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 SEPTEMBER 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 November 3, 2000, 12,311,080 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 SEPTEMBER 30 2000	THREE MONTHS ENDED SEPTEMBER 30 1999	NINE MONTHS ENDED SEPTEMBER 30 2000	NINE MONTHS ENDED SEPTEMBER 30 1999
REVENUES				
Rental	$ 24,876	$ 20,117	$ 69,104	$ 58,195
Rental Related Services	6,694	4,511	13,990	10,045
Rental Operations	31,570	24,628	83,094	68,240
Sales	22,830	11,584	39,838	27,655
Other	243	445	723	895
Total Revenues	54,643	36,657	123,655	96,790
COSTS AND EXPENSES				
Direct Costs of Rental Operations				
Depreciation	6,111	5,072	17,212	14,491
Rental Related Services	3,712	2,237	7,768	5,400
Other	4,882	4,180	13,369	10,844
Total Direct Costs of Rental Operations	14,705	11,489	38,349	30,735
Costs of Sales	16,260	8,474	27,996	19,521
Total Costs	30,965	19,963	66,345	50,256
Gross Margin	23,678	16,694	57,310	46,534
Selling and Administrative	5,540	4,024	15,022	12,212
Income from Operations	18,138	12,670	42,288	34,322
Interest	2,361	1,721	6,465	4,818
Income Before Provision for Income Taxes	15,777	10,949	35,823	29,504
Provision for Income Taxes	6,153	4,225	13,971	11,508
Income Before Minority Interest	9,624	6,724	21,852	17,996
Minority Interest in Income of Subsidiary	580	88	716	142
Income before Effect of Accounting Change	9,044	6,636	21,136	17,854
Cumulative Effect of Accounting Change, net of tax benefit of $833	--	--	--	(1,367)
Net Income	$ 9,044	$ 6,636	$ 21,136	$ 16,487
Earnings Per Share:				
Basic				
Income before Cumulative Effect of Accounting Change	$ 0.73	$ 0.51	$ 1.71	$ 1.33
Cumulative Effect of Accounting Change, net of tax	--	--	--	(0.10)
Net Income	$ 0.73	$ 0.51	$ 1.71	$ 1.23
Diluted				
Income before Cumulative Effect of Accounting Change	$ 0.73	$ 0.50	$ 1.70	$ 1.31
Cumulative Effect of Accounting Change, net of tax	--	--	--	(0.10)
	$ 0.73	$ 0.50	$ 1.70	$ 1.21
Shares Used in Per Share Calculation:				
Basic	12,308	13,067	12,371	13,430
Diluted	12,402	13,220	12,463	13,593

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

MCGRATH RENTCORP
CONSOLIDATED BALANCE SHEETS
(unaudited)

(in thousands)	SEPTEMBER 30, 2000	DECEMBER 31, 1999
ASSETS		
Cash	$ 1,941	$ 490
Accounts Receivable, less allowance for doubtful accounts of $650 in 2000 and 1999	42,648	25,095
Rental Equipment, at cost:		
Relocatable Modular Offices	259,437	238,449
Electronic Test Instruments	86,813	72,832
	346,250	311,281
Less Accumulated Depreciation	(102,980)	(94,103)
Rental Equipment, net	243,270	217,178
Land, at cost	19,303	19,303
Buildings, Land Improvements, Equipment and Furniture, at cost, less accumulated depreciation of $6,476 in 2000 and $5,116 in 1999	32,964	31,668
Prepaid Expenses and Other Assets	5,245	3,988
Total Assets	$ 345,371	$ 297,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Notes Payable	$ 127,400	$ 110,300
Accounts Payable and Accrued Liabilities	34,705	24,811
Deferred Income	13,507	9,511
Minority Interest in Subsidiary	3,552	2,836
Deferred Income Taxes	59,140	54,861
Total Liabilities	238,304	202,319
Shareholders' Equity:		
Common Stock, no par value - Authorized -- 40,000 shares Outstanding -- 12,309 shares in 2000 and 12,546 shares in 1999	8,644	8,755
Retained Earnings	98,423	86,648
Total Shareholders' Equity	107,067	95,403
Total Liabilities and Shareholders' Equity	$ 345,371	$ 297,722

