Income Taxes Receivable   | —                             | 6,131                        |
| Rental Equipment, at cost:  |                               |                              |
| Relocatable Modular Buildings   | 534,109                       | 514,548                      |
| Electronic Test Equipment   | 266,354                       | 250,125                      |
| Liquid and Solid Containment Tanks and Boxes  | 178,805                       | 133,095                      |
|   | <u>979,268</u>                | <u>897,768</u>               |
| Less Accumulated Depreciation   | <u>(323,414)</u>              | <u>(306,188)</u>             |
| Rental Equipment, net   | <u>655,854</u>                | <u>591,580</u>               |
| Property, Plant and Equipment, net  | 94,717                        | 83,861                       |
| Prepaid Expenses and Other Assets   | 14,053                        | 13,944                       |
| Intangible Assets, net  | 12,527                        | 12,868                       |
| Goodwill  | 27,700                        | 27,700                       |
| Total Assets  | <u>\$ 895,144</u>             | <u>\$ 813,562</u>            |
| <b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>  |                               |                              |
| Liabilities:  |                               |                              |
| Notes Payable   | \$ 289,573                    | \$ 265,640                   |
| Accounts Payable and Accrued Liabilities  | 60,786                        | 49,612                       |
| Deferred Income   | 25,431                        | 23,790                       |
| Deferred Income Taxes, net  | 198,944                       | 179,543                      |
| Total Liabilities   | <u>574,734</u>                | <u>518,585</u>               |
| Shareholders' Equity:   |                               |                              |
| Common Stock, no par value -  |                               |                              |
| Authorized -- 40,000 shares   |                               |                              |
| Issued and Outstanding -- 24,366 shares in 2011 and<br>24,235 shares in 2010                          | 69,589                        | 63,623                       |
| Retained Earnings   | 250,821                       | 231,354                      |
| Total Shareholders' Equity  | <u>320,410</u>                | <u>294,977</u>               |
| Total Liabilities and Shareholders' Equity  | <u>\$ 895,144</u>             | <u>\$ 813,562</u>            |

**MCGRATH RENTCORP**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| <i>(in thousands)</i>   | <b>Nine Months Ended September 30,</b> |             |
|---|--|-------------|
|   | <b>2011</b>                            | <b>2010</b> |
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>                               |  |             |
| Net Income  | \$ 36,375                              | \$ 23,736   |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: |  |             |
| Depreciation and Amortization   | 49,746                                 | 46,269      |
| Provision for Doubtful Accounts   | 1,373                                  | 1,225       |
| Non-Cash Stock-Based Compensation   | 3,709                                  | 3,155       |
| Gain on Sale of Rental Equipment  | (9,713)                                | (8,144)     |
| Change In:  |  |             |
| Accounts Receivable   | (14,526)                               | (19,540)    |
| Income Taxes Receivable   | 6,131                                  | 5,147       |
| Prepaid Expenses and Other Assets   | (109)                                  | (1,346)     |
| Accounts Payable and Accrued Liabilities  | 10,467                                 | 6,750       |
| Deferred Income   | 1,641                                  | 7,396       |
| Deferred Income Taxes   | 19,401                                 | 1,461       |
| Net Cash Provided by Operating Activities   | 104,495                                | 66,109      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>                               |  |             |
| Purchase of Rental Equipment  | (120,699)                              | (93,408)    |
| Purchase of Property, Plant and Equipment   | (15,181)                               | (5,197)     |
| Proceeds from Sale of Used Rental Equipment                                       | 21,502                                 | 19,791      |
| Net Cash Used in Investing Activities   | (114,378)                              | (78,814)    |
| <b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>                               |  |             |
| Net Borrowings (Payments) Under Bank Lines of Credit                              | (64,067)                               | 37,166      |
| Borrowings Under Private Placement  | 100,000                                | —           |
| Principal Payments on Senior Notes  | (12,000)                               | (12,000)    |
| Proceeds from the Exercise of Stock Options                                       | 1,848                                  | 2,454       |
| Excess Tax Benefit from Exercise and Disqualifying Disposition of Stock Options   | 408                                    | 395         |
| Payment of Dividends  | (16,644)                               | (16,001)    |
| Net Cash Provided by Financing Activities   | 9,545                                  | 12,014      |
| Net Decrease in Cash  | (338)                                  | (691)       |
| Cash Balance, beginning of period   | 990                                    | 1,187       |
| Cash Balance, end of period   | \$ 652                                 | \$ 496      |
| Interest Paid, during the period  | \$ 3,705                               | \$ 4,530    |
| Income Taxes Paid (Refunds Received), during the period                           | \$ (2,696)                             | \$ 8,030    |
| Dividends Accrued   | \$ 5,772                               | \$ 5,435    |
| Rental Equipment Acquisitions, not yet paid                                       | \$ 5,545                               | \$ 10,592   |

