UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITY AND EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2022

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITY AND EXCHANGE ACT OF 1934**

Commission file number 000-13292

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 94551-7800
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MGRC	NASDAQ Global Select Market

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period of complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 27, 2022, 24,345,398 shares of Registrant's Common Stock were outstanding.

FORWARD LOOKING STATEMENTS

Statements contained in this Quarterly Report on Form 10-Q (this "Form 10-Q") which are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, regarding McGrath RentCorp's (the "Company's") expectations, strategies, prospects or targets are forward looking statements. These forward-looking statements also can be identified by the use of forward-looking terminology such as "anticipates," "believes," "continues," "could," "estimates," "expects," "intends," "may," "plan," "predict," "project," or "will," or the negative of these terms or other comparable terminology.

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. Further, 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 as set forth under "Risk Factors" in this Form 10-Q.

Forward-looking statements are made only as of the date of this Form 10-Q and are based on management's reasonable assumptions, however these assumptions can be wrong or affected by known or unknown risks and uncertainties. No forward-looking statement can be guaranteed and subsequent facts or circumstances may contradict, obviate, undermine or otherwise fail to support or substantiate such statements. 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 are under no duty to update any of the forward-looking statements after the date of this Form 10-Q to conform such statements to actual results or to changes in our expectations.

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

McGrath RentCorp

Results of review of interim financial statements
We have reviewed the accompanying condensed consolidated balance sheet of McGrath RentCorp (a California Corporation), and subsidiaries (the "Company") as of March 31, 2022, and the related condensed consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the three-months ended March 31, 2022 and 2021, and the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheet of the Company as of December 31, 2021, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 23, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for review results
These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ GRANT THORNTON LLP

San Jose, California
April 28, 2022

McGRATH RENTCORP
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended March 31, 2022	2021
Revenues		
Rental	$ 104,241	$ 86,087
Rental related services	24,317	19,669
Rental operations	128,558	105,756
Sales	15,876	14,611
Other	939	828
Total revenues	145,373	121,195
Costs and Expenses		
Direct costs of rental operations:		
Depreciation of rental equipment	23,874	21,255
Rental related services	18,143	14,604
Other	27,823	19,707
Total direct costs of rental operations	69,840	55,566
Costs of sales	9,044	8,548
Total costs of revenues	78,884	64,114
Gross profit	66,489	57,081
Selling and administrative expenses	39,127	33,137
Income from operations	27,362	23,944
Other income (expense):		
Interest expense	(2,820)	(1,783)
Foreign currency exchange gain (loss)	13	(55)
Income before provision for income taxes	24,555	22,106
Provision for income taxes	5,762	4,708
Net income	$ 18,793	$ 17,398
Earnings per share:		
Basic	$ 0.77	$ 0.72
Diluted	$ 0.77	$ 0.71
Shares used in per share calculation:		
Basic	24,285	24,153
Diluted	24,534	24,512
Cash dividends declared per share	$ 0.455	$ 0.435

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

McGRATH RENTCORP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

(in thousands)	Three Months Ended March 31, 2022	2021
Net income	$ 18,793	$ 17,398
Other comprehensive income:		
Foreign currency translation adjustment, net of tax impact	3	38
Comprehensive income	$ 18,796	$ 17,436

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

MCGRATH RENTCORP
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands)	March 31, 2022	December 31, 2021
Assets		
Cash	$ 1,603	$ 1,491
Accounts receivable, net of allowance for credit losses of $2,125 in 2022 and 2021	151,564	159,499
Rental equipment, at cost:		
Relocatable modular buildings	1,059,030	1,040,094
Electronic test equipment	378,766	361,391
Liquid and solid containment tanks and boxes	308,790	309,908
	1,746,586	1,711,393
Less: accumulated depreciation	(663,631)	(646,169)
Rental equipment, net	1,082,955	1,065,224
Property, plant and equipment, net	138,515	135,325
Prepaid expenses and other assets	50,732	54,945
Intangible assets, net	45,566	47,049
Goodwill	132,305	132,393
Total assets	$ 1,603,240	$ 1,595,926
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable	$ 423,974	$ 426,451
Accounts payable and accrued liabilities	138,690	136,313
Deferred income	63,939	58,716
Deferred income taxes, net	238,749	242,425
Total liabilities	865,352	863,905
Shareholders' equity:		
Common stock, no par value - Authorized 40,000 shares		
Issued and outstanding - 24,335 shares as of March 31, 2022 and 24,260 shares as of December 31, 2021	106,765	108,610
Retained earnings	631,174	623,465
Accumulated other comprehensive loss	(51)	(54)
Total shareholders' equity	737,888	732,021
Total liabilities and shareholders' equity	$ 1,603,240	$ 1,595,926

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

MCGRATH RENTCORP
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(UNAUDITED)

(in thousands, except per share amounts)	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2021	24,260	$ 108,610	$ 623,465	$ (54)	$ 732,021
Net income	—	—	18,793	—	18,793
Share-based compensation	—	1,760	—	—	1,760
Common stock issued under stock plans, net of shares withheld for employee taxes	75	—	—	—	—
Taxes paid related to net share settlement of stock awards	—	(3,605)	—	—	(3,605)
Dividends accrued of $0.455 per share	—	—	(11,084)	—	(11,084)
Other comprehensive income	—	—	—	3	3
Balance at March 31, 2022	24,335	$ 106,765	$ 631,174	$ (51)	$ 737,888

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

(in thousands, except per share amounts)	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2020	24,128	$ 106,289	$ 576,419	$ (104)	$ 682,604
Net income	—	—	17,398	—	17,398
Share-based compensation	—	1,777	—	—	1,777
Common stock issued under stock plans, net of shares withheld for employee taxes	78	—	—	—	—
Taxes paid related to net share settlement of stock awards	—	(3,482)	—	—	(3,482)
Dividends accrued of $0.435 per share	—	—	(10,650)	—	(10,650)
Other comprehensive income	—	—	—	38	38
Balance at March 31, 2021	24,206	$ 104,584	$ 583,167	$ (66)	$ 687,685

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

MCGRATH RENTCORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(in thousands)	Three Months Ended March 31, 2022	2021
Cash Flows from Operating Activities:		
Net income	$ 18,793	$ 17,398
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	27,584	23,460
Deferred income taxes	(3,676)	(3,258)
Provision for doubtful accounts	13	99
Share-based compensation	1,760	1,777
Gain on sale of used rental equipment	(5,364)	(4,794)
Foreign currency exchange (gain) loss	(13)	55
Amortization of debt issuance costs	4	3
Change in:		
Accounts receivable	7,922	1,009
Prepaid expenses and other assets	4,213	(94)
Accounts payable and accrued liabilities	(4,716)	(2,633)
Deferred income	5,223	4,587
Net cash provided by operating activities	51,743	37,609
Cash Flows from Investing Activities:		
Purchases of rental equipment	(39,430)	(17,984)
Purchases of property, plant and equipment	(5,417)	(981)
Proceeds from sales of used rental equipment	10,308	10,418
Net cash used in investing activities	(34,539)	(8,547)
Cash Flows from Financing Activities:		
Net repayment under bank lines of credit	(2,482)	(13,931)
Taxes paid related to net share settlement of stock awards	(3,605)	(3,482)
Payment of dividends	(11,006)	(10,554)
Net cash used in financing activities	(17,093)	(27,967)
Effect of foreign currency exchange rate changes on cash	1	(4)
Net increase in cash	112	1,091
Cash balance, beginning of period	1,491	1,238
Cash balance, end of period	$ 1,603	$ 2,329
Supplemental Disclosure of Cash Flow Information:		
Interest paid, during the period	$ 2,137	$ 1,625
Net income taxes paid, during the period	$ 420	$ 372
Dividends accrued during the period, not yet paid	$ 11,357	$ 9,810
Rental equipment acquisitions, not yet paid	$ 12,869	$ 11,095

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

NOTE 1. CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The condensed consolidated financial statements for the three months ended March 31, 2022 and 2021 have not been audited, but in the opinion of management, all adjustments (consisting of normal recurring accruals, consolidating and eliminating entries) necessary for the fair presentation of the consolidated financial position, results of operations and cash flows of McGrath RentCorp (the "Company") have been made. The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to those rules and regulations. The consolidated results for the three months ended March 31, 2022 should not be considered as necessarily indicative of the consolidated results for the entire fiscal year. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's latest Annual Report on Form 10-K, filed with the SEC on February 23, 2022 for the year ended December 31, 2021 (the "2021 Annual Report").

NOTE 2. REVENUE RECOGNITION

The Company's accounting for revenues is governed by two accounting standards. The majority of the Company's revenues are considered lease or lease related and are accounted for in accordance with Accounting Standards Codification (ASC) 842, Leases. Revenues determined to be non-lease related are accounted for in accordance with ASC 606, Revenue from Contracts with Customers. The Company accounts for revenues when approval and commitment from both parties have been obtained, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. The Company typically recognizes non-lease related revenues at a point in time because the customer does not simultaneously consume the benefits of the Company's promised goods and services, or performance obligations, and obtains control when delivery and installation are complete. For contracts that have multiple performance obligations, the transaction price is allocated to each performance obligation in the contract based on the Company's best estimate of the standalone selling prices of each distinct performance obligation in the contract. The standalone selling price is typically determined based upon the expected cost plus an estimated margin of each performance obligation.

The Company generally rents and sells to customers on 30 day payment terms. The Company does not typically offer variable payment terms or accept non-monetary consideration. Amounts billed and due from the Company's customers are classified as Accounts receivable on the Company's consolidated balance sheet. For certain sales of modular buildings, progress payments from the customer are received during the manufacturing of new equipment, or the preparation of used equipment. The advance payments are not considered a significant financing component because the payments are used to meet working capital needs during the contract and to protect the Company from the customer failing to adequately complete their obligations under the contract. These contract liabilities are included in Deferred income on the Company's consolidated balance sheet and totaled $21.8 million and $16.8 million at March 31, 2022 and December 31, 2021, respectively. Sales revenues totaling $2.2 million were recognized during the three months ended March 31, 2022, which were included in the contract liability balance at December 31, 2021. For certain modular building sales, the customer retains a small portion of the contract price until full completion of the contract, which results in revenue earned in excess of billings. These unbilled contract assets are included in Accounts receivable on the Company's consolidated balance sheet and totaled $0.9 million and $1.3 million at March 31, 2022 and December 31, 2021, respectively.

Lease Revenues

Rental revenues from operating leases are recognized on a straight-line basis over the term of the lease for all operating segments. Rental billings for periods extending beyond period end are recorded as deferred income and are recognized in the period earned. Rental related services revenues are primarily associated with relocatable modular buildings and liquid and solid containment tanks and boxes leases. For modular building leases, rental related services revenues for modifications, delivery, installation, dismantle and return delivery are lease related because the payments are considered minimum lease payments that are an integral part of the negotiated lease agreement with the customer. These revenues are recognized on a straight-line basis over the term of the lease. Certain leases are accounted for as finance leases. For these leases, sales revenue and the related accounts receivable are recognized upon delivery and installation of the equipment and the unearned interest is recognized over the lease term on a basis which results in a constant rate of return on the unrecovered lease investment. Other revenues include interest income on finance leases and rental income on facility leases.

In the three months ended March 31, 2022, the Company's lease revenues were $118.5 million, consisting of $117.8 million of operating lease revenues and $0.7 million of finance lease revenues. The Company has entered into finance leases to finance certain equipment sales to customers. The lease agreements have a bargain purchase option at the end of the lease term. For these leases, sales revenue and the related accounts receivable are recognized upon delivery and installation of the equipment and the unearned interest is recognized over the lease term on a straight-line basis, which results in a constant rate of return on the unrecovered lease investment. The Company's finance lease revenues for the three months ended March 31, 2022 include $0.6 million of sales revenues and $0.1 million of interest income.

Non-Lease Revenues

Non-lease revenues are recognized in the period when control of the performance obligation is transferred, in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. For liquid and solid containment solutions, portable storage containers and electronic test equipment, rental related services revenues for delivery and return delivery are considered non-lease revenues.

Sales revenues are typically recognized at a point in time, which occurs upon the completion of delivery, installation and acceptance of the equipment by the customer. Accounting for non-lease revenues requires judgment in determining the point in time the customer gains control of the equipment and the appropriate accounting period to recognize revenue.

Sales taxes charged to customers are reported on a net basis and are excluded from revenues and expenses.

The following table disaggregates the Company's revenues by lease (within the scope of ASC 842) and non-lease revenues (within the scope of ASC 606) and the underlying service provided for the three months ended March 31, 2022 and 2021:

(in thousands)	Mobile Modular	TRS-RenTelco	Adler Tanks	Enviroplex	Consolidated
Three Months Ended March 31,					
2022					
Leasing	$ 74,595	$ 29,411	$ 14,478	$ —	$ 118,484
Non-lease:					
Rental related services	5,650	551	5,185	—	11,386
Sales	10,375	3,278	657	917	15,227
Other	25	251	—	—	276
Total non-lease	16,050	4,080	5,842	917	26,889
Total revenues	$ 90,645	$ 33,491	$ 20,320	$ 917	$ 145,373
2021					
Leasing	$ 57,803	$ 27,813	$ 12,339	$ —	$ 97,955
Non-lease:					
Rental related services	3,206	608	4,761	—	8,575
Sales	7,620	4,877	608	1,234	14,339
Other	19	305	2	—	326
Total non-lease	10,845	5,790	5,371	1,234	23,240
Total revenues	$ 68,648	$ 33,603	$ 17,710	$ 1,234	$ 121,195

Customer returns of rental equipment prior to the end of the rental contract term are typically billed a cancellation fee, which is recorded as rental revenue in the period billed. Sales of new relocatable modular buildings, portable storage containers, electronic test equipment and related accessories and liquid and solid containment tanks and boxes not manufactured by the Company are typically covered by warranties provided by the manufacturer of the products sold. The Company typically provides limited 90-day warranties for certain sales of used rental equipment and one-year warranties on equipment manufactured by Enviroplex. Although the Company's policy is to provide reserves for warranties when required for specific circumstances, warranty costs have not been significant.