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

MCGRATH RENTCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(In thousands)	NINE MONTHS ENDED SEPTEMBER 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 21,136	$ 16,487
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	18,574	15,749
Write Off of Rental Equipment	980	--
Cumulative Effect of Accounting Change, net of tax	--	1,367
Gain on Sale of Rental Equipment	(4,779)	(4,424)
Change In:		
Accounts Receivable	(17,552)	(1,518)
Prepaid Expenses and Other Assets	(1,258)	537
Accounts Payable and Accrued Liabilities	10,392	2,588
Deferred Income	3,996	4,018
Deferred Income Taxes	4,279	7,535
Net Cash Provided by Operating Activities	35,768	42,339
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Rental Equipment	(52,377)	(35,327)
Purchase of Land, Buildings, Land Improvements, Equipment & Furniture	(2,656)	(1,848)
Proceeds from Sale of Rental Equipment	12,871	12,198
Net Cash Used in Investing Activities	(42,162)	(24,977)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net Borrowings Under Notes Payable	17,100	11,700
Net Proceeds from the Exercise of Stock Options	75	616
Repurchase of Common Stock	(4,379)	(25,486)
Payment of Dividends	(4,951)	(4,610)
Net Cash Provided by (Used in) Financing Activities	7,845	(17,780)
Net Increase (Decrease) in Cash	1,451	(418)
Cash Balance, Beginning of Period	490	857
Cash Balance, End of Period	$ 1,941	$ 439
Interest Paid During the Period	$ 6,777	$ 5,345
Income Taxes Paid During the Period	$ 9,692	$ 3,973
Dividends Declared but not yet Paid	$ 1,723	$ 1,523

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

MCGRATH RENTCORP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2000

NOTE 1. CONSOLIDATED FINANCIAL INFORMATION

The consolidated financial information for the nine months ended September 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 nine months ended September 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. SUBSEQUENT EVENT - NOTES PAYABLE

Notes payable consists of an unsecured line of credit and $40,000,000 of Senior Notes. In October 2000, the Company amended its unsecured line of credit agreement with its banks to increase the bank facility from $100,000,000 to $120,000,000. All other terms and conditions remained the same.

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), 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 nine months ended September 30, 2000 and 1999 for the Company's reportable segments is shown in the following table:

(in thousands)	MODULARS(1)	ELECTRONICS(2)	ENVIROPLEX	CONSOLIDATED
NINE MONTHS ENDED SEPTEMBER 30,				
2000				
Rents	$ 41,843	$ 27,261	$ --	$ 69,104
Rental Related Services	13,474	516	--	13,990
Sales and Other Revenues	17,287	7,449	15,825	40,561
Total Revenues	72,604	35,226	15,825	123,655
Depreciation on Rental Equipment	9,090	8,122	--	17,212
Interest Expense (Income)	4,941	1,761	(237)	6,465
Income before Income Taxes	17,648	14,295	3,880	35,823
Rental Equipment Acquisitions	30,226	22,151	--	52,377
Accounts Receivable, net (period end)	23,942	11,624	7,082	42,648
Rental Equipment, at cost (period end)	259,437	86,813	--	346,250
Average Rental Equipment, at cost	248,097	79,853	--	327,950
Utilization (period end)(3)	82.0%	65.1%		
Average Utilization(3)	79.1%	60.7%		
Average Monthly Yield on Average Rental Equipment, at cost	1.87%	3.79%		
1999				
Rents	$ 38,284	$ 19,911	$ --	$ 58,195
Rental Related Services	9,673	372	--	10,045
Sales and Other Revenues	12,897	7,908	7,745	28,550
Total Revenues	60,854	28,191	7,745	96,790
Depreciation on Rental Equipment	7,886	6,605	--	14,491
Interest Expense (Income)	3,720	1,247	(149)	4,818
Income before Income Taxes	18,381	10,286	837	29,504
Rental Equipment Acquisitions	25,186	10,141	--	35,327
Accounts Receivable, net (period end)	13,037	9,010	1,281	23,328
Rental Equipment, at cost (period end)	235,603	69,094	--	304,697
Average Rental Equipment, at cost	224,069	67,428	--	291,497
Utilization (period end)(3)	80.0%	59.9%		
Average Utilization(3)	78.3%	53.0%		
Average Monthly Yield on Average Rental Equipment, at cost	1.90%	3.28%		

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

(2) Operates under the trade name RenTelco

(3) Utilization is calculated each month by dividing the cost of rental equipment on rent by the total cost of rental equipment excluding accessory equipment. The average utilization for the period is calculated using the average costs of rental equipment.