**MCGRATH RENTCORP**  
**BUSINESS SEGMENT DATA (unaudited)**  
**Three Months Ended September 30, 2011**

| <i>(dollar amounts in thousands)</i>    | <b>Mobile<br/>Modular</b> | <b>TRS-<br/>RenTelco</b> | <b>Adler<br/>Tanks</b> | <b>Enviroplex</b> | <b>Consolidated</b> |
|---|---------------------------|--------------------------|------------------------|-------------------|---------------------|
| <b>Revenues</b>                         |                           |                          |                        |                   |                     |
| Rental                                  | \$ 20,123                 | \$ 24,759                | \$ 16,082              | \$ —              | \$ 60,964           |
| Rental Related Services                 | 6,565                     | 871                      | 3,301                  | —                 | 10,737              |
| Rental Operations                       | 26,688                    | 25,630                   | 19,383                 | —                 | 71,701              |
| Sales                                   | 8,485                     | 5,699                    | 134                    | 18,465            | 32,783              |
| Other                                   | 109                       | 331                      | 37                     | —                 | 477                 |
| Total Revenues                          | 35,282                    | 31,660                   | 19,554                 | 18,465            | 104,961             |
| <b>Costs and Expenses</b>               |                           |                          |                        |                   |                     |
| Direct Costs of Rental Operations:      |                           |                          |                        |                   |                     |
| Depreciation of Rental Equipment        | 3,457                     | 9,725                    | 2,175                  | —                 | 15,357              |
| Rental Related Services                 | 5,115                     | 856                      | 2,350                  | —                 | 8,321               |
| Other                                   | 5,873                     | 3,327                    | 1,074                  | —                 | 10,274              |
| Total Direct Costs of Rental Operations | 14,445                    | 13,908                   | 5,599                  | —                 | 33,952              |
| Costs of Sales                          | 6,296                     | 3,192                    | 79                     | 14,055            | 23,622              |
| Total Costs of Revenue                  | 20,741                    | 17,100                   | 5,678                  | 14,055            | 57,574              |
| <b>Gross Profit</b>                     |                           |                          |                        |                   |                     |
| Rental                                  | 10,793                    | 11,707                   | 12,833                 | —                 | 35,333              |
| Rental Related Services                 | 1,450                     | 15                       | 951                    | —                 | 2,416               |
| Rental Operations                       | 12,243                    | 11,722                   | 13,784                 | —                 | 37,749              |
| Sales                                   | 2,189                     | 2,507                    | 55                     | 4,410             | 9,161               |
| Other                                   | 109                       | 331                      | 37                     | —                 | 477                 |
| Total Gross Profit                      | 14,541                    | 14,560                   | 13,876                 | 4,410             | 47,387              |
| Selling and Administrative Expenses     | 8,428                     | 6,360                    | 4,387                  | 906               | 20,081              |
| Income from Operations                  | \$ 6,113                  | \$ 8,200                 | \$ 9,489               | \$ 3,504          | 27,306              |
| Interest Expense                        |                           |                          |                        |                   | 2,051               |
| Provision for Income taxes              |                           |                          |                        |                   | 9,900               |
| Net Income                              |                           |                          |                        |                   | \$ 15,355           |

**Other Information**

|  |            |            |            |
|--|------------|------------|------------|
| Average Rental Equipment <sup>1</sup>    | \$ 506,130 | \$ 264,980 | \$ 164,415 |
| Average Monthly Total Yield <sup>2</sup> | 1.33%      | 3.11%      | 3.26%      |
| Average Utilization <sup>3</sup>         | 67.1%      | 65.5%      | 88.0%      |
| Average Monthly Rental Rate <sup>4</sup> | 1.98%      | 4.76%      | 3.70%      |

1 Average Rental Equipment represents the cost of rental equipment excluding accessory equipment. For Mobile Modular and Adler Tanks, Average Rental Equipment also 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 Average Utilization is calculated by dividing the cost of Average Rental Equipment on rent by the total cost of Average 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.