The Company's incremental cost of obtaining lease contracts, which consists of salesperson commissions, are deferred and amortized over the initial lease term for modular leases. Incremental costs for obtaining a contract for all other operating segments are expensed in the period incurred because the lease term is typically less than 12 months.

NOTE 3. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed as net income divided by the weighted-average number of shares of common stock outstanding for the period. Diluted EPS is computed assuming conversion of all potentially dilutive securities including the dilutive effect of stock options, unvested restricted stock awards and other potentially dilutive securities. The table below presents the weighted-average number of shares of common stock used to calculate basic and diluted earnings per share:

	Three Months Ended March 31,	
(in thousands)	2022	2021
Weighted-average number of shares of common stock for calculating basic earnings per share	24,285	24,153
Effect of potentially dilutive securities from equity-based compensation	249	359
Weighted-average number of shares of common stock for calculating diluted earnings per share	24,534	24,512

There were no anti-dilutive securities excluded from the computation of diluted earnings per share in the three months ended March 31, 2022 and 2021.

The Company has in the past made purchases of shares of its common stock from time to time in over-the-counter market (NASDAQ) transactions, through privately negotiated, large block transactions and through a share repurchase plan, in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. In August 2015, the Company's Board of Directors authorized the Company to repurchase up to 2,000,000 shares of the Company's outstanding common stock (the "Repurchase Plan"). The amount and time of the specific repurchases are subject to prevailing market conditions, applicable legal requirements and other factors, including management's discretion. All shares repurchased by the Company are canceled and returned to the status of authorized but unissued shares of common stock. There can be no assurance that any authorized shares will be repurchased, and the Repurchase Plan may be modified, extended or terminated by the Company's Board of Directors at any time. There were no shares repurchased during the three months ended March 31, 2022 and 2021. As of March 31, 2022, 1,309,805 shares remained authorized for repurchase under the Repurchase Plan.

NOTE 4. INTANGIBLE ASSETS

Intangible assets consist of the following:

(dollar amounts in thousands)	Estimated useful life in years	Average remaining life in years	Cost	Accumulated amortization	Net book value
March 31, 2022					
Customer relationships	8 to 11	7.1	$ 50,285	$ (14,271)	$ 36,014
Non-compete agreements	5	4.0	3,296	(665)	2,631
Customer backlog	0.5	—	1,900	(1,900)	—
Trade name	8	7.0	1,200	(150)	1,050
Total amortizing			56,681	(16,986)	39,695
Trade name - non-amortizing	Indefinite		5,871	—	5,871
Total			$ 62,552	$ (16,986)	$ 45,566
December 31, 2021					
Customer relationships	8 to 11	7.3	$ 50,285	$ (12,991)	$ 37,294
Non-compete agreements	5	4.2	3,296	(499)	2,797
Customer backlog	0.5	—	1,900	(1,900)	—
Trade name	8	7.3	1,200	(113)	1,087
Total amortizing			56,681	(15,503)	41,178
Trade name - non-amortizing	Indefinite		5,871	—	5,871
Total			$ 62,552	$ (15,503)	$ 47,049

The Company assesses potential impairment of its goodwill and intangible assets when there is evidence that events or circumstances have occurred that would indicate the recovery of an asset's carrying value is unlikely. The Company also assesses potential impairment of its goodwill and intangible assets with indefinite lives on an annual basis regardless of whether there is evidence of impairment. If indicators of impairment were to be present in intangible assets used in operations and future discounted cash flows were not expected to be sufficient to recover the asset's carrying amount, an impairment loss would be charged to expense in the period identified. The amount of an impairment loss that would be recognized is the excess of the asset's carrying value over its fair value. Factors the Company considers important, which may cause impairment include, among others, significant changes in the manner of use of the acquired asset, negative industry or economic trends, and significant underperformance relative to historical or projected operating results. The Company last conducted a qualitative analysis of its goodwill and intangible assets in the fourth quarter 2021, with no indicators of impairment. In addition, no impairment triggering events occurred during the three months ended March 31, 2022. Determining fair value of a reporting unit is judgmental and involves the use of significant estimates and assumptions. The Company bases its fair value estimates on assumptions that it believes are reasonable but are uncertain and subject to changes in market conditions.

Intangible assets with finite useful lives are amortized over their respective useful lives. Amortization expense in the three months ended March 31, 2022 and 2021, was $1.5 million and $0.1 million, respectively. Based on the carrying values at March 31, 2022 and assuming no subsequent impairment of the underlying assets, the amortization expense is expected to be $4.4 million for the remainder of fiscal year 2022, $5.9 million annually in 2023 through 2025, $5.4 million in 2026 and $5.2 million in 2027.

NOTE 5. SEGMENT REPORTING

The Company's four reportable segments are (1) its modular building and portable storage container rental segment ("Mobile Modular"); (2) its electronic test equipment segment ("TRS-RenTelco"); (3) its containment solutions for the storage of hazardous and non-hazardous liquids and solids segment ("Adler Tanks"); and (4) its classroom manufacturing segment selling modular buildings used primarily as classrooms in California ("Enviroplex"). The operations of each of these segments are described in Part I – Item 1, "Business," and the accounting policies of the segments are described in "Note 1 – Summary of Significant Accounting Policies" in the Company's 2021 Annual Report. Management focuses on several key measures to evaluate and assess each segment's performance, including rental revenue growth, gross profit and gross margins, income from operations, income before provision for income taxes and adjusted EBITDA. Excluding interest expense, allocations of revenue and expense not directly associated with one of these segments are generally allocated to Mobile Modular, TRS-RenTelco and Adler Tanks based on their pro-rata share of direct revenues. Interest expense is allocated amongst Mobile Modular, TRS-RenTelco and Adler Tanks based on their pro-rata share of average rental equipment at cost, intangible assets, accounts receivable, deferred income and customer security deposits. The Company does not report total assets by business segment. Summarized financial information for the three months ended March 31, 2022 and 2021 for the Company's reportable segments is shown in the following table:

(dollar amounts in thousands)	Mobile Modular	TRS-RenTelco	Adler Tanks	Enviroplex [1]	Consolidated
Three Months Ended March 31,					
2022					
Rental revenues	$ 61,538	$ 28,512	$ 14,191	$ —	$ 104,241
Rental related services revenues	18,361	671	5,285	—	24,317
Sales and other revenues	10,746	4,308	844	917	16,815
Total revenues	90,645	33,491	20,320	917	145,373
Depreciation of rental equipment	7,833	12,029	4,012	—	23,874
Gross profit	43,141	14,690	8,454	204	66,489
Selling and administrative expenses	24,692	6,590	6,522	1,323	39,127
Income (loss) from operations	18,449	8,100	1,932	(1,119)	27,362
Interest (expense) income allocation	(1,821)	(586)	(544)	131	(2,820)
Income (loss) before provision for income taxes	16,628	7,527	1,388	(988)	24,555
Adjusted EBITDA	30,405	20,653	6,707	(1,046)	56,719
Rental equipment acquisitions	23,088	23,351	109	—	46,548
Accounts receivable, net (period end)	106,682	25,124	14,788	4,970	151,564
Rental equipment, at cost (period end)	1,059,030	378,766	308,790	—	1,746,586
Rental equipment, net book value (period end)	763,710	171,863	147,382	—	1,082,955
Utilization (period end) [2]	77.6%	64.7%	50.4%		
Average utilization [2]	77.1%	64.6%	48.3%		
2021					
Rental revenues	$ 46,657	$ 27,276	$ 12,154	$ —	$ 86,087
Rental related services revenues	14,051	740	4,878	—	19,669
Sales and other revenues	7,940	5,587	678	1,234	15,439
Total revenues	68,648	33,603	17,710	1,234	121,195
Depreciation of rental equipment	5,819	11,362	4,074	—	21,255
Gross profit	34,934	14,753	7,043	351	57,081
Selling and administrative expenses	19,237	6,298	6,267	1,335	33,137
Income (loss) from operations	15,697	8,455	776	(984)	23,944
Interest (expense) income allocation	(1,046)	(420)	(431)	114	(1,783)
Income (loss) before provision for income taxes	14,651	7,980	345	(870)	22,106
Adjusted EBITDA	23,955	20,392	5,700	(921)	49,126
Rental equipment acquisitions	8,428	16,380	(102)	—	24,706
Accounts receivable, net (period end)	81,378	21,367	13,030	6,433	122,208
Rental equipment, at cost (period end)	886,299	342,105	314,444	—	1,542,848
Rental equipment, net book value (period end)	611,097	159,410	165,436	—	935,943
Utilization (period end) [2]	75.8%	69.2%	43.0%		
Average utilization [2]	75.8%	68.1%	40.3%		

1. Gross Enviroplex sales revenues were $917 and $2,090 for the three months ended March 31, 2022 and 2021, respectively. There were $0 and $856 inter-segment sales to Mobile Modular in the three months ended March 31, 2022 and 2021, respectively, which required elimination in consolidation.
2. Utilization is calculated each month by dividing the cost of rental equipment on rent by the total cost of rental equipment, excluding accessory equipment, and for Mobile Modular and Adler Tanks, excluding new equipment inventory. The Average utilization for the period is calculated using the average costs of rental equipment.

No single customer accounted for more than 10% of total revenues for the three months ended March 31, 2022 and 2021. Revenues from foreign country customers accounted for 4% and 5% of the Company's total revenues for the same periods, respectively.

NOTE 6. ACQUISITIONS

On May 17, 2021, the Company completed the purchase of substantially all of the assets of Design Space Modular Buildings PNW, LP ("Design Space") for $267.3 million in cash consideration on the closing date. Design Space provides modular buildings and portable storage containers rental and sale solutions to customers in the West and Pacific Northwest states in the U.S. The acquisition was accounted for as a purchase of a "business" in accordance with criteria in ASC 805, Business Combinations, using the purchase method of accounting. Under the purchase method of accounting, the total purchase price is assigned to tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values on the closing date. The excess of the purchase price over those fair values is recorded as goodwill. The financial results of Design Space were a part of the Mobile Modular segment since May 17, 2021, including $1.7 million of transaction costs.

On April 1, 2021 the Company completed the purchase of assets of GRS Holding LLC, DBA Kitchens To Go ("Kitchens To Go") for $18.3 million in cash consideration. Kitchens To Go provides interim and permanent modular kitchen solutions for foodservice providers that require flexible facilities to continue or expand operations. The acquisition was accounted for as a purchase of a "business" in accordance with criteria in ASC 805 using the purchase method of accounting. The financial results of Kitchens To Go were a part of the Mobile Modular segment since April 1, 2021, including $0.3 million of transaction costs.

The following tables summarize the purchase price allocations reflecting estimated fair values of assets acquired and liabilities assumed in the Design Space and Kitchens To Go acquisitions, with excess amounts allocated to goodwill. The valuation of intangible assets acquired is based on certain valuation assumptions including cash flow projections, discount rates, contributory asset charges and other valuation model inputs. The valuation of tangible long-lived assets acquired is dependent upon various analyses including an analysis of the condition and estimated remaining economic lives of the assets acquired.

Design Space:

(dollar amounts in thousands)		
Rental equipment	$	116,272
Intangible assets:		
Goodwill		101,874
Customer relationships		37,900
Non-compete		2,500
Customer backlog		1,600
Accounts receivable		12,025
Property, plant and equipment		4,139
Prepaid expenses and other assets		5,366
Accounts payable and accrued liabilities		(11,613)
Deferred income		(2,784)
Total purchase price	$	267,279

Kitchens To Go:

(dollar amounts in thousands)		
Rental equipment	$	12,853
Intangible assets:		
Goodwill		2,322
Customer relationships		1,700
Trade name		1,200
Non-compete		600
Customer backlog		300
Accounts receivable		212
Property, plant and equipment		365
Prepaid expenses and other assets		1,199
Accounts payable and accrued liabilities		(1,659)
Deferred income		(747)
Total purchase price	$	18,345

The value assigned to identifiable intangible assets have been determined based on discounted estimated future cash flows associated with such assets to their present value. The combined acquired goodwill of $104,196 reflects the strategic fit of Design Space and Kitchens to Go with the Company's modular business operations. The Company will amortize the acquired customer relationships, tradename, non-compete and customer backlog over their expected useful lives of 8 years, 8 years, 5 years and 6 months, respectively. Goodwill is expected to have an indefinite life and will be subject to future impairment testing. The goodwill is deductible for tax purposes over 15 years.