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 NINE MONTHS ENDED SEPTEMBER 30, 2000 AND 1999

The Company's core rental businesses grew significantly. Rental revenues for the three and nine months ended September 30, 2000 increased $4,759,000 (24%) and $10,909,000 (19%) over the comparative periods in 1999. Mobile Modular Management Corporation ("MMMC") contributed $3,559,0000 and RenTelco contributed $7,350,000 of the nine-month increase. MMMC's rental revenues increased as a result of having an average of $19,994,000 more equipment on rent compared to a year earlier even though the average monthly yield for all modular equipment has declined from 1.90% in 1999 to 1.87% in 2000. At September 30, 2000, modular utilization, excluding new equipment inventory, was 83.7% and average utilization for the nine months ended September 30, 2000 and 1999 was 81.7% and 81.9%, respectively. RenTelco's rental revenue increase can be attributed to strong communication equipment rental activity, which resulted in an average of $12,536,000 more equipment on rent compared to a year earlier. Additionally, the average monthly yield for all electronics equipment increased from 3.28% in 1999 to 3.79% in 2000. At September 30, 2000, electronics utilization was 65.1% and average utilization for the nine months ended September 30, 2000 and 1999 was 60.7% and 53.0%, respectively.

Rental related services revenues for the three and nine months ended September 30, 2000 increased $2,183,000 (48%) and $3,945,000 (39%) over the comparative periods in 1999. One large project in the third quarter with extensive modification and site related work accounted for 37% of the three-month increase and 21% of the nine-month increase. Gross margin on rental related services for the nine-month period decreased from 46.2% in 1999 to 44.5% in 2000.

Sales for the three and nine months ended September 30, 2000 increased $11,246,000 (97%) and $12,183,000 (44%) as compared to the same periods in 1999 with most of the sales growth attributed to Enviroplex. Consolidated gross margin on sales for the nine months ended September 30, 2000 was 29.7% compared to 29.4% for the same period in 1999. 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, requirements and funding.

Enviroplex's backlog of orders as of September 30, 2000 and 1999 was $1,944,000 and $4,595,000, respectively. Backlog is not significant in MMMC's modular business or in RenTelco's electronics business.

Depreciation on rental equipment for the three and nine months ended September 30, 2000 increased $1,039,000 (20%) and $2,721,000 (19%) over the comparative periods in 1999 due to higher amounts of rental equipment. For the nine months ended September 30, 2000, average modular rental equipment, at cost, increased $24,028,000 (11%) and average electronics rental equipment, at cost, increased $12,425,000 (18%) over the 1999 comparative period.

Other direct costs of rental operations for the three and nine months ended September 30, 2000 increased $702,000 (17%) and $2,525,000 (23%) over the same periods in 1999 primarily due to an $1,170,000 write-off of rental equipment including disposal costs in the second and third quarters 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 nine months ended September 30, 2000 increased $1,516,000 (38%) and $2,810,000 (23%) 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 nine months ended September 30, 2000 increased $640,000 (37%) and $1,647,000 (34%) 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 during the last twelve months primarily resulted from rental equipment purchases.

Income before provision for taxes for the three months ended September 30, 2000 increased $4,828,000 (44%) from $10,949,000 to $15,777,000 while net income increased $2,408,000 (36%) from $6,636,000 to $9,044,000 or $0.23 per diluted share over the comparative period in 1999. Income before provision for taxes for the nine months ended September 30, 2000 increased $6,319,000 (21%) from $29,504,000 to $35,823,000 while net income increased $4,649,000 (28%) from $16,487,000 to $21,136,000 or $0.49 per diluted share over the comparative period in 1999. The higher percentage increase in year-to-date net income is partially 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 nine months ended September 30, 1999 was $17,854,000 or $1.31 per diluted share resulting in comparative earnings increasing 18% and comparative earnings per share increasing 30% 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 nine months ended September 30, 2000 of $35,768,000 as compared to $42,339,000 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 September 30, 2000 and December 31, 1999, respectively. The debt (notes payable) to equity ratios were 1.19 to 1 and 1.16 to 1 as of September 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 nine months ended September 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 November 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

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 September 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 August 24, 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.