**MCGRATH RENTCORP**  
**BUSINESS SEGMENT DATA (unaudited)**  
**Three Months Ended September 30, 2010**

| <i>(dollar amounts in thousands)</i>    | <b>Mobile<br/>Modular</b> | <b>TRS-<br/>RenTelco</b> | <b>Adler<br/>Tanks</b> | <b>Enviroplex</b> | <b>Consolidated</b> |
|---|---------------------------|--------------------------|------------------------|-------------------|---------------------|
| <b>Revenues</b>                         |                           |                          |                        |                   |                     |
| Rental                                  | \$ 20,883                 | \$ 21,764                | \$ 10,027              | \$ —              | \$ 52,674           |
| Rental Related Services                 | 6,947                     | 583                      | 2,871                  | —                 | 10,401              |
| Rental Operations                       | 27,830                    | 22,347                   | 12,898                 | —                 | 63,075              |
| Sales                                   | 9,199                     | 4,612                    | 55                     | 5,774             | 19,640              |
| Other                                   | 127                       | 347                      | 15                     | —                 | 489                 |
| Total Revenues                          | 37,156                    | 27,306                   | 12,968                 | 5,774             | 83,204              |
| <b>Costs and Expenses</b>               |                           |                          |                        |                   |                     |
| Direct Costs of Rental Operations:      |                           |                          |                        |                   |                     |
| Depreciation of Rental Equipment        | 3,439                     | 9,197                    | 1,473                  | —                 | 14,109              |
| Rental Related Services                 | 5,642                     | 494                      | 2,199                  | —                 | 8,335               |
| Other                                   | 7,672                     | 3,341                    | 1,084                  | —                 | 12,097              |
| Total Direct Costs of Rental Operations | 16,753                    | 13,032                   | 4,756                  | —                 | 34,541              |
| Costs of Sales                          | 7,352                     | 2,417                    | 47                     | 4,797             | 14,613              |
| Total Costs of Revenues                 | 24,105                    | 15,449                   | 4,803                  | 4,797             | 49,154              |
| <b>Gross Profit (Loss)</b>              |                           |                          |                        |                   |                     |
| Rental                                  | 9,772                     | 9,226                    | 7,470                  | —                 | 26,468              |
| Rental Related Services                 | 1,305                     | 89                       | 672                    | —                 | 2,066               |
| Rental Operations                       | 11,077                    | 9,315                    | 8,142                  | —                 | 28,534              |
| Sales                                   | 1,847                     | 2,195                    | 8                      | 977               | 5,027               |
| Other                                   | 127                       | 347                      | 15                     | —                 | 489                 |
| Total Gross Profit                      | 13,051                    | 11,857                   | 8,165                  | 977               | 34,050              |
| Selling and Administrative Expenses     | 7,335                     | 5,345                    | 3,086                  | 803               | 16,569              |
| Income (Loss) from Operations           | \$ 5,716                  | \$ 6,512                 | \$ 5,079               | \$ 174            | 17,481              |
| Interest Expense                        |                           |                          |                        |                   | 1,632               |
| Provision for Income taxes              |                           |                          |                        |                   | 6,149               |
| Net Income                              |                           |                          |                        |                   | \$ 9,700            |

**Other Information**

|  |            |            |            |
|--|------------|------------|------------|
| Average Rental Equipment <sup>1</sup>    | \$ 493,553 | \$ 245,706 | \$ 109,157 |
| Average Monthly Total Yield <sup>2</sup> | 1.41%      | 2.95%      | 3.06%      |
| Average Utilization <sup>3</sup>         | 67.8%      | 67.7%      | 78.3%      |
| Average Monthly Rental Rate <sup>4</sup> | 2.08%      | 4.36%      | 3.91%      |

1 Average Rental Equipment represents the cost of rental equipment excluding accessory equipment. For Mobile Modular and Adler Tanks, Average Rental Equipment also 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 Average Utilization is calculated by dividing the cost of Average Rental Equipment on rent by the total cost of Average 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.