The following unaudited pro forma financial information shows the combined results of operations of the Company, Design Space and Kitchens To Go as if the acquisitions occurred as of the beginning of the periods presented. The pro forma results include the effects of the amortization of the purchased intangible assets and depreciation expense of acquired rental equipment valuation step up, interest expense on the debt incurred to finance the acquisitions. A pro forma adjustment has been made to reflect the income taxes that would have been recorded at the combined federal and state statutory rate of 28% on the acquisitions' combined net income. The pro forma results for the three months ended March 31, 2021 have been adjusted to include transaction related costs. This pro forma data is presented for informational purposes only and does not purport to be indicative of the results of the future operations or the results that would have occurred had the acquisitions taken place in the periods noted below:

	(Unaudited)	
	Three months ended March 31,	
(dollar amounts in thousands, except for per share amounts)	**2022**	**2021**
Pro-forma total revenues	$ 145,373	$ 141,304
Pro-forma net income	$ 18,793	$ 18,890
Pro-forma basic earnings per share	$ 0.77	$ 0.78
Pro-forma diluted earnings per share	$ 0.77	$ 0.77
Design Space and Kitchens To Go		
Actual total revenues	$ 18,174	
Actual net income	$ 1,543	
Actual basic earnings per share	$ 0.06	
Actual diluted earnings per share	$ 0.06	

On December 31, 2021 the Company completed the purchase of the assets of Titan Storage Containers, LLC ("Titan") for $6.6 million in cash consideration on the closing date and $0.3 million remaining liability to the seller. The acquisition was accounted for as a purchase of "assets" in accordance with criteria in ASC 805 and the initial assessment of the fair value of the purchased assets was allocated primarily to rental equipment totaling $6.2 million and rolling stock assets totaling $0.8 million, partially offset by accrued liabilities of $0.2 million. The rolling stock assets include delivery trucks, delivery trailers, trucks and forklifts. Supplemental pro forma prior year information has not been provided as the historical financial results of Titan were not significant. Incremental transaction costs associated with the asset purchase were not significant.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Form 10-Q, including the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), contains forward-looking statements under federal securities laws. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties. Our actual results could differ materially from those indicated by forward-looking statements as a result of various factors. These factors include, but are not limited to, those set forth under this Item, those discussed in Part II—Item 1a, "Risk Factors" and elsewhere in this Form 10-Q and those that may be identified from time to time in our reports and registration statements filed with the SEC.

This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related Notes included in Part I—Item 1 of this Form 10-Q and the Consolidated Financial Statements and related Notes and the Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 23, 2022 (the "2021 Annual Report"). In preparing the following MD&A, we presume that readers have access to and have read the MD&A in our 2021 Annual Report, pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K. We undertake no duty to update any of these forward-looking statements after the date of filing of this Form 10-Q to conform such forward-looking statements to actual results or revised expectations, except as otherwise required by law.

General

The Company, incorporated in 1979, is a leading rental provider of relocatable modular buildings for classroom and office space, electronic test equipment for general purpose and communications needs, and liquid and solid containment tanks and boxes. The Company's primary emphasis is on equipment rentals. The Company is comprised of four reportable business segments: (1) its modular building and portable storage container rental segment ("Mobile Modular"); (2) its electronic test equipment segment ("TRS-RenTelco"); (3) its containment solutions for the storage of hazardous and non-hazardous liquids and solids segment ("Adler Tanks"); and (4) its classroom manufacturing segment selling modular buildings used primarily as classrooms in California ("Enviroplex").

The Mobile Modular business segment includes the results of operations of the Mobile Modular Portable Storage division, which represented approximately 12% of the Company's total revenues in the three months ended March 31, 2022. Mobile Modular Portable Storage offers portable storage units and high security portable office units for rent, lease and purchase. Kitchens To Go was acquired on April 1, 2021, with its results included in the Mobile Modular segment since that date. Design Space was acquired on May 17, 2021, with its results included in the Mobile Modular segment since that date. See Note 6 to the Condensed Consolidated Financial Statements for the three months ended March 31, 2022, for more details about the acquisitions.

In the three months ended March 31, 2022, Mobile Modular, TRS-RenTelco, Adler Tanks and Enviroplex contributed 67%, 31%, 6% and negative 4% of the Company's income before provision for taxes (the equivalent of "pretax income"), respectively, compared to 66%, 36%, 2% and negative 4% for the same period in 2021.

The Company generates its revenues primarily from the rental of its equipment on operating leases and from sales of equipment occurring in the normal course of business. The Company requires significant capital outlay to purchase its rental inventory and recovers its investment through rental and sales revenues. Rental revenues and certain other service revenues negotiated as part of lease agreements with customers and related costs are recognized on a straight-line basis over the terms of the leases. Sales revenues and related costs are recognized upon delivery and installation of the equipment to customers. Sales revenues are less predictable and can fluctuate from quarter to quarter and year to year depending on customer demands and requirements. Generally, rental revenues less cash operating costs recover the equipment's capitalized cost in a short period of time relative to the equipment's potential rental life and when sold, sale proceeds are usually above its net book value.

The Company's modular revenues (consisting of revenues from Mobile Modular, Mobile Modular Portable Storage, Kitchens To Go and Enviroplex) are derived from rentals and sales to commercial and education customers. Modular revenues are affected by demand for classrooms, which in turn is affected by shifting and fluctuating school populations, the levels of state funding to public schools, the need for temporary classroom space during reconstruction of older schools and changes in policies regarding class size. As a result of any reduced funding, lower expenditures by these schools may result in certain planned programs to increase the number of classrooms, such as those that the Company provides, to be postponed or terminated. However, reduced expenditures may also result in schools reducing their long-term facility construction projects in favor of using the Company's modular classroom solutions. At this time, the Company can provide no assurances as to whether public schools will either reduce or increase their demand for the Company's modular classrooms as a result of fluctuations in state funding of public schools. Looking forward, the Company believes that any interruption in the passage of facility bonds or contraction of class size reduction programs by public schools may have a material adverse effect on both rental and sales revenues of the Company. (For more information, see "*Item 1. Business – Relocatable Modular Buildings – Classroom Rentals and Sales to Public Schools (K-12)*" in the Company's 2021 Annual Report and "*Item 1a. Risk Factors – Significant reductions of, or delays in, funding to public schools have caused the demand and pricing for our modular classroom units to decline, which has in the past caused, and may cause in the future, a reduction in our revenues and profitability*" in Part II – Other Information of this Form 10-Q.)

Revenues of TRS-RenTelco are derived from the rental and sale of general purpose and communications test equipment to a broad range of companies, from Fortune 500 to middle and smaller market companies primarily in the aerospace, defense, communications, manufacturing and semiconductor industries. Electronic test equipment revenues are primarily affected by the business activity within these industries related to research and development, manufacturing, and communication infrastructure installation and maintenance.

Revenues of Adler Tanks are derived from the rental and sale of fixed axle tanks ("tanks") and vacuum containers, dewatering containers and roll-off containers (collectively referred to as "boxes"). These tanks and boxes are rented to a broad range of industries and applications including oil and gas exploration and field services, refinery, chemical and industrial plant maintenance, environmental remediation and field services, infrastructure building construction, marine services, pipeline construction and maintenance, tank terminals services, wastewater treatment, and waste management and landfill services for the containment of hazardous and non-hazardous liquids and solids.

The Company's rental operations include rental and rental related service revenues which comprised approximately 88% and 87% of consolidated revenues in the three months ended March 31, 2022 and 2021, respectively. Of the total rental operations revenues for the three months ended March 31, 2022, Mobile Modular, TRS-RenTelco and Adler Tanks comprised 62%, 23% and 15%, respectively, compared to 57%, 27% and 16%, respectively, in the same period of 2021. The Company's direct costs of rental operations include depreciation of rental equipment, rental related service costs, impairment of rental equipment (if applicable), and other direct costs of rental operations (which include direct labor, supplies, repairs, insurance, property taxes, license fees, cost of sub-rentals and amortization of certain lease costs).

The Company's Mobile Modular, TRS-RenTelco and Adler Tanks business segments sell modular units, electronic test equipment and liquid and solid containment tanks and boxes, respectively, which are either new or previously rented. In addition, Enviroplex sells new modular buildings used primarily as classrooms in California. For the three months ended March 31, 2022 and 2021, sales and other revenues of modular, electronic test equipment and liquid and solid containment tanks and boxes comprised approximately 12% and 13% of the Company's consolidated revenues, respectively. Of the total sales and other revenues for the three months ended March 31, 2022 and 2021, Mobile Modular and Enviroplex together comprised 69% and 59%, respectively, TRS-RenTelco comprised 26% and 36%, respectively, and Adler Tanks comprised 5% for both periods. The Company's cost of sales includes the carrying value of the equipment sold and the direct costs associated with the equipment sold, such as delivery, installation, modifications and related site work.

Selling and administrative expenses primarily include personnel and benefit costs, which include share-based compensation, depreciation and amortization, bad debt expense, advertising costs, and professional service fees. The Company believes that sharing of common facilities, financing, senior management, and operating and accounting systems by all of the Company's operations results in an efficient use of overhead. Historically, the Company's operating margins have been impacted favorably to the extent its costs and expenses are leveraged over a large installed customer base. However, there can be no assurances as to the Company's ability to maintain a large installed customer base or ability to sustain its historical operating margins.

Recent Developments

Dividends

On February 23, 2022, the Company announced that the Board of Directors declared a quarterly cash dividend of $0.455 per common share for the quarter ended March 31, 2022, an increase of 5% over the prior year's comparable quarter.

COVID-19

The outbreak of a new strain of coronavirus, COVID-19, which began in December 2019, has continued to spread globally including to every state in the United States. The Center for Disease Control ("CDC") and World Health Organization ("WHO") recognized this outbreak as a pandemic, which has caused shutdowns to businesses and cities worldwide while disrupting supply chains, business operations, travel, consumer confidence and business sentiment. The Company has taken a number of precautionary health and safety measures to safeguard its employees and customers, while maintaining business continuity. The Company has implemented remote work policies and enhanced cleaning and hygiene protocols in all of its facilities, products and vehicles. The Company is continuing to monitor and assess orders issued by federal, state and local governments to ensure compliance with evolving COVID-19 guidelines. The Company also continues to monitor the impact of COVID-19 on its existing customers who themselves may be impacted by governmental shutdowns and other impacts due to the governmental orders.

While the Company has not seen a significant impact from COVID-19 in the financial results for the quarter ended March 31, 2022 as set forth in the below section discussing the results of operations for the quarter ended March 31, 2022, the Company is currently unable to determine or predict the full nature, duration or scope of the overall impact the COVID-19 pandemic and related business and operational pressures will have on its business, results of operations, liquidity or capital resources. The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, state or local authorities or that the Company determines are in the best interests of employees, customers and shareholders.

Results of Operations

Three Months Ended March 31, 2022 Compared to
Three Months Ended March 31, 2021

Overview

Consolidated revenues for the three months ended March 31, 2022 increased 20% to $145.4 million from $121.2 million in the same period in 2021. Consolidated net income for the three months ended March 31, 2022 increased 8% to $18.8 million, from $17.4 million for the same period in 2021. Earnings per diluted share for the three months ended March 31, 2022 increased 8% to $0.77 from $0.71 for the same period in 2021.

For the three months ended March 31, 2022, on a consolidated basis:

- Gross profit increased $9.4 million, or 16%, to $66.5 million in 2022. Mobile Modular's gross profit increased $8.2 million, or 23%, primarily due to higher gross profit on rental, rental related services, and sales revenues. TRS-RenTelco's gross profit was comparable at $14.7 million. Adler Tanks' gross profit increased $1.4 million, or 20%, primarily due to higher gross profit on rental and other revenues. Enviroplex's gross profit decreased $0.1 million, primarily due to $0.3 million lower sales revenues in 2022 and lower gross margins of 22% compared to 28% in 2021.
- Selling and administrative expenses increased $6.0 million, or 18%, to $39.1 million, primarily due to increased headcount and employees' salaries and benefit costs totaling $4.3 million, primarily due to the addition of Design Space and Kitchens To Go employees, and $1.4 million higher amortization of intangible assets primarily from the Design Space and Kitchens To Go acquisitions.
- Interest expense increased $1.0 million, or 58%, to $2.8 million due to 94% higher average debt levels of the Company, partly offset by 19% lower net average interest rates of 2.68% in 2022 compared to 3.29% in 2021.
- Pre-tax income contribution by Mobile Modular, TRS-RenTelco and Adler Tanks was 67%, 31% and 6%, respectively, compared to 66%, 36% and 2%, respectively, for the comparable 2021 period. These results are discussed on a segment basis below. Enviroplex pre-tax income contribution was negative 4% in 2022 and 2021, respectively.
- The provision for income taxes resulted in an effective tax rate of 23.5% and 21.3% for the quarters ended March 31, 2022 and 2021, respectively. The higher rate in 2022 was due to lower excess tax benefit from stock compensation and increased business activity levels in higher tax rate states.
- Adjusted EBITDA increased $7.6 million, or 15%, to $56.7 million in 2022.

Mobile Modular

For the three months ended March 31, 2022, Mobile Modular's total revenues increased $22.0 million, or 32%, to $90.6 million compared to the same period in 2021, primarily due to higher rental, rental related services, and sales revenues. The revenue increase, together with higher gross profit on rental, rental related services and sales revenues, partly offset by higher selling and administrative expenses, resulted in a 13% increase in pre-tax income to $16.6 million for the three months ended March 31, 2022, from $14.7 million for the same period in 2021.

The following table summarizes results for each revenue and gross profit category, income from operations, pre-tax income and other selected information.