NUMBER	DESCRIPTION	METHOD OF FILING
4.1	Amendment No. 2 to the Credit Agreement	Filed herewith.
27.1	Financial Data Schedule	Filed herewith.

(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 November 3, 2000

MCGRATH RENTCORP

By: /s/ Thomas J. Sauer

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

EXHIBIT INDEX

NUMBER	DESCRIPTION
4.1	Amendment No. 2 to the Credit Agreement
27.1	Financial Data Schedule

EXHIBIT 4.1

AMENDMENT NO. 2
TO
AMENDED AND RESTATED CREDIT AGREEMENT

This Amendment No. 2 to Amended and Restated Credit Agreement (this "Amendment") is dated as of October 5, 2000, by and among McGRATH RENTCORP, a California corporation (the "Borrower"), the banks listed on the signature pages hereof (individually a "Bank" and collectively "Banks"), and UNION BANK OF CALIFORNIA, N.A., in its capacities as a Bank ("UBOC") and as agent (the "Agent") for Banks.

Recitals

A. Agent, UBOC, Fleet National Bank, formerly known as Fleet Bank, N.A. ("Fleet"), Bank of America, N.A., formerly known as Bank of America, National Trust and Savings Association ("BofA") and Borrower are parties to that certain Amended and Restated Credit Agreement dated as of June 30, 1999, as amended by that certain Amendment No. 1 to Amended and Restated Credit Agreement dated as of December 15, 1999 (the "Credit Agreement").

B. Borrower wishes to increase the Commitment from $100 million to $120 million through the addition of Comerica Bank-California ("Comerica") as a Bank party to the Credit Agreement. Comerica desires to join in the Credit Agreement as a Bank and to provide $20 million as its Pro Rata Share of the Commitment. UBOC, Fleet, BofA, and Agent desire that Comerica join in the Credit Agreement in such manner, and the parties are willing to amend the Credit Agreement subject to the terms and conditions set forth in this Amendment.

NOW, THEREFORE, the parties hereto hereby agree as follows:

ARTICLE I
AMENDMENTS TO CREDIT AGREEMENT

This Amendment shall be deemed to be an amendment to the Credit Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Credit Agreement as if such terms and provisions were set forth in full therein. Any capitalized term used but not otherwise defined in this Amendment shall have the meaning ascribed to it in the Credit Agreement.

1.1 Comerica is hereby added to the Credit Agreement as a Bank. Comerica hereby extends to Borrower as its Pro Rata Share of the Commitment the sum of Twenty Million Dollars ($20,000,000.00).

1.2 Section 1.1 of the Credit Agreement, entitled "Definitions," is hereby amended as follows:

(a) The definition of "Bank" is amended and restated in its entirety as follows:

"Bank" means, individually, Union Bank of California, N.A., Fleet National Bank, Bank of America, N.A., and Comerica Bank-California, and their respective successors, and such other banks as may become party to this Agreement, collectively referred to herein as "Banks."

(b) The definition of "Commitment" is amended and restated in its entirety as follows:

"Commitment" means, subject to the terms and conditions of this Agreement, and adjusted from time to time in accordance therewith, the obligation of Banks to make Loans to Borrower in the aggregate principal amount outstanding at any time not to exceed the lesser of (a) One Hundred Twenty Million Dollars ($120,000,000), and (b) the Adjusted Borrowing Base.

(c) The definition of "Pro Rata Share" is amended and restated in its entirety as follows:

"Pro Rata Share" means, with respect to each Bank, the percentage set forth next to that Bank's name as follows:

Bank	Pro Rata Share
Union Bank of California, N.A.	28.3333%
Bank of America, N.A.	27.5000%
Fleet National Bank	27.5000%
Comerica Bank-California	16.6667%

(d) The definition of "Revolving Loan Commitment Period" is amended and restated in its entirety as follows:

"Revolving Loan Commitment Period" means, for each Bank, the period from and including such Bank's Commitment Effective Date to, but not including, the Revolving Loan Termination Date.

(e) A new defined term, "Commitment Effective Date," is added as follows:

"Commitment Effective Date" means:

(i) with respect to UBOC, Fleet and BofA, June 30, 1999; and

(ii) with respect to Comerica, October 5, 2000.

(f) A new defined term, "Prior Banks," is added as follows:

"Prior Banks" means UBOC, Fleet and BofA.