**MCGRATH RENTCORP**  
**BUSINESS SEGMENT DATA (unaudited)**  
**Nine Months Ended September 30, 2011**

|   | <b>Mobile<br/>Modular</b> | <b>TRS-<br/>RenTelco</b> | <b>Adler<br/>Tanks</b> | <b>Enviroplex</b> | <b>Consolidated</b> |
|---|---------------------------|--------------------------|------------------------|-------------------|---------------------|
| <i>(dollar amounts in thousands)</i>    |                           |                          |                        |                   |                     |
| <b>Revenues</b>                         |                           |                          |                        |                   |                     |
| Rental                                  | \$ 59,689                 | \$ 70,370                | \$ 42,049              | \$ —              | \$ 172,108          |
| Rental Related Services                 | 17,886                    | 2,273                    | 8,457                  | —                 | 28,616              |
| Rental Operations                       | 77,575                    | 72,643                   | 50,506                 | —                 | 200,724             |
| Sales                                   | 16,521                    | 18,033                   | 237                    | 20,415            | 55,206              |
| Other                                   | 314                       | 1,116                    | 104                    | —                 | 1,534               |
| Total Revenues                          | <u>94,410</u>             | <u>91,792</u>            | <u>50,847</u>          | <u>20,415</u>     | <u>257,464</u>      |
| <b>Costs and Expenses</b>               |                           |                          |                        |                   |                     |
| Direct Costs of Rental Operations:      |                           |                          |                        |                   |                     |
| Depreciation of Rental Equipment        | 10,306                    | 28,561                   | 5,927                  | —                 | 44,794              |
| Rental Related Services                 | 13,788                    | 2,014                    | 6,399                  | —                 | 22,201              |
| Other                                   | 17,263                    | 9,902                    | 3,314                  | —                 | 30,479              |
| Total Direct Costs of Rental Operations | 41,357                    | 40,477                   | 15,640                 | —                 | 97,474              |
| Costs of Sales                          | 12,083                    | 9,754                    | 154                    | 15,401            | 37,392              |
| Total Costs of Revenue                  | <u>53,440</u>             | <u>50,231</u>            | <u>15,794</u>          | <u>15,401</u>     | <u>134,866</u>      |
| <b>Gross Profit</b>                     |                           |                          |                        |                   |                     |
| Rental                                  | 32,120                    | 31,907                   | 32,808                 | —                 | 96,835              |
| Rental Related Services                 | 4,098                     | 259                      | 2,058                  | —                 | 6,415               |
| Rental Operations                       | 36,218                    | 32,166                   | 34,866                 | —                 | 103,250             |
| Sales                                   | 4,438                     | 8,279                    | 83                     | 5,014             | 17,814              |
| Other                                   | 314                       | 1,116                    | 104                    | —                 | 1,534               |
| Total Gross Profit                      | 40,970                    | 41,561                   | 35,053                 | 5,014             | 122,598             |
| Selling and Administrative Expenses     | 24,027                    | 18,966                   | 11,704                 | 2,587             | 57,284              |
| Income from Operations                  | <u>\$ 16,943</u>          | <u>\$ 22,595</u>         | <u>\$ 23,349</u>       | <u>\$ 2,427</u>   | <u>65,314</u>       |
| Interest Expense                        |                           |                          |                        |                   | 5,487               |
| Provision for Income taxes              |                           |                          |                        |                   | 23,452              |
| Net Income                              |                           |                          |                        |                   | <u>\$ 36,375</u>    |

**Other Information**

|  |            |            |            |
|--|------------|------------|------------|
| Average Rental Equipment <sup>1</sup>    | \$ 501,323 | \$ 257,593 | \$ 148,939 |
| Average Monthly Total Yield <sup>2</sup> | 1.32%      | 3.04%      | 3.14%      |
| Average Utilization <sup>3</sup>         | 67.1%      | 65.4%      | 86.4%      |
| Average Monthly Rental Rate <sup>4</sup> | 1.97%      | 4.64%      | 3.63%      |

1 Average Rental Equipment represents the cost of rental equipment excluding accessory equipment. For Mobile Modular and Adler Tanks, Average Rental Equipment also 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 Average Utilization is calculated by dividing the cost of Average Rental Equipment on rent by the total cost of Average 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.