Mobile Modular – Three Months Ended 3/31/22 compared to Three Months Ended 3/31/21 (Unaudited)

(dollar amounts in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	$	%
Revenues				
Rental	$ 61,538	$ 46,657	$ 14,881	32%
Rental related services	18,361	14,051	4,310	31%
Rental operations	79,899	60,708	19,191	32%
Sales	10,375	7,620	2,755	36%
Other	371	320	51	16%
Total revenues	90,645	68,648	21,997	32%
Costs and Expenses				
Direct costs of rental operations:				
Depreciation of rental equipment	7,833	5,819	2,014	35%
Rental related services	13,180	10,072	3,108	31%
Other	20,162	12,875	7,287	57%
Total direct costs of rental operations	41,175	28,766	12,409	43%
Costs of sales	6,329	4,948	1,381	28%
Total costs of revenues	47,504	33,714	13,790	41%
Gross Profit				
Rental	33,543	27,963	5,580	20%
Rental related services	5,181	3,979	1,202	30%
Rental operations	38,724	31,942	6,782	21%
Sales	4,046	2,672	1,374	51%
Other	371	320	51	16%
Total gross profit	43,141	34,934	8,207	23%
Selling and administrative expenses	24,692	19,237	5,455	28%
Income from operations	18,449	15,697	2,752	18%
Interest expense allocation	(1,821)	(1,046)	775	74%
Pre-tax income	$ 16,628	$ 14,651	$ 1,977	13%
Other Selected Information				
Adjusted EBITDA	$ 30,405	$ 23,955	$ 6,450	27%
Average rental equipment [1]	$ 1,006,903	$ 836,893	$ 170,010	20%
Average rental equipment on rent	$ 776,360	$ 634,648	$ 141,712	22%
Average monthly total yield [2]	2.04%	1.86%		10%
Average utilization [3]	77.1%	75.8%		2%
Average monthly rental rate [4]	2.64%	2.45%		8%
Period end rental equipment [1]	$ 1,013,791	$ 838,479	$ 175,312	21%
Period end utilization [3]	77.6%	75.8%		2%

1. Average and Period end rental equipment represents the cost of rental equipment, excluding new equipment inventory and accessory equipment.
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. Period end utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment, excluding new equipment inventory and accessory equipment. Average utilization for the period is calculated using the average month end costs of 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.

Mobile Modular's gross profit for the three months ended March 31, 2022 increased $8.2 million, or 23%, to $43.1 million. For the three months ended March 31, 2022 compared to the same period in 2021:

- **Gross Profit on Rental Revenues** – Rental revenues increased $14.9 million, or 32%, due to 22% higher average rental equipment on rent and 8% higher average monthly rental rate in 2022. As a percentage of rental revenues, depreciation was 13% in 2022 and 12% in 2021, and other direct costs were 33% in 2022 and 28% in 2021, which resulted in gross margin percentages of 55% in 2022 compared to 60% in 2021. The higher rental revenues and lower rental margins, resulted in gross profit on rental revenues increasing $5.6 million, or 20%, to $33.5 million in 2022.
- **Gross Profit on Rental Related Services** – Rental related services revenues increased $4.3 million, or 31%, compared to 2021. Most of these service revenues are negotiated with the initial modular building lease and are recognized on a straight-line basis with the associated costs over the initial term of the lease. The increase in rental related services revenues was primarily attributable to higher amortization of modular building delivery and return delivery and dismantle revenues, higher site related revenues and revenues derived from other services performed during the lease and increased delivery and return delivery revenues at Portable Storage. The higher revenues and comparable gross margin percentage of 28% in 2022 and 2021, resulted in rental related services gross profit increasing $1.2 million, or 30%, to $5.2 million in 2022.
- **Gross Profit on Sales** – Sales revenues increased $2.8 million, or 36%, compared to 2021, due to higher new and used equipment sales. The higher gross margin percentage of 39% in 2022 compared to 35% in 2021, and higher sales revenue resulted in gross profit on sales increasing $1.4 million, or 51%, to $4.0 million. The higher gross margin on sales in 2022 was primarily due to higher margins on used sales. Sales occur routinely as a normal part of Mobile Modular's rental business; however, these sales and related gross margins can fluctuate from quarter to quarter and year to year depending on customer requirements, equipment availability and funding.

For the three months ended March 31, 2022, selling and administrative expenses increased $5.5 million, or 28%, to $24.7 million, primarily due to increased employee salaries and benefit costs totaling $2.8 million, primarily due to the addition of Design Space and Kitchens To Go employees, $1.4 million higher amortization of intangible assets primarily due to the Design Space and Kitchens To Go acquisitions and $1.6 million higher allocated corporate expenses, partly offset by lower marketing and administrative expenses.

TRS-RenTelco

For the three months ended March 31, 2022, TRS-RenTelco's total revenues decreased $0.1 million to $33.5 million compared to the same period in 2021, primarily due to lower sales revenues, partly offset by higher rental revenues. Higher selling and administrative expenses and a decrease in gross profit resulted in a 6% decrease in pre-tax income to $7.5 million for the three months ended March 31, 2022, from $8.0 million for the same period in 2021.

The following table summarizes results for each revenue and gross profit category, income from operations, pre-tax income and other selected information.

TRS-RenTelco – Three Months Ended 3/31/22 compared to Three Months Ended 3/31/21 (Unaudited)

(dollar amounts in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	$	%
Revenues				
Rental	$ 28,512	$ 27,276	$ 1,236	5%
Rental related services	671	740	(69)	(9)%
Rental operations	29,183	28,016	1,167	4%
Sales	3,927	5,149	(1,222)	(24)%
Other	381	438	(57)	(13)%
Total revenues	33,491	33,603	(112)	(0)%
Costs and Expenses				
Direct costs of rental operations:				
Depreciation of rental equipment	12,029	11,362	667	6%
Rental related services	580	653	(73)	(11)%
Other	4,692	4,534	158	3%
Total direct costs of rental operations	17,301	16,549	752	5%
Costs of sales	1,500	2,301	(801)	(35)%
Total costs of revenues	18,801	18,850	(49)	(0)%
Gross Profit				
Rental	11,791	11,380	411	4%
Rental related services	91	87	4	5%
Rental operations	11,882	11,467	415	4%
Sales	2,427	2,848	(421)	(15)%
Other	381	438	(57)	(13)%
Total gross profit	14,690	14,753	(63)	(0)%
Selling and administrative expenses	6,590	6,298	292	5%
Income from operations	8,100	8,455	(355)	(4)%
Interest expense allocation	(586)	(420)	166	40%
Foreign currency exchange gain (loss)	13	(55)	(68)	124%
Pre-tax income	$ 7,527	$ 7,980	$ (453)	(6)%
Other Selected Information				
Adjusted EBITDA	$ 20,653	$ 20,392	$ 261	1%
Average rental equipment [1]	$ 366,667	$ 334,781	$ 31,886	10%
Average rental equipment on rent	$ 236,889	$ 227,866	$ 9,023	4%
Average monthly total yield [2]	2.59%	2.72%		(5)%
Average utilization [3]	64.6%	68.1%		(5)%
Average monthly rental rate [4]	4.01%	3.99%		1%
Period end rental equipment [1]	$ 374,392	$ 339,363	$ 35,029	10%
Period end utilization [3]	64.7%	69.2%		(7)%

1. Average and Period end rental equipment represents the cost of rental equipment, excluding accessory equipment.
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. Period end utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment, excluding accessory equipment. Average utilization for the period is calculated using the average month end costs of 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.

nm = Not meaningful

TRS-RenTelco's gross profit for the three months ended March 31, 2022 decreased $0.1 million, to $14.7 million. For the three months ended March 31, 2022 compared to the same period in 2021:

- **Gross Profit on Rental Revenues** – Rental revenues increased $1.2 million, or 5%, depreciation expense increased $0.7 million, or 6%, and other direct costs increased $0.2 million or 3%, resulting in a 4% increase in gross profit on rental revenues to $11.8 million. As a percentage of rental revenues, depreciation was 42% in 2022 and 2021, and other direct costs were 16% in 2022 and 17% in 2021, which resulted in a gross margin percentage of 41% in 2022 compared to 42% in 2021. The rental revenues increase was due to 4% higher average rental equipment on rent and 1% higher average monthly rental rates in 2022 as compared to 2021.
- **Gross Profit on Sales** – Sales revenues decreased $1.2 million, or 24%, to $3.9 million in 2022. Gross profit on sales decreased 15%, to $2.4 million, with gross margin percentage of 62% in 2022, compared to 55% in 2021. Sales occur as a normal part of TRS-RenTelco's rental business; however, these sales and related gross margins can fluctuate from quarter to quarter depending on customer requirements and related mix of equipment sold, equipment availability and funding.

For the three months ended March 31, 2022, selling and administrative expenses increased $0.3 million, or 5%, to $6.6 million.

Adler Tanks

For the three months ended March 31, 2022, Adler Tanks' total revenues increased $2.6 million, or 15%, to $20.3 million compared to the same period in 2021, due to higher rental, rental related services and sales revenues. Higher gross profit on rental revenues, partly offset by an increase in selling and administrative expenses and higher allocated interest expense, resulted in a $1.0 million increase in pre-tax income to $1.4 million for the three months ended March 31, 2022, compared to the same period in 2021.

The following table summarizes results for each revenue and gross profit category, income from operations, pre-tax income and other selected information.

Adler Tanks – Three Months Ended 3/31/22 compared to Three Months Ended 3/31/21 (Unaudited)

(dollar amounts in thousands)	Three Months Ended March 31,		Increase (Decrease)	
	2022	2021	$	%
Revenues				
Rental	$ 14,191	$ 12,154	$ 2,037	17%
Rental related services	5,285	4,878	407	8%
Rental operations	19,476	17,032	2,444	14%
Sales	657	608	49	8%
Other	187	70	117	167%
Total revenues	20,320	17,710	2,610	15%
Costs and Expenses				
Direct costs of rental operations:				
Depreciation of rental equipment	4,012	4,074	(62)	(2)%
Rental related services	4,383	3,879	504	13%
Other	2,969	2,298	671	29%
Total direct costs of rental operations	11,364	10,251	1,113	11%
Costs of sales	502	416	86	21%
Total costs of revenues	11,866	10,667	1,199	11%
Gross Profit				
Rental	7,210	5,782	1,428	25%
Rental related services	902	999	(97)	(10)%
Rental operations	8,112	6,781	1,331	20%
Sales	155	192	(37)	(19)%
Other	187	70	117	167%
Total gross profit	8,454	7,043	1,411	20%
Selling and administrative expenses	6,522	6,267	255	4%
Income from operations	1,932	776	1,156	149%
Interest expense allocation	(544)	(431)	113	26%
Pre-tax income	$ 1,388	$ 345	$ 1,043	*nm*
Other Selected Information				
Adjusted EBITDA	$ 6,707	$ 5,700	$ 1,007	18%
Average rental equipment [1]	$ 308,533	$ 313,873	$ (5,340)	(2)%
Average rental equipment on rent	$ 149,141	$ 126,343	$ 22,798	18%
Average monthly total yield [2]	1.53%	1.29%		19%
Average utilization [3]	48.3%	40.3%		20%
Average monthly rental rate [4]	3.17%	3.21%		(1)%
Period end rental equipment [1]	$ 307,842	$ 313,434	$ (5,592)	(2)%
Period end utilization [3]	50.4%	43.0%		17%

1. Average and Period end rental equipment represents the cost of rental equipment, excluding new equipment inventory and accessory equipment.
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. Period end utilization is calculated by dividing the cost of rental equipment on rent by the total cost of rental equipment, excluding new equipment inventory and accessory equipment. Average utilization for the period is calculated using the average month end costs of 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.

nm = Not meaningful

Adler Tanks' gross profit for the three months ended March 31, 2022 increased $1.4 million, or 20%, to $8.5 million. For the three months ended March 31, 2022 compared to the same period in 2021:

- **Gross Profit on Rental Revenues** – Rental revenues increased $2.0 million, or 17%, primarily due to 18% higher average equipment on rent in 2022 compared to 2021. As a percentage of rental revenues, depreciation was 28% in 2022 and 34% in 2021, and other direct costs were 21% and 19% in 2022 and 2021, respectively, which resulted in gross margin percentages of 51% and 48% in 2022 and 2021, respectively. The higher rental revenues and higher rental margins resulted in an increase in gross profit on rental revenues of $1.4 million, or 25%, to $7.2 million in 2022 compared to 2021.
- **Gross Profit on Rental Related Services** – Rental related services revenues increased $0.4 million, or 8%, to $5.3 million compared to 2021. The higher rental related services revenues with lower gross margin percentage of 17% in 2022 compared to 21% in 2021, resulted in rental related services gross profit decreasing 10% to $0.9 million in 2022.

For the three months ended March 31, 2022, selling and administrative expenses increased 4% to $6.5 million compared to the same period in 2021, primarily due to higher allocated corporate expenses.

Adjusted EBITDA

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 share-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 period-to-period operating performance, compliance with financial covenants in the Company's revolving lines of credit and senior notes and the Company's ability to meet future capital expenditure and working capital requirements. Management believes the exclusion of non-cash charges, including share-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 GAAP 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 share-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 SEC, 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.

Reconciliation of Net Income to Adjusted EBITDA

(dollar amounts in thousands)	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2022	2021	2022	2021
Net income	$ 18,793	$ 17,398	$ 91,100	$ 99,223
Provision for income taxes	5,762	4,708	33,105	28,313
Interest expense	2,820	1,783	11,492	7,918
Depreciation and amortization	27,584	23,460	110,819	94,241
EBITDA	54,959	47,349	246,516	229,695
Share-based compensation	1,760	1,777	7,649	5,603
Adjusted EBITDA [1]	$ 56,719	$ 49,126	$ 254,165	$ 235,298
Adjusted EBITDA margin [2]	39%	41%	40%	42%

Reconciliation of Adjusted EBITDA to Net Cash Provided by Operating Activities

(dollar amounts in thousands)	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2022	2021	2022	2021
Adjusted EBITDA [1]	$ 56,719	$ 49,126	$ 254,165	$ 235,298
Interest paid	(2,137)	(1,625)	(10,838)	(7,816)
Income taxes paid, net of refunds received	(420)	(372)	(9,135)	(34,912)
Gain on sale of used rental equipment	(5,364)	(4,794)	(26,011)	(19,335)
Foreign currency exchange (gain) loss	(13)	55	142	(459)
Amortization of debt issuance costs	4	3	16	11
Change in certain assets and liabilities:				
Accounts receivable, net	7,935	1,108	(17,119)	3,626
Prepaid expenses and other assets	4,213	(94)	(2,509)	3,350
Accounts payable and other liabilities	(14,417)	(10,385)	11,449	4,013
Deferred income	5,223	4,587	9,718	(11,345)
Net cash provided by operating activities	$ 51,743	$ 37,609	$ 209,878	$ 172,431

1. Adjusted EBITDA is defined as net income before interest expense, provision for income taxes, depreciation, amortization and share-based compensation.
2. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenues for the period.