1.3 Each Bank's Pro Rata Share of the Commitment shall be the dollar amount set forth opposite such Bank's name on the signature pages to this Amendment.

1.4 As of the Commitment Effective Date applicable to Comerica, Comerica shall purchase from each of the Prior Banks Comerica's Pro Rata Share of each Prior Bank's outstanding Loans by payment of same day funds in the amount of such Pro Rata Share. To facilitate such purchase, as of such Commitment Effective Date, Borrower shall prepay all outstanding Eurodollar Loans that do not otherwise mature on such Commitment Effective Date, and shall request a new Revolving Loan pursuant to the Procedure for Loans in Section 2.4 of the Credit Agreement for an amount equal to such prepaid amount and with a Funding Date that is the same as such Commitment Effective Date.

1.5 From and after the Commitment Effective Date applicable to Comerica, Comerica's Pro Rata Share of outstanding Loans shall be deemed outstanding under and evidenced by its Revolving Note, and no longer outstanding under or evidenced by the Revolving Notes of the Prior Banks.

1.6 Section 2.4.4 of the Credit Agreement is amended and restated in its entirety as follows:

> 2.4.4 Minimum Amount of Revolving Loans. Loan Requests for Revolving Loans shall be in one or the other of the following minimum amounts, as the case may be, with integral multiples of Twenty-Five Thousand Dollars ($25,000) in excess of such minimum amounts:
>
> (a) for a Reference Rate Loan, a minimum amount of Four Hundred Thousand Dollars ($400,000); and
>
> (b) for a Eurodollar Loan, a minimum amount of One Million Dollars ($1,000,000.00).

1.7 Section 3.5 of the Credit Agreement is amended by replacing the phrase "All payments hereunder shall be in Dollars" in the first sentence of the Section with the following:

> "All payments hereunder shall be made, irrespective of and without condition or deduction for any counterclaim, defense, recoupment, or setoff, in Dollars"

1.8 All Commitment Fees under Section 3.6 of the Credit Agreement and all interest on outstanding Loans accruing prior to Comerica's Commitment Effective Date shall be for the ratable accounts of the Prior Banks; and all Commitment Fees and interest accruing on outstanding Loans on and after Comerica's Commitment Effective Date shall be for the ratable accounts of all of the Banks.

1.9 Section 7.3 of the Credit Agreement is amended by replacing the introductory phrase, "Borrower will furnish to Agent:" with the following phrase:

"Borrower will furnish to Agent and each Bank:"

1.10 Section 11.1 of the Credit Agreement is amended by adding the following subsection (e):

(e) Modify the definition of either "Borrowing Base" or "Adjusted Borrowing Base" in Section 1.1 or modify or delete the reference to the "Adjusted Borrowing Base" in the definition of "Commitment" in Section 1.1.

1.11 Section 11.19 of the Credit Agreement is amended by adding the following phrase to the end of the last sentence of the section:

", which consent shall not be unreasonably withheld."

1.12 For purposes of Section 11.20 of the Credit Agreement, the addresses of the parties set forth on the signature pages to this Amendment shall supercede, and be used for notices and other communications after the date hereof instead of the addresses set forth on the signature pages to the Credit Agreement.

ARTICLE II
CONDITIONS TO EFFECTIVENESS
OF AMENDMENT

2.1 The effectiveness of this Amendment is subject to the fulfillment to the satisfaction of Agent, in its sole discretion, of the following conditions precedent:

(a) Each Bank shall have executed and delivered to Agent a counterpart of this Amendment;

(b) Borrower shall have executed and delivered to Agent a counterpart of this Amendment, and a Revolving Note, payable to Comerica, in the form attached hereto as Exhibit "A";

(c) Agent shall have received appropriate authorization documents, including borrowing resolutions and certificates of incumbency, confirming to Agent's satisfaction that all necessary corporate and organizational actions have been taken to authorize Borrower to enter into this Amendment; and

(d) Agent shall have received such other documents, instruments or agreements as Agent may require to effectuate the intents and purposes of this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants to Agent and each Bank that:

3.1 After giving effect to the amendment of the Credit Agreement pursuant to this Amendment and the consummation of the transactions contemplated hereby (i) each of the representations and warranties set forth in Article 6 of the Credit Agreement is true and correct in all respects as if made on the date hereof (with references to the Credit Agreement being deemed to include this Amendment), and (ii) there exists no Default or Event of Default under the Credit Agreement after giving effect to this Amendment.