**MCGRATH RENTCORP**  
**BUSINESS SEGMENT DATA (unaudited)**  
**Nine Months Ended September 30, 2010**

| <i>(dollar amounts in thousands)</i>    | <b>Mobile<br/>Modular</b> | <b>TRS-<br/>RenTelco</b> | <b>Adler<br/>Tanks</b> | <b>Enviroplex</b> | <b>Consolidated</b> |
|---|---------------------------|--------------------------|------------------------|-------------------|---------------------|
| <b>Revenues</b>                         |                           |                          |                        |                   |                     |
| Rental                                  | \$ 61,889                 | \$ 60,083                | \$ 23,686              | \$ —              | \$ 145,658          |
| Rental Related Services                 | 17,206                    | 1,622                    | 6,890                  | —                 | 25,718              |
| Rental Operations                       | 79,095                    | 61,705                   | 30,576                 | —                 | 171,376             |
| Sales                                   | 15,142                    | 14,446                   | 82                     | 8,865             | 38,535              |
| Other                                   | 345                       | 1,161                    | 40                     | —                 | 1,546               |
| Total Revenues                          | 94,582                    | 77,312                   | 30,698                 | 8,865             | 211,457             |
| <b>Costs and Expenses</b>               |                           |                          |                        |                   |                     |
| Direct Costs of Rental Operations:      |                           |                          |                        |                   |                     |
| Depreciation of Rental Equipment        | 10,291                    | 27,527                   | 3,847                  | —                 | 41,665              |
| Rental Related Services                 | 12,900                    | 1,454                    | 5,367                  | —                 | 19,721              |
| Other                                   | 18,503                    | 9,337                    | 3,006                  | —                 | 30,846              |
| Total Direct Costs of Rental Operations | 41,694                    | 38,318                   | 12,220                 | —                 | 92,232              |
| Costs of Sales                          | 11,762                    | 8,363                    | 74                     | 6,666             | 26,865              |
| Total Costs of Revenue                  | 53,456                    | 46,681                   | 12,294                 | 6,666             | 119,097             |
| <b>Gross Profit</b>                     |                           |                          |                        |                   |                     |
| Rental                                  | 33,095                    | 23,219                   | 16,833                 | —                 | 73,147              |
| Rental Related Services                 | 4,306                     | 168                      | 1,523                  | —                 | 5,997               |
| Rental Operations                       | 37,401                    | 23,387                   | 18,356                 | —                 | 79,144              |
| Sales                                   | 3,380                     | 6,083                    | 8                      | 2,199             | 11,670              |
| Other                                   | 345                       | 1,161                    | 40                     | —                 | 1,546               |
| Total Gross Profit                      | 41,126                    | 30,631                   | 18,404                 | 2,199             | 92,360              |
| Selling and Administrative Expenses     | 21,239                    | 16,798                   | 8,750                  | 2,142             | 48,929              |
| Income from Operations                  | \$ 19,887                 | \$ 13,833                | \$ 9,654               | \$ 57             | 43,431              |
| Interest Expense                        |                           |                          |                        |                   | 4,647               |
| Provision for Income taxes              |                           |                          |                        |                   | 15,048              |
| Net Income                              |                           |                          |                        |                   | \$ 23,736           |

**Other Information**

|  |            |            |           |
|--|------------|------------|-----------|
| Average Rental Equipment <sup>1</sup>    | \$ 489,748 | \$ 242,317 | \$ 94,155 |
| Average Monthly Total Yield <sup>2</sup> | 1.40%      | 2.76%      | 2.80%     |
| Average Utilization <sup>3</sup>         | 67.8%      | 66.1%      | 73.1%     |
| Average Monthly Rental Rate <sup>4</sup> | 2.07%      | 4.17%      | 3.82%     |

1 Average Rental Equipment represents the cost of rental equipment excluding accessory equipment. For Mobile Modular and Adler Tanks, Average Rental Equipment also 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 Average Utilization is calculated by dividing the cost of Average Rental Equipment on rent by the total cost of Average 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 Adjusted EBITDA to the most directly comparable GAAP measures

To supplement the Company's financial data presented on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP"), the Company presents Adjusted EBITDA which is defined by the Company as net income before interest expense, provision for income taxes, depreciation, amortization, and non-cash stock-based compensation. The Company presents Adjusted EBITDA as a financial measure as management believes it provides useful information to investors 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 Company.

Management uses Adjusted EBITDA as a supplement to GAAP measures to further evaluate the Company's period-to-period operating performance, compliance with financial covenants in the Company's revolving lines of credit and senior notes and evaluate the Company's ability to meet future capital expenditure and working capital requirements. Management believes the exclusion of non-cash charges, including stock-based compensation, is useful in measuring the Company's cash available for operations and performance of the Company. Because management finds Adjusted EBITDA useful, the Company believes its investors will also find Adjusted EBITDA useful in evaluating the Company's performance.