Adjusted EBITDA is a component of two restrictive financial covenants for the Company's unsecured Credit Facility, the Note Purchase Agreement, Series C Senior Notes, Series D Senior Notes and Series E Senior Notes (as defined and more fully described under the heading "Liquidity and Capital Resources" in this MD&A). These instruments contain financial covenants requiring the Company to not:

- Permit the Consolidated Fixed Charge Coverage Ratio (as defined in the Credit Facility and the Note Purchase Agreement (as defined and more fully described under the heading "Liquidity and Capital Resources" in this MD&A)) of Adjusted EBITDA (as defined in the Credit Facility and the Note Purchase Agreement) to fixed charges as of the end of any fiscal quarter to be less than 2.50 to 1. At March 31, 2022, the actual ratio was 4.12 to 1.
- Permit the Consolidated Leverage Ratio of funded debt (as defined in the Credit Facility and the Note Purchase Agreement) to Adjusted EBITDA at any time during any period of four consecutive quarters to be greater than 2.75 to 1. At March 31, 2022, the actual ratio was 1.67 to 1.

At March 31, 2022, the Company was in compliance with each of the aforementioned covenants. There are no anticipated trends that the Company is aware of that would indicate non-compliance with these covenants, although, significant deterioration in our financial performance could impact the Company's ability to comply with these covenants.

Liquidity and Capital Resources

The Company's rental businesses are capital intensive and generate significant cash flows. Cash flows for the Company for the three months ended March 31, 2022 compared to the same period in 2021 are summarized as follows:

Cash Flows from Operating Activities: The Company's operations provided net cash of $51.3 million in 2022, compared to $37.6 million in 2021. The 36% increase in net cash provided by operating activities was primarily attributable to higher income from operations, a decrease in accounts receivable and prepaid expenses and other assets, partly offset by a decrease in accounts payable and accrued liabilities.

Cash Flows from Investing Activities: Net cash used in investing activities was $34.5 million in 2022, compared to $8.5 million in 2021. The $26.0 million increase was primarily attributable to $21.4 million higher purchases of rental equipment and $4.4 million higher purchases of property, plant and equipment during 2022.

Cash Flows from Financing Activities: Net cash used in financing activities was $16.6 million in 2022, compared to $28.0 million in 2021. The $11.4 million change was primarily attributable to lower net repayments under bank lines of credit.

Significant capital expenditures are required to maintain and grow the Company's rental assets. During the last three years, the Company has financed its working capital and capital expenditure requirements through cash flow from operations, proceeds from the sale of rental equipment and from borrowings. Sales occur routinely as a normal part of the Company's rental business. However, these

sales can fluctuate from period to period depending on customer requirements and funding. Although the net proceeds received from sales may fluctuate from period to period, the Company believes its liquidity will not be adversely impacted from lower sales in any given year because it believes it has the ability to increase its bank borrowings and conserve its cash in the future by reducing the amount of cash it uses to purchase rental equipment, pay dividends, or repurchase the Company's common stock.

Unsecured Revolving Lines of Credit

On March 31, 2020, the Company entered into an amended and restated credit agreement with Bank of America, N.A., as Administrative Agent, Swing Line Lender, L/C Issuer and lender, and other lenders named therein (the "Credit Facility"). The Credit Facility provides for a $420.0 million unsecured revolving credit facility (which may be further increased to $670.0 million by adding one or more tranches of term loans and/or increasing the aggregate revolving commitments), which includes a $25.0 million sublimit for the issuance of standby letters of credit and a $10.0 million sublimit for swingline loans. The proceeds of the Credit Facility are available to be used for general corporate purposes, including permitted acquisitions. The Credit Facility permits the Company's existing indebtedness to remain, which includes the Company's $12.0 million Treasury Sweep Note due March 31, 2025, the Company's existing senior notes issued pursuant to the Note Purchase and Private Shelf Agreement with Prudential Investment Management, Inc., dated as of April 21, 2011 (as amended, the "the Prior NPA"): (i) the $40.0 million aggregate outstanding principal of notes issued March 17, 2014 which were repaid on March 17, 2021, and (ii) the $60.0 million aggregate outstanding principal of notes issued November 5, 2015 and due November 5, 2022. In addition, the Company may incur additional senior note indebtedness in an aggregate amount not to exceed $250.0 million. The Credit Facility matures on March 31, 2025 and replaced the Company's prior $420.0 million credit facility dated March 31, 2016 with Bank of America, N.A., as agent, as amended. All obligations outstanding under the prior credit facility as of the date of the Credit Facility were refinanced by the Credit Facility on March 31, 2020.

On March 30, 2020, the Company entered into an amended and restated Credit Facility Letter Agreement and a Credit Line Note in favor of MUFG Union Bank, N.A., which provides for a $12.0 million line of credit facility related to its cash management services ("Sweep Service Facility"). The Sweep Service Facility matures on the earlier of March 31, 2025, or the date the Company ceases to utilize MUFG Union Bank, N.A. for its cash management services. The Sweep Service Facility replaced the Company's prior $12.0 million sweep service facility, dated as of March 31, 2016.

At March 31, 2022, under the Credit Facility and Sweep Service Facility, the Company had unsecured lines of credit that permit it to borrow up to $432.0 million of which $264.0 million was outstanding, and had capacity to borrow up to an additional $168.0 million. The Credit Facility contains financial covenants requiring the Company to not (all defined terms used below not otherwise defined herein have the meaning assigned to such terms in the Credit Facility):

- Permit the Consolidated Fixed Charge Coverage Ratio as of the end of any fiscal quarter to be less than 2.50 to 1. At March 31, 2022, the actual ratio was 4.12 to 1.
- Permit the Consolidated Leverage Ratio at any time during any period of four consecutive fiscal quarters to be greater than 2.75 to 1. At March 31, 2022, the actual ratio was 1.67 to 1.

At March 31, 2022, the Company was in compliance with each of the aforementioned covenants. There are no anticipated trends that the Company is aware of that would indicate non-compliance with these covenants, although significant deterioration in our financial performance could impact the Company's ability to comply with these covenants.

Note Purchase and Private Shelf Agreement

On March 31, 2020, the Company entered into an Amended and Restated Note Purchase and Private Shelf Agreement (the "Note Purchase Agreement") with PGIM, Inc. ("PGIM") and the holders of Series B and Series C Notes previously issued pursuant to the Prior NPA, among the Company and the other parties to the Note Purchase Agreement. The Note Purchase Agreement amended and restated, and superseded in its entirety, the Prior NPA. Pursuant to the Prior NPA, the Company issued (i) $40.0 million aggregate principal amount of its 3.68% Series B Senior Notes, which were repaid on March 17, 2021, and (ii) $60.0 million aggregate principal amount of its 3.84% Series C Senior Notes due November 5, 2022, to which the terms of the Note Purchase Agreement shall apply.

In addition, pursuant to the Note Purchase Agreement, the Company may authorize the issuance and sale of additional senior notes (the "Shelf Notes") in the aggregate principal amount of (x) $250 million minus (y) the amount of other notes (such as the Series C Senior Notes, Series D Senior Notes and Series E Senior Notes, each defined below) then outstanding, to be dated the date of issuance thereof, to mature, in case of each Shelf Note so issued, no more than 15 years after the date of original issuance thereof, to have an average life, in the case of each Shelf Note so issued, of no more than 15 years after the date of original issuance thereof, to bear interest on the unpaid balance thereof from the date thereof at the rate per annum, and to have such other particular terms, as shall be set forth, in the case of each Shelf Note so issued, in accordance with the Note Purchase Agreement. Shelf Notes may be issued and sold from time to time at the discretion of the Company's Board of Directors and in such amounts as the Board of Directors may determine, subject to prospective purchasers' agreement to purchase the Shelf Notes. The Company will sell the Shelf Notes directly to such purchasers.

The full net proceeds of each Shelf Note will be used in the manner described in the applicable Request for Purchase with respect to such Shelf Note.

3.84% Senior Notes Due in 2022

On November 5, 2015, the Company issued and sold to the purchasers a $60.0 million aggregate principal amount of its 3.84% Series C Senior Notes (the "Series C Senior Notes") pursuant to the terms of the Prior NPA. The Series C Senior Notes are an unsecured obligation of the Company and bear interest at a rate of 3.84% per annum and mature on November 5, 2022. Interest on the Series C Senior Notes is payable semi-annually beginning on May 5, 2016 and continuing thereafter on November 5 and May 5 of each year until maturity. The principal balance is due when the notes mature on November 5, 2022. The full net proceeds from the Series C Senior Notes were used to reduce the outstanding balance on the Company's revolving credit line. At March 31, 2022, the principal balance outstanding under the Series C Senior Notes was $60.0 million.

2.57% Senior Notes Due in 2028

On March 17, 2021, the Company issued and sold to the purchasers $40 million aggregate principal amount of 2.57% Series D Notes (the "Series D Senior Notes") pursuant to the terms of the Amended and Restated Note Purchase and Private Shelf Agreement, dated March 31, 2020 (the "Note Purchase Agreement"), among the Company, PGIM, Inc. and the noteholders party thereto.

The Series D Senior Notes are an unsecured obligation of the Company and bear interest at a rate of 2.57% per annum and mature on March 17, 2028. Interest on the Series D Senior Notes is payable semi-annually beginning on September 17, 2021 and continuing thereafter on March 17 and September 17 of each year until maturity. The principal balance is due when the notes mature on March 17, 2028. The full net proceeds from the Series D Senior Notes were used to pay off the Company's $40 million Series B Senior Notes. At March 31, 2022, the principal balance outstanding under the Series D Senior Notes was $40.0 million.

2.35% Senior Notes Due in 2026

On June 16, 2021, the Company issued and sold to the purchasers $60 million aggregate principal amount of 2.35% Series E Notes (the "Series E Notes") pursuant to the terms of the Amended and Restated Note Purchase and Private Shelf Agreement, dated March 31, 2020 (the "Note Purchase Agreement"), among the Company, PGIM, Inc. and the noteholders party thereto.

The Series E Senior Notes are an unsecured obligation of the Company and bear interest at a rate of 2.35% per annum and mature on June 16, 2026. Interest on the Series E Senior Notes is payable semi-annually beginning on December 16, 2021 and continuing thereafter on June 16 and December 16 of each year until maturity. The principal balance is due when the notes mature on June 16, 2026. The full net proceeds from the Series E Senior Notes were used to pay down the Company's credit facility. At March 31, 2022, the principal balance outstanding under the Series E Senior Notes was $60.0 million.

Among other restrictions, the Note Purchase Agreement, which has superseded in its entirety the Prior NPA, under which the Series C Senior Notes, Series D Senior Notes and Series E Senior Notes were sold, contains financial covenants requiring the Company to not (all defined terms used below not otherwise defined herein have the meaning assigned to such terms in the Note Purchase Agreement):

- Permit the Consolidated Fixed Charge Coverage Ratio of EBITDA to fixed charges as of the end of any fiscal quarter to be less than 2.50 to 1. At March 31, 2022, the actual ratio was 4.12 to 1.
- Permit the Consolidated Leverage Ratio of funded debt to EBITDA at any time during any period of four consecutive quarters to be greater than 2.75 to 1. At March 31, 2022, the actual ratio was 1.67 to 1.

At March 31, 2022, the Company was in compliance with each of the aforementioned covenants. There are no anticipated trends that the Company is aware of that would indicate non-compliance with these covenants, although significant deterioration in our financial performance could impact the Company's ability to comply with these covenants.

Although no assurance can be given, the Company believes it will continue to be able to negotiate general bank lines of credit and issue senior notes adequate to meet capital requirements not otherwise met by operational cash flows and proceeds from sales of rental equipment. Furthermore, the Company believes it has the financial resources to weather any short-term impacts of COVID-19. However, the Company has limited insight into the extent to which its business may be impacted by COVID-19, and there are many uncertainties, including how long and how severely the Company will be impacted. An extended and severe impact may materially and adversely affect the Company's future operations, financial position and liquidity.

Common Stock Purchase

The Company has in the past made purchases of shares of its common stock from time to time in over-the-counter market (NASDAQ) transactions, through privately negotiated, large block transactions and through a share repurchase plan, in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. In August 2015, the Company's Board of Directors authorized the Company to

repurchase up to 2,000,000 shares of the Company's outstanding common stock (the "Repurchase Plan"). The amount and time of the specific repurchases are subject to prevailing market conditions, applicable legal requirements and other factors, including management's discretion. All shares repurchased by the Company are canceled and returned to the status of authorized but unissued shares of common stock. There can be no assurance that any authorized shares will be repurchased and the Repurchase Plan may be modified, extended or terminated by the Company's Board of Directors at any time. There were no shares repurchased in the three months ended March 31, 2022 and 2021. As of March 31, 2022, 1,309,805 shares remained authorized for repurchase under the Repurchase Plan.

Contractual Obligations and Commitments

We believe that our contractual obligations and commitments have not changed materially from those included in our 2021 Annual Report.

Critical Accounting Estimates

There were no material changes in our judgments and assumptions associated with the development of our critical accounting estimates during the period ended March 31, 2022. Refer to our 2021 Annual Report for a discussion of our critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the Company's market risk exposures from those reported in our 2021 Annual Report.