3.2 Borrower has full corporate power and authority to execute and deliver this Amendment, to make and deliver the Revolving Note to Comerica, and to perform the obligations of its part to be performed thereunder and under the Credit Agreement as amended hereby. Borrower has taken all necessary action, corporate or otherwise, to authorize the execution and delivery of this Amendment and each of the documents described herein. No consent or approval of any person, no consent or approval of any landlord or mortgagee, no waiver of any lien or similar right and no consent, license, approval or authorization of any governmental authority or agency is or will be required in connection with the execution or delivery by Borrower of this Amendment or the performance by Borrower of the Credit Agreement as amended hereby.

3.3 This Amendment, the Revolving Note payable to Comerica, and the Credit Agreement as amended hereby are, or upon delivery thereof to Agent or Comerica, as applicable, will be, the legal, valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

ARTICLE IV
MISCELLANEOUS

4.1 The Credit Agreement, the other Loan Documents and all agreements, instruments and documents executed and delivered in connection with any of the foregoing shall each be deemed to be amended hereby to the extent necessary, if any, to give effect to the provisions of this Amendment. Except as so amended hereby, the Credit Agreement and the other Loan Documents shall remain in full force and effect in accordance with their respective terms.

4.2 Borrower shall pay Agent on demand reasonable fees and costs of attorneys incurred by Agent in connection with the preparation, negotiation and execution of this Amendment and any document required to be furnished hereunder.

4.3 Borrower affirms its obligation pursuant to Section 4.1.4 of the Credit Agreement to pay applicable breakage fees (if any) incurred by any Prior Bank in connection with Comerica's purchase of its Pro Rata Share of such Prior Bank's outstanding Loans.

IN WITNESS WHEREOF, Borrower, Banks and Agent have executed this Amendment as of the date set forth in the preamble hereto.

MCGRATH RENTCORP

\- ---

By: Thomas J. Sauer

Title: Vice President and Chief Financial Officer

Notice Address:

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5700 Las Positas Road
Livermore, California 94550
Attention: Mr. Thomas Sauer, Chief Financial Officer
Fax: (925) 453-3200

UNION BANK OF CALIFORNIA, N.A.,
individually and as Agent

\- ---

By: Robert John Vernagallo

Title: Vice President

Pro Rata Share of
Commitment: $34,000,000
Pro Rata Share: 28.3333%

Notice Address:

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350 California Street, 6th Floor
San Francisco, CA 94104
Attention: Mr. Robert John Vernagallo
Fax No.: (415) 705-7566

FLEET NATIONAL BANK

- ---
By: Clifford A. Gaysunas, Jr.
Title:Vice President

Pro Rata Share of
Commitment: $33,000,000
Pro Rata Share: 27.5000%

Notice Address:
- --------------
100 Federal Street
Mail Stop: MA DE 10008B
Boston, MA 02110
Attention: Mr. Chip Gaysunas
Fax No.: (617) 434-0816

BANK OF AMERICA, N.A.,

- ---
By: Lisa M. Thomas
Title:Senior Vice President

Pro Rata Share of
Commitment: $33,000,000
Pro Rata Share: 27.5000%

Notice Address:
- --------------
345 Montgomery Street
Concourse Level
San Francisco, CA 94104
Attention: Ms. Lisa M. Thomas
Fax No.: (415) 622-1878

COMERICA BANK-CALIFORNIA

- ---
By: R. Michael Law
Title:Vice President

Pro Rata Share of
Commitment: $20,000,000
Pro Rata Share: 16.6667%

Notice Address:
- --------------
155 Grand Avenue, Suite 402
Oakland, CA 94612
Attention: Mr. R. Michael Law
Fax No.: (510) 645-2220

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

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9-MOS
DEC-31-2000
JAN-01-2000
SEP-30-2000
1,941
0
43,298
(650)
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0
404,993
(109,456)
345,371
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8,644
98,423
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123,655
123,655
66,345
66,345
15,022
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6,465
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13,971
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0
0
0
21,136
1.71
1.70

Includes rental equipment, Land, Buildings, Land Improvements, Furniture and Equipment.
Accumulated depreciation related to PP&E footnote above.
Net income includes minority interest in income of subsidiary.