Adjusted 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. Adjusted EBITDA is not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. Unlike EBITDA, which may be used by other companies or investors, Adjusted EBITDA does not include stock-based compensation charges. The Company believes that Adjusted EBITDA is of limited use in that it does not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP and does not accurately reflect real cash flow. In addition, other companies may not use Adjusted EBITDA or may use other non-GAAP measures, limiting the usefulness of Adjusted EBITDA for purposes of comparison. The Company's presentation of Adjusted EBITDA should not be construed as an inference that the Company will not incur expenses that are the same as or similar to the adjustments in this presentation. Therefore, Adjusted EBITDA should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures. The Company compensates for the limitations of Adjusted EBITDA by relying upon GAAP results to gain a complete picture of the Company's performance. Because Adjusted EBITDA is a non-GAAP financial measure as defined by the Securities and Exchange Commission, the Company includes in the tables below reconciliations of Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP.

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**Reconciliation of Net Income to Adjusted EBITDA***(dollar amounts in thousands)*

|                                     | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           | Twelve Months Ended<br>September 30, |            |
|-------------------------------------|-------------------------------------|-----------|------------------------------------|-----------|--------------------------------------|------------|
|                                     | 2011                                | 2010      | 2011                               | 2010      | 2011                                 | 2010       |
| Net Income                          | \$ 15,355                           | \$ 9,700  | \$ 36,375                          | \$ 23,736 | \$ 49,118                            | \$ 32,637  |
| Provision for Income Taxes          | 9,900                               | 6,149     | 23,452                             | 15,048    | 30,975                               | 20,016     |
| Interest                            | 2,051                               | 1,632     | 5,487                              | 4,647     | 7,026                                | 6,230      |
| Income from Operations              | 27,306                              | 17,481    | 65,314                             | 43,431    | 87,119                               | 58,883     |
| Depreciation and Amortization       | 17,110                              | 15,681    | 49,746                             | 46,269    | 66,054                               | 61,788     |
| Non-Cash Stock-Based Compensation   | 1,582                               | 1,069     | 3,709                              | 3,155     | 4,781                                | 4,049      |
| Adjusted EBITDA <sup>1</sup>        | \$ 45,998                           | \$ 34,231 | \$ 118,769                         | \$ 92,855 | \$ 157,954                           | \$ 124,720 |
| Adjusted EBITDA Margin <sup>2</sup> | 44%                                 | 41%       | 46%                                | 44%       | 47%                                  | 45%        |

**Reconciliation of Adjusted EBITDA to Net Cash Provided by Operating Activities***(dollar amounts in thousands)*

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           | Twelve Months Ended<br>September 30, |            |
|---|-------------------------------------|-----------|------------------------------------|-----------|--------------------------------------|------------|
|   | 2011                                | 2010      | 2011                               | 2010      | 2011                                 | 2010       |
| Adjusted EBITDA <sup>1</sup>              | \$ 45,998                           | \$ 34,231 | \$ 118,769                         | \$ 92,855 | \$ 157,954                           | \$ 124,720 |
| Interest Paid                             | (1,048)                             | (1,392)   | (3,705)                            | (4,530)   | (5,481)                              | (6,483)    |
| Net Income Taxes (Paid) Refunds Received  | (902)                               | (2,063)   | 2,696                              | (8,030)   | 1,384                                | (8,634)    |
| Gain on Sale of Used Rental Equipment     | (3,217)                             | (3,399)   | (9,713)                            | (8,144)   | (13,296)                             | (11,013)   |
| Change in certain assets and liabilities: |                                     |           |                                    |           |                                      |            |
| Accounts Receivable, net                  | (10,811)                            | (19,501)  | (13,153)                           | (18,315)  | (730)                                | (11,263)   |
| Income Taxes Receivable                   | —                                   | 72        | 6,131                              | 5,147     | 1,103                                | 5,147      |
| Prepaid Expenses and Other Assets         | 8,712                               | 141       | (109)                              | (1,346)   | 1,536                                | (1,139)    |
| Accounts Payable and Other Liabilities    | (136)                               | 3,504     | 1,938                              | 1,076     | 3,186                                | 2,844      |
| Deferred Income                           | (5,550)                             | 11,363    | 1,641                              | 7,396     | (6,710)                              | 4,742      |
| Net Cash Provided by Operating Activities | \$ 33,046                           | \$ 22,956 | \$ 104,495                         | \$ 66,109 | \$ 138,946                           | \$ 98,921  |

<sup>1</sup> Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation, amortization, and non-cash stock-based compensation.

<sup>2</sup> Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total revenues for the period.

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Chief Financial Officer