Item 4. Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO"), the Company's principal executive officer and principal financial officer, respectively, performed an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of March 31, 2022. Based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of March 31, 2022. There were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II -Other Information

Item 1. Legal Proceedings

The Company is subject to various legal proceedings and claims arising in the ordinary course of business. The Company's management does not expect that the outcome in the current proceedings, individually or collectively, will have a material adverse effect on the Company's financial condition, operating results or cash flows.

Item 1a. Risk Factors

You should carefully consider the following discussion of various risks and uncertainties. We believe these risk factors are the most relevant to our business and could cause our results to differ materially from the forward-looking statements made by us. Our business, financial condition, and results of operations could be seriously harmed if any of these risks or uncertainties actually occur or materialize. In that event, the market price for our common stock could decline, and you may lose all or part of your investment. The risk factors below are intended to supersede in their entirety the risk factors contained in "Item 1. A Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2021.

RISKS RELATED TO OUR STRATEGY AND OPERATION:

Our future operating results may fluctuate, fail to match past performance or fail to meet expectations, which may result in a decrease in our stock price.

Our operating results may fluctuate in the future, may fail to match our past performance or fail to meet the expectations of analysts and investors. Our results and related ratios, such as gross margin, operating income percentage and effective tax rate may fluctuate as a result of a number of factors, some of which are beyond our control including but not limited to:

- general economic conditions in the geographies and industries where we rent and sell our products;
- legislative and educational policies where we rent and sell our products;
- the budgetary constraints of our customers;
- seasonality of our rental businesses and our end-markets;
- success of our strategic growth initiatives;
- costs associated with the launching or integration of new or acquired businesses;
- the timing and type of equipment purchases, rentals and sales;
- the nature and duration of the equipment needs of our customers;
- the timing of new product introductions by us, our suppliers and our competitors;
- the volume, timing and mix of maintenance and repair work on our rental equipment;
- supply chain delays or disruptions;
- our equipment mix, availability, utilization and pricing;
- inflation in the cost of materials, labor and new rental equipment;
- the mix, by state and country, of our revenues, personnel and assets;
- rental equipment impairment from excess, obsolete or damaged equipment;
- movements in interest rates or tax rates;
- changes in, and application of, accounting rules;
- changes in the regulations applicable to us; and
- litigation matters.

As a result of these factors, our historical financial results are not necessarily indicative of our future results or stock price.

Our stock price has fluctuated and may continue to fluctuate in the future, which may result in a decline in the value of your investment in our common stock.

The market price of our common stock fluctuates on the NASDAQ Global Select Market and is likely to be affected by a number of factors including but not limited to:

- our operating performance and the performance of our competitors, and in particular any variations in our operating results or dividend rate from our stated guidance or from investors' expectations;
- any changes in general conditions in the global economy, the industries in which we operate or the global financial markets;
- investors' reaction to our press releases, public announcements or filings with the SEC;
- the stock price performance of our competitors or other comparable companies;
- any changes in research analysts' coverage, recommendations or earnings estimates for us or for the stocks of other companies in our industry;
- any sales of common stock by our directors, executive officers and our other large shareholders, particularly in light of the limited trading volume of our stock;
- any merger and acquisition activity that involves us or our competitors; and
- other announcements or developments affecting us, our industry, customers, suppliers or competitors.

In addition, in recent years the U.S. stock market has experienced significant price and volume fluctuations. These fluctuations are often unrelated to the operating performance of particular companies. Additionally, the most recent global credit crisis adversely affected the prices of most publicly traded stocks as many stockholders became more willing to divest their stock holdings at lower values to increase their cash flow and reduce exposure to such fluctuations. These broad market fluctuations and any other negative economic trends may cause declines in the market price of our common stock and may be based upon factors that have little or nothing to do with our Company or its performance, and these fluctuations and trends could materially reduce our stock price.

The impact of COVID-19 on our operations, and the operations of our customers, suppliers and logistics providers, may harm our business.

We continue to monitor the ongoing impact of COVID-19 outbreak around the globe. This includes evaluating the impact on our customers, suppliers, and logistics providers as well as evaluating governmental actions being taken to curtail the spread of the virus. Significant uncertainty continues to exist concerning the magnitude of the impact and duration of the COVID-19 pandemic and related variants. While the Company's operating segments and branch locations currently continue to operate, the Company's results of operations may be negatively impacted by project delays, supply chain delays or disruptions; elevated costs for materials and labor; early returns of equipment currently on rent with customers; overall decreased customer demand for new rental orders, rental related services and sales of new and used rental equipment; and payment delay, or non-payment, by customers who are significantly impacted by COVID-19.

Our ability to retain our executive management and to recruit, retain and motivate key qualified employees is critical to the success of our business.

If we cannot successfully recruit and retain qualified personnel, our operating results and stock price may suffer. We believe that our success is directly linked to the competent people in our organization, including our executive officers, senior managers and other key personnel, and in particular, Joe Hanna, our Chief Executive Officer. Personnel turnover can be costly and could materially and adversely impact our operating results and can potentially jeopardize the success of our current strategic initiatives. We need to attract and retain highly qualified personnel to replace personnel when turnover occurs, as well as add to our staff levels as growth occurs. Our business and stock price likely will suffer if we are unable to fill, or experience delays in filling open positions, or fail to retain key personnel.

Failure by third parties to manufacture and deliver our products to our specifications or on a timely basis may harm our reputation and financial condition.

We depend on third parties to manufacture our products even though we are able to purchase products from a variety of third-party suppliers. In the future, we may be limited as to the number of third-party suppliers for some of our products. Although in general we make advance purchases of some products to help ensure an adequate supply, currently we do not have any long-term purchase contracts with any third-party supplier. We may experience supply problems as a result of financial or operating difficulties or failure of our suppliers, or shortages and discontinuations resulting from product obsolescence or other shortages or allocations by our suppliers. Unfavorable economic conditions may also adversely affect our suppliers or the terms on which we purchase products. In the future, we may not be able to negotiate arrangements with third parties to secure products that we require in sufficient quantities or on reasonable terms. If we cannot negotiate arrangements with third parties to produce our products or if the third parties fail to produce our products to our specifications or in a timely manner, our reputation and financial condition could be harmed.

We are subject to information technology system failures, network disruptions and breaches in data security which could subject us to liability, reputational damage or interrupt the operation of our business.

We rely upon our information technology systems and infrastructure for our business. We sustained an immaterial cybersecurity attack in 2021 involving ransomware that impacted certain of our systems, but was unsuccessful in its ability to disrupt our network. Our investigation revealed that an unauthorized third party copied some personal information relating to certain current and former employees, directors, contractor workers and their dependents and certain other persons. Upon detection, we promptly undertook steps to address the incident, restored network systems and resumed normal operations. The attack did not result in any material disruption to our operations or ability to service our customers, and did not affect our financial performance.

In the future, we could experience additional breaches of our security measures resulting in the theft of confidential information or reputational damage from industrial espionage attacks, malware or other cyber-attacks, which may compromise our system infrastructure or lead to data leakage, either internally or at our third-party providers. Similarly, additional data privacy breaches by those who access our systems may pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, our employees, customers or other business partners, may be exposed to unauthorized persons or to the public.

The immaterial breach of our information technology system and any future breaches could subject us to reputational damage. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. There can be no assurance that our efforts to protect our data and information technology systems will prevent future breaches in our systems (or that of our third-party providers) that could adversely affect our business and result in financial and reputational harm to us, theft of trade secrets and other proprietary information, legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties.

Disruptions in our information technology systems or failure to protect these systems against security breaches could adversely affect our business and results of operations. Additionally, if these systems fail, become unavailable for any period of time or are not upgraded, this could limit our ability to effectively monitor and control our operations and adversely affect our operations.

Our information technology systems facilitate our ability to transact business, monitor and control our operations and adjust to changing market conditions. We sustained an immaterial cybersecurity attack in 2021 involving ransomware that impacted certain of our systems, but was unsuccessful in its ability to disrupt our network. Upon detection, we promptly undertook steps to address the incident, restored network systems and resumed normal operations. Any future cybersecurity attack causing disruption in our information technology systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively transact business, monitor and control our operations and adjust to changing market conditions in a timely manner.

In addition, because of recent advances in technology and well-known efforts on the part of computer hackers and cyber-terrorists to breach data security of companies, we face risks associated with failure to adequately protect critical corporate, customer and employee data, which could adversely impact our customer relationships, our reputation, and even violate privacy laws. As part of our business, we develop, receive and retain confidential data about our company and our customers.

Further, the delay or failure to implement information system upgrades and new systems effectively could disrupt our business, distract management's focus and attention from our business operations and growth initiatives, and increase our implementation and operating costs, any of which could negatively impact our operations and operating results.

We have engaged in acquisitions and may engage in future acquisitions that could negatively impact our results of operations, financial condition and business.

In the second quarter 2021, we acquired the assets of Design Space Modular Buildings PNW, LP ("Design Space"), a provider of modular buildings and portable storage containers for rental and sale to customers in the West and Pacific Northwest states in the U.S. and GRS Holding LLC, DBA Kitchens to Go ("Kitchens To Go"), a provider of interim and permanent modular solutions for foodservice providers that require flexible facilities to continue or expand operations. We anticipate that we will continue to consider acquisitions in the future that meet our strategic growth plans. We are unable to predict whether or when any prospective acquisition will be completed. Acquisitions involve numerous risks, including the following:

- difficulties in integrating the operations, technologies, products and personnel of the acquired companies;
- diversion of management's attention from normal daily operations of our business;
- difficulties in entering markets in which we have no or limited direct prior experience and where competitors in such markets may have stronger market positions;
- difficulties in complying with regulations applicable to any acquired business, such as environmental regulations, and managing risks related to an acquired business;
- timely completion of necessary financing and required amendments, if any, to existing agreements;
- an inability to implement uniform standards, controls, procedures and policies;
- undiscovered and unknown problems, defects, damaged assets liabilities, or other issues related to any acquisition that become known to us only after the acquisition;
- negative reactions from our customers to an acquisition;
- disruptions among employees related to any acquisition which may erode employee morale;
- loss of key employees, including costly litigation resulting from the termination of those employees;
- an inability to realize cost efficiencies or synergies that we may anticipate when selecting acquisition candidates;
- recording of goodwill and non-amortizable intangible assets that will be subject to future impairment testing and potential periodic impairment charges;
- incurring amortization expenses related to certain intangible assets; and
- becoming subject to litigation.

Acquisitions are inherently risky, and no assurance can be given that our recent and future acquisitions will be successful or will not adversely affect our business, operating results, or financial condition. The success of our acquisition strategy depends upon our ability to successfully complete acquisitions and integrate any businesses that we acquire into our existing business. The difficulties of integration could be increased by the necessity of coordinating geographically dispersed organizations; maintaining acceptable standards, controls, procedures and policies; integrating personnel with disparate business backgrounds; combining different corporate cultures; and the impairment of relationships with employees and customers as a result of any integration of new management and other personnel. In addition, if we consummate one or more significant future acquisitions in which the consideration consists of stock or other securities, our existing shareholders' ownership could be diluted significantly. If we were to proceed with one or more significant future acquisitions in which the consideration included cash, we could be required to use, to the extent available, a substantial portion of our Credit Facility. If we increase the amount borrowed against our available credit line, we would increase the risk of breaching the covenants under our credit facilities with our lenders. In addition, it would limit our ability to make other investments, or we may be required to seek additional debt or equity financing. Any of these items could adversely affect our results of operations.

If we determine that our goodwill and intangible assets have become impaired, we may incur impairment charges, which would negatively impact our operating results.

At March 31, 2022, we had $177.9 million of goodwill and intangible assets, net, on our consolidated balance sheets. Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations. Under accounting principles generally accepted in the United States of America, we assess potential impairment of our goodwill and intangible assets at least annually, as well as on an interim basis to the extent that factors or indicators become apparent that could reduce the fair value of any of our businesses below book value. Impairment may result from significant changes in the manner of use of the acquired asset, negative industry or economic trends and significant underperformance relative to historic or projected operating results.

Our rental equipment is subject to residual value risk upon disposition, and may not sell at the prices or in the quantities we expect.

The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- the market price for new equipment of a like kind;
- the age of the equipment at the time it is sold, as well as wear and tear on the equipment relative to its age;
- the supply of used equipment on the market;
- technological advances relating to the equipment;
- worldwide and domestic demand for used equipment; and
- general economic conditions.

We include in income from operations the difference between the sales price and the depreciated value of an item of equipment sold. Changes in our assumptions regarding depreciation could change our depreciation expense, as well as the gain or loss realized upon disposal of equipment. Sales of our used rental equipment at prices that fall significantly below our projections or in lesser quantities than we anticipate will have a negative impact on our results of operations and cash flows.

If we do not effectively manage our credit risk, collect on our accounts receivable or recover our rental equipment from our customers' sites, it could have a material adverse effect on our operating results.

We generally rent and sell to customers on 30 day payment terms, individually perform credit evaluation procedures on our customers for each transaction and require security deposits or other forms of security from our customers when a significant credit risk is identified. Historically, accounts receivable write-offs and write-offs related to equipment not returned by customers have not been significant and have averaged less than 1% of total revenues over the last five years. If economic conditions deteriorate, we may see an increase in bad debt relative to historical levels, which may materially and adversely affect our operations. Business segments that experience significant market disruptions or declines may experience increased customer credit risk and higher bad debt expense. Failure to manage our credit risk and receive timely payments on our customer accounts receivable may result in write-offs and/or loss of equipment, particularly electronic test equipment. If we are not able to effectively manage credit risk issues, or if a large number of our customers should have financial difficulties at the same time, our receivables and equipment losses could increase above historical levels. If this should occur, our results of operations may be materially and adversely affected.

Effective management of our rental assets is vital to our business. If we are not successful in these efforts, it could have a material adverse impact on our results of operations.

Our modular, electronics and liquid and solid containment rental products have long useful lives and managing those assets is a critical element to each of our rental businesses. Generally, we design units and find manufacturers to build them to our specifications for our modular and liquid and solid containment tanks and boxes. Modular asset management requires designing and building the product for a long life that anticipates the needs of our customers, including anticipating potential changes in legislation, regulations, building codes and local permitting in the various markets in which the Company operates. Electronic test equipment asset management requires understanding, selecting and investing in equipment technologies that support market demand, including anticipating technological advances and changes in manufacturers' selling prices. Liquid and solid containment asset management requires designing and building the product for a long life, using quality components and repairing and maintaining the products to prevent leaks. For each of our modular, electronic test equipment and liquid and solid containment assets, we must successfully maintain and repair this equipment cost-effectively to maximize the useful life of the products and the level of proceeds from the sale of such products. To the extent that we are unable to do so, our result of operations could be materially adversely affected.

The nature of our businesses, including the ownership of industrial property, exposes us to the risk of litigation and liability under environmental, health and safety and products liability laws. Violations of environmental or health and safety related laws or associated liability could have a material adverse effect on our business, financial condition and results of operations.

We are subject to national, state, provincial and local environmental laws and regulations concerning, among other things, solid and liquid waste and hazardous substances handling, storage and disposal and employee health and safety. These laws and regulations are complex and frequently change. We could incur unexpected costs, penalties and other civil and criminal liability if we fail to comply with applicable environmental or health and safety laws. We also could incur costs or liabilities related to waste disposal or remediating soil or groundwater contamination at our properties, at our customers' properties or at third party landfill and disposal sites. These liabilities can be imposed on the parties generating, transporting or disposing of such substances or on the owner or operator of any affected property, often without regard to whether the owner or operator knew of, or was responsible for, the presence of hazardous substances.

Several aspects of our businesses involve risks of environmental and health and safety liability. For example, our operations involve the use of petroleum products, solvents and other hazardous substances in the construction and maintaining of modular buildings and for fueling and maintaining our delivery trucks and vehicles. We also own, transport and rent tanks and boxes in which waste materials are placed by our customers. The historical operations at some of our previously or currently owned or leased and newly acquired or leased properties may have resulted in undiscovered soil or groundwater contamination or historical non-compliance by third parties for which we could be held liable. Future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination or non-compliance, may also give rise to liabilities or other claims based on these operations that may be material. In addition, compliance with future environmental or health and safety laws and regulations may require significant capital or operational expenditures or changes to our operations.

Accordingly, in addition to potential penalties for non-compliance, we may become liable, either contractually or by operation of law, for investigation, remediation and monitoring costs even if the contaminated property is not presently owned or operated by us, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. In addition, certain parties may be held liable for more than their "fair" share of environmental investigation and cleanup costs. Contamination and exposure to hazardous substances or other contaminants such as mold can also result in claims for remediation or damages, including personal injury, property damage, and natural resources damage claims. Although expenses related to environmental compliance, health and safety issues, and related matters have not been material to date, we cannot assure that we will not have to make significant expenditures in the future in order to comply with applicable laws and regulations. Violations of environmental or health and safety related laws or associated liability could have a material adverse effect on our business, financial condition and results of operations.

In general, litigation in the industries in which we operate, including class actions that seek substantial damages, arises with increasing frequency. Enforcement of environmental and health and safety requirements is also frequent. Such proceedings are invariably expensive, regardless of the merit of the plaintiffs' or prosecutors' claims. We may be named as a defendant in the future, and there can be no assurance, irrespective of the merit of such future actions, that we will not be required to make substantial settlement payments in the future. Further, a significant portion of our business is conducted in California which is one of the most highly regulated and litigious states in the country. Therefore, our potential exposure to losses and expenses due to new laws, regulations or litigation may be greater than companies with a less significant California presence.

The nature of our business also subjects us to property damage and product liability claims, especially in connection with our modular buildings and tank and box rental businesses. Although we maintain liability coverage that we believe is commercially reasonable, an unusually large property damage or product liability claim or a series of claims could exceed our insurance coverage or result in damage to our reputation.

Our routine business activities expose us to risk of litigation from employees, vendors and other third parties, which could have a material adverse effect on our results of operations.

We may be subject to claims arising from disputes with employees, vendors and other third parties in the normal course of our business; these risks may be difficult to assess or quantify and their existence and magnitude may remain unknown for substantial periods of time. If the plaintiffs in any suits against us were to successfully prosecute their claims, or if we were to settle any such suits by making significant payments to the plaintiffs, our operating results and financial condition would be harmed. Even if the outcome of a claim proves favorable to us, litigation can be time consuming and costly and may divert management resources. In addition, our organizational documents require us to indemnify our senior executives to the maximum extent permitted by California law. We maintain directors' and officers' liability insurance that we believe is commercially reasonable in connection with such obligations, but if our senior executives were named in any lawsuit, our indemnification obligations could magnify the costs of these suits and/or exceed the coverage of such policies.

If we suffer loss to our facilities, equipment or distribution system due to catastrophe, our insurance policies could be inadequate or depleted, our operations could be seriously harmed, which could negatively affect our operating results.

Our facilities, rental equipment and distribution systems may be subject to catastrophic loss due to fire, flood, hurricane, earthquake, terrorism or other natural or man-made disasters. In particular, our headquarters, three operating facilities, and certain of our rental equipment are located in areas of California, with above average seismic activity and could be subject to catastrophic loss caused by an earthquake. Our rental equipment and facilities in Texas, Louisiana, Florida, North Carolina and Georgia are located in areas subject to hurricanes and other tropical storms. In addition to customers' insurance on rented equipment, we carry property insurance on our rental equipment in inventory and operating facilities as well as business interruption insurance. We believe our insurance policies have adequate limits and deductibles to mitigate the potential loss exposure of our business. We do not maintain financial reserves for policy deductibles and our insurance policies contain exclusions that are customary for our industry, including exclusions for earthquakes, flood and terrorism. If any of our facilities or a significant amount of our rental equipment were to experience a catastrophic loss, it could disrupt our operations, delay orders, shipments and revenue recognition and result in expenses to repair or replace the damaged rental equipment and facility not covered by insurance, which could have a material adverse effect on our results of operations.

INTEREST RATE AND INDEBTEDNESS RISKS:

Our debt instruments contain covenants that restrict or prohibit our ability to enter into a variety of transactions and may limit our ability to finance future operations or capital needs. If we have an event of default under these instruments, our indebtedness could be accelerated and we may not be able to refinance such indebtedness or make the required accelerated payments.

The agreements governing our Series C, D and E Senior Notes (as defined and more fully described under the heading "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources") and our Credit Facility contain various covenants that limit our discretion in operating our business. In particular, we are limited in our ability to merge, consolidate, reorganize or transfer substantially all of our assets, make investments, pay dividends or distributions, redeem or repurchase stock, change the nature of our business, enter into transactions with affiliates, incur indebtedness and create liens on our assets to secure debt. In addition, we are required to meet certain financial covenants under these instruments. These restrictions could limit our ability to obtain future financing, make strategic acquisitions or needed capital expenditures, withstand economic downturns in our business or the economy in general, conduct operations or otherwise take advantage of business opportunities that may arise.

A failure to comply with the restrictions contained in these agreements could lead to an event of default, which could result in an acceleration of our indebtedness. In the event of an acceleration, we may not have or be able to obtain sufficient funds to refinance our indebtedness or make any required accelerated payments. If we default on our indebtedness, our business financial condition and results of operations could be materially and adversely affected.

The majority of our indebtedness is subject to variable interest rates, which makes us vulnerable to increases in interest rates, which could negatively affect our net income.

Our indebtedness exposes us to interest rate increases because the majority of our indebtedness is subject to variable rates. At present, we do not have any derivative financial instruments such as interest rate swaps or hedges to mitigate interest rate variability. The interest rates under our credit facilities are reset at varying periods. These interest rate adjustments could cause periodic fluctuations in our operating results and cash flows. Our annual debt service obligations increase by approximately $2.7 million per year for each 1% increase in the average interest rate we pay based on the $266.5 million balance of variable rate debt outstanding at December 31, 2021. If interest rates rise in the future, and, particularly if they rise significantly, interest expense will increase and our net income will be negatively affected.

GENERAL RISKS:

Our effective tax rate may change and become less predictable as our business expands, or as a result of federal and state tax law changes, making our future earnings less predictable.

We continue to consider expansion opportunities domestically and internationally for our rental businesses. Since the Company's effective tax rate depends on business levels, personnel and assets located in various jurisdictions, further expansion into new markets or acquisitions may change the effective tax rate in the future and may make it, and consequently our earnings, less predictable going forward. Further, the enactment of future tax law changes by federal and state taxing authorities may impact the Company's current period tax provision and its deferred tax liabilities. In addition, the amount and timing of stock-based compensation may also impact the Company's current tax provision.

Changes in financial accounting standards may cause lower than expected operating results and affect our reported results of operations.

Changes in accounting standards and their application may have a significant effect on our reported results on a going-forward basis and may also affect the recording and disclosure of previously reported transactions. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred in the past and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

SPECIFIC RISKS RELATED TO OUR RELOCATABLE MODULAR BUILDINGS BUSINESS SEGMENT:

Significant reductions of, or delays in, funding to public schools have caused the demand and pricing for our modular classroom units to decline, which has in the past caused, and may cause in the future, a reduction in our revenues and profitability.

Rentals and sales of modular buildings to public school districts for use as classrooms, restroom buildings, and administrative offices for K-12 represent a significant portion of Mobile Modular's rental and sales revenues. Funding for public school facilities is derived from a variety of sources including the passage of both statewide and local facility bond measures, developer fees and various taxes levied to support school operating budgets. Many of these funding sources are subject to financial and political considerations, which vary from district to district and are not tied to demand. Historically, we have benefited from the passage of statewide and local facility bond measures and believe these are essential to our business.

The state of California is our largest market for classroom rentals. The strength of this market depends heavily on public funding from voter passage of both state and local facility bond measures, and the ability of the state to sell such bonds in the public market. A lack of passage of state and local facility bond measures, or the inability to sell bonds in the public markets in the future could reduce our revenues and operating income, and consequently have a material adverse effect on the Company's financial condition. Furthermore, even if voters have approved facility bond measures and the state has raised bond funds, there is no guarantee that individual school projects will be funded in a timely manner.

As a consequence of the most recent economic recession, many states and local governments experienced large budget deficits resulting in severe budgetary constraints among public school districts. To the extent public school districts' funding is reduced for the rental and purchase of modular buildings, our business could be harmed and our results of operations negatively impacted. We believe that interruptions or delays in the passage of facility bond measures or completion of state budgets, an insufficient amount of state funding, a significant reduction of funding to public schools, or changes negatively impacting enrollment may reduce the rental and sale demand for our educational products. Any reductions in funding available to the school districts from the states in which we do business may cause school districts to experience budget shortfalls and to reduce their demand for our products despite growing student populations, class size reduction initiatives and modernization and reconstruction project needs, which could reduce our revenues and operating income and consequently have a material adverse effect on the Company's financial condition.

Public policies that create demand for our products and services may change, resulting in decreased demand for or the pricing of our products and services, which could negatively affect our revenues and operating income.

Various states that we operate enacted laws and constitutional amendments to provide funding for school districts to limit the number of students that may be grouped in a single classroom. School districts with class sizes in excess of state limits have been and continue to be a significant source of our demand for modular classrooms. In California, efforts to address aging infrastructure and deferred maintenance have resulted in modernization and reconstruction projects by public school districts including seismic retrofitting, asbestos abatement and various building repairs and upgrades, which has been another source of demand for our modular classrooms. The most recent economic recession caused state and local budget shortfalls, which reduced school districts' funding and their ability to comply with state class size reduction requirements. If educational priorities and policies shift away from class-size reduction or modernization and reconstruction projects, demand and pricing for our products and services may decline, not grow as quickly as, or not reach the levels that we anticipate. Significant equipment returns may result in lower utilization until equipment can be redeployed or sold, which may cause rental rates to decline and negatively affect our revenues and operating income.

Failure to comply with applicable regulations could harm our business and financial condition, resulting in lower operating results and cash flows.

Similar to conventionally constructed buildings, the modular building industry, including the manufacturers and lessors of portable classrooms, are subject to regulations by multiple governmental agencies at the federal, state and local level relating to environmental, zoning, health, safety, energy efficiency, labor and transportation matters, among other matters. Failure to comply with these laws or regulations could impact our business or harm our reputation and result in higher capital or operating expenditures or the imposition of penalties or restrictions on our operations.

As with conventional construction, typically new codes and regulations are not retroactively applied. Nonetheless, new governmental regulations in these or other areas may increase our acquisition cost of new rental equipment, limit the use of or make obsolete some of our existing equipment, or increase our costs of rental operations.

Building codes are generally reviewed every three years. All aspects of a given code are subject to change including, but not limited to, such items as structural specifications for earthquake safety, energy efficiency and environmental standards, fire and life safety, transportation, lighting and noise limits.

Compliance with building codes and regulations entails a certain amount of risk as state and local government authorities do not necessarily interpret building codes and regulations in a consistent manner, particularly where applicable regulations may be unclear and subject to interpretation. These regulations often provide broad discretion to governmental authorities that oversee these matters, which can result in unanticipated delays or increases in the cost of compliance in particular markets. The construction and modular industries have developed many "best practices" which are constantly evolving. Some of our peers and competitors may adopt practices that are more or less stringent than the Company's. When, and if, regulatory standards are clarified, the effect of the clarification may be to impose rules on our business and practices retroactively, at which time, we may not be in compliance with such regulations and we may be required to incur costly remediation. If we are unable to pass these increased costs on to our customers, our profitability, operating cash flows and financial condition could be negatively impacted.

Expansions of our modular operations into new markets may negatively affect our operating results.

In the past we have expanded our modular operations into new geographies and states. There are risks inherent in the undertaking of such expansion, including the risk of revenue from the business in any new markets not meeting our expectations, higher than expected costs in entering these new markets, risk associated with compliance with applicable state and local laws and regulations, response by competitors and unanticipated consequences of expansion. In addition, expansion into new markets may be affected by local economic and market conditions. Expansion of our operations into new markets will require a significant amount of attention from our management, a commitment of financial resources and will require us to add qualified management in these markets, which may negatively impact our operating results.

We are subject to laws and regulations governing government contracts. These laws and regulations make these government contracts more favorable to government entities than other third parties and any changes in these laws and regulations, or our failure to comply with these laws and regulations could harm our business.

We have agreements relating to the sale of our products to government entities and, as a result, we are subject to various statutes and regulations that apply to companies doing business with the government. The laws governing government contracts differ from the laws governing private contracts. For example, many government contracts contain pricing terms and conditions that are not applicable to private contracts such as clauses that allow government entities not to perform on contractual obligations in the case of a lack of fiscal funding. Also, in the educational markets we serve, we are able to utilize "piggyback" contracts in marketing our products and services and ultimately to book business. The term "piggyback" contract refers to contracts for portable classrooms or other products entered into by public school districts following a formal bid process that allows for the use of the same contract terms and conditions with the successful vendor by other public school districts. As a result, "piggyback" contracts allow us to more readily book orders from our government customers, primarily public school districts, and to reduce the administrative expense associated with booking these orders. The governmental statutes and regulations that allow for use of "piggyback" contracts are subject to change or elimination in their entirety. A change in the manner of use or the elimination of "piggyback" contracts would likely negatively impact our ability to book new business from these government customers and could cause our administrative expenses related to processing these orders to increase significantly. In addition, any failure to comply with these laws and regulations might result in administrative penalties or even in the suspension of these contracts and as a result, the loss of the related revenues which would harm our business and results from operations.

Seasonality of our educational business may have adverse consequences for our business.

A significant portion of the modular sale and rental revenues is derived from the educational market. Typically, during each calendar year, our highest numbers of classrooms are shipped for rental and sale orders during the second and third quarters for delivery and installation prior to the start of the upcoming school year. The majority of classrooms shipped in the second and third quarters have rental start dates during the third quarter, thereby making the fourth quarter the first full quarter of rental revenues recognized for these transactions. Although this is the historical seasonality of our business, it is subject to change or may not meet our expectations, which may have adverse consequences for our business.

We face strong competition in our modular building markets and we may not be able to effectively compete.

The modular building leasing industry is highly competitive in our states of operation and we expect it to remain so. The competitive market in which we operate may prevent us from raising rental fees or sales prices to pass any increased costs on to our customers. We compete on the basis of a number of factors, including equipment availability, quality, price, service, reliability, appearance, functionality and delivery terms. We may experience pricing pressures in our areas of operation in the future as some of our competitors seek to obtain market share by reducing prices.

Some of our competitors in the modular building leasing industry, notably WillScot Corporation, have a greater range of products and services, greater financial and marketing resources, larger customer bases, and greater name recognition than we have. WillScot Corporation completed the acquisition of Modspace in August, 2018 and Mobile Mini in July, 2020. These combined competitors may be better able to respond to changes in the relocatable modular building market, to finance acquisitions, to fund internal growth and to compete for market share, any of which could harm our business.

We may not be able to quickly redeploy modular units returning from leases, which could negatively affect our financial performance and our ability to expand, or utilize, our rental fleet.

As of March 31, 2022, 64% of our modular portfolio had equipment on rent for periods exceeding the original committed term. Generally, when a customer continues to rent the modular units beyond the contractual term, the equipment rents on a month-to-month basis. If a significant number of our rented modular units were returned during a short period of time, particularly those units that are rented on a month-to-month basis, a large supply of units would need to be remarketed. Our failure to effectively remarket a large influx

of units returning from leases could negatively affect our financial performance and our ability to continue expanding our rental fleet. In addition, if returned units stay off rent for an extended period of time, we may incur additional costs to securely store and maintain them.

Significant increases in raw material and labor costs could increase our acquisition cost of new modular rental units and repair and maintenance costs of our fleet, which would increase our operating costs and harm our profitability.

We incur labor costs and purchase raw materials, including lumber, siding and roofing and other products to perform periodic repairs, modifications and refurbishments to maintain physical conditions of our modular units. The volume, timing and mix of maintenance and repair work on our rental equipment may vary quarter-to-quarter and year-to-year. Generally, increases in labor and raw material costs will also increase the acquisition cost of new modular units and increase the repair and maintenance costs of our fleet. We also maintain a fleet of service trucks and use subcontractor companies for the delivery, set-up, return delivery and dismantle of modulars for our customers. We rely on our subcontractor service companies to meet customer demands for timely shipment and return, and the loss or inadequate number of subcontractor service companies may cause prices to increase, while negatively impacting our reputation and operating performance. During periods of rising prices for labor, raw materials or fuel, and in particular, when the prices increase rapidly or to levels significantly higher than normal, we may incur significant increases in our acquisition costs for new modular units and incur higher operating costs that we may not be able to recoup from our customers, which would reduce our profitability.

Failure by third parties to manufacture our products timely or properly may harm our reputation and financial condition.

We are dependent on third parties to manufacture our products even though we are able to purchase products from a variety of third-party suppliers. Mobile Modular purchases new modulars from various manufacturers who build to Mobile Modular's design specifications. With the exception of Enviroplex, none of the principal suppliers are affiliated with the Company. During 2021, Mobile Modular purchased 41% of its modular product from one manufacturer. The Company believes that the loss of any of its primary manufacturers of modulars could have an adverse effect on its operations since Mobile Modular could experience higher prices and longer delivery lead times for modular product until other manufacturers were able to increase their production capacity.

Failure to properly design, manufacture, repair and maintain the modular product may result in impairment charges, potential litigation and reduction of our operating results and cash flows.

We estimate the useful life of the modular product to be 18 years with a residual value of 50%. However, proper design, manufacture, repairs and maintenance of the modular product during our ownership is required for the product to reach the estimated useful life of 18 years with a residual value of 50%. If we do not appropriately manage the design, manufacture, repair and maintenance of our modular product, or otherwise delay or defer such repair or maintenance, we may be required to incur impairment charges for equipment that is beyond economic repair costs or incur significant capital expenditures to acquire new modular product to serve demand. In addition, such failures may result in personal injury or property damage claims, including claims based on presence of mold, and termination of leases or contracts by customers. Costs of contract performance, potential litigation, and profits lost from termination could accordingly reduce our future operating results and cash flows.

Our warranty costs may increase and warranty claims could damage our reputation and negatively impact our revenues and operating income.

Sales of new relocatable modular buildings not manufactured by us are typically covered by warranties provided by the manufacturer of the products sold. We provide ninety-day warranties on certain modular sales of used rental units and one-year warranties on equipment manufactured by our Enviroplex subsidiary. Historically, our warranty costs have not been significant, and we monitor the quality of our products closely. If a defect were to arise in the installation of our equipment at the customer's facilities or in the equipment acquired from our suppliers or by our Enviroplex subsidiary, we may experience increased warranty claims. Such claims could disrupt our sales operations, damage our reputation and require costly repairs or other remedies, negatively impacting revenues and operating income.

SPECIFIC RISKS RELATED TO OUR ELECTRONIC TEST EQUIPMENT BUSINESS SEGMENT:

Market risk and cyclical downturns in the industries using test equipment may result in periods of low demand for our product resulting in excess inventory, impairment charges and reduction of our operating results and cash flows.

TRS-RenTelco's revenues are derived from the rental and sale of general purpose and communications test equipment to a broad range of companies, from Fortune 500 to middle and smaller market companies, in the aerospace, defense, communications, manufacturing and semiconductor industries. Electronic test equipment rental and sales revenues are primarily affected by the business activity within these industries related to research and development, manufacturing, and communication infrastructure installation and maintenance. Historically, these industries have been cyclical and have experienced periodic downturns, which can have a material

adverse impact on the industry's demand for equipment, including our rental electronic test equipment. In addition, the severity and length of any downturn in an industry may also affect overall access to capital, which could adversely affect our customers and result in excess inventory and impairment charges. During periods of reduced and declining demand for test equipment, we are exposed to additional receivable risk from non-payment and may need to rapidly align our cost structure with prevailing market conditions, which may negatively impact our operating results and cash flows.

Seasonality of our electronic test equipment business may impact quarterly results.

Generally, rental activity declines in the fourth quarter month of December and the first quarter months of January and February. These months may have lower rental activity due to holiday closures, particularly by larger companies, inclement weather and its impact on various field related communications equipment rentals, and companies' operational recovery from holiday closures which may impact the start-up of new projects coming online in the first quarter. These seasonal factors historically have impacted quarterly results in each year's first and fourth quarter, but we are unable to predict how such factors may impact future periods.

Our rental test equipment may become obsolete or may no longer be supported by a manufacturer, which could result in an impairment charge.

Electronic test equipment is characterized by changing technology and evolving industry standards that may render our existing equipment obsolete through new product introductions, or enhancements, before the end of its anticipated useful life, causing us to incur impairment charges. We must anticipate and keep pace with the introduction of new hardware, software and networking technologies and acquire equipment that will be marketable to our current and prospective customers.

Additionally, some manufacturers of our equipment may be acquired or cease to exist, resulting in a future lack of support for equipment purchased from those manufacturers. This could result in the remaining useful life becoming shorter, causing us to incur an impairment charge. We monitor our manufacturers' capacity to support their products and the introduction of new technologies, and we acquire equipment that will be marketable to our current and prospective customers. However, any prolonged economic downturn could result in unexpected bankruptcies or reduced support from our manufacturers. Failure to properly select, manage and respond to the technological needs of our customers and changes to our products through their technology life cycle may cause certain electronic test equipment to become obsolete, resulting in impairment charges, which may negatively impact operating results and cash flows.

If we do not effectively compete in the rental equipment market, our operating results will be materially and adversely affected.

The electronic test equipment rental business is characterized by intense competition from several competitors, including Electro Rent Corporation, Continental Resources and TestEquity, some of which may have access to greater financial and other resources than we do. Although no single competitor holds a dominant market share, we face competition from these established entities and new entrants in the market. We believe that we anticipate and keep pace with the introduction of new products and acquire equipment that will be marketable to our current and prospective customers. We compete on the basis of a number of factors, including product availability, price, service and reliability. Some of our competitors may offer similar equipment for lease, rental or sale at lower prices and may offer more extensive servicing, or financing options. Failure to adequately forecast the adoption of, and demand for, new or existing products may cause us not to meet our customers' equipment requirements and may materially and adversely affect our operating results.

If we are not able to obtain equipment at favorable rates, there could be a material adverse effect on our operating results and reputation.

The majority of our rental equipment portfolio is comprised of general purpose test and measurement instruments purchased from leading manufacturers such as Keysight Technologies, Rhode & Schwarz and Tektronix, a division of Fortive Corporation. We depend on purchasing equipment from these manufacturers and suppliers for use as our rental equipment. If, in the future, we are not able to purchase necessary equipment from one or more of these suppliers on favorable terms, we may not be able to meet our customers' demands in a timely manner or for a rental rate that generates a profit. If this should occur, we may not be able to secure necessary equipment from an alternative source on acceptable terms and our business and reputation may be materially and adversely affected.

If we are not able to anticipate and mitigate the risks associated with operating internationally, there could be a material adverse effect on our operating results.

Currently, total foreign country customers and operations account for less than 10% of the Company's revenues. In recent years some of our customers have expanded their international operations faster than domestic operations, and this trend may continue. Over time, the amount of our international business may increase if we focus on international market opportunities. Operating in foreign countries subjects the Company to additional risks, any of which may adversely impact our future operating results, including:

- international political, economic and legal conditions including tariffs and trade barriers;
- our ability to comply with customs, anti-corruption, import/export and other trade compliance regulations, together with any unexpected changes in such regulations;
- greater difficulty in our ability to recover rental equipment and obtain payment of the related trade receivables;
- additional costs to establish and maintain international subsidiaries and related operations;
- difficulties in attracting and retaining staff and business partners to operate internationally;
- language and cultural barriers;
- seasonal reductions in business activities in the countries where our international customers are located;
- difficulty with the integration of foreign operations;
- longer payment cycles;
- currency fluctuations; and
- potential adverse tax consequences.

Unfavorable currency exchange rates may negatively impact our financial results in U.S. dollar terms.

We receive revenues in Canadian dollars from our business activities in Canada. Conducting business in currencies other than U.S. dollars subjects us to fluctuations in currency exchange rates. If the currency exchange rates change unfavorably, the value of net receivables we receive in foreign currencies and later convert to U.S. dollars after the unfavorable change would be diminished. This could have a negative impact on our reported operating results. We currently do not engage in hedging strategies to mitigate this risk.

SPECIFIC RISKS RELATED TO OUR LIQUID AND SOLID CONTAINMENT TANKS AND BOXES BUSINESS SEGMENT:

We may be brought into tort or environmental litigation or held responsible for cleanup of spills if the customer fails to perform, or an accident occurs in the use of our rental products, which could materially adversely affect our business, future operating results or financial position.

Our rental tanks and boxes are used by our customers to store non-hazardous and certain hazardous liquids and solids on the customer's site. Our customers are generally responsible for proper operation of our tank and box rental equipment while on rent and returning a cleaned and undamaged container upon completion of use, but exceptions may be granted and we cannot always assure that these responsibilities are fully met in all cases. Although we require the customer to carry commercial general liability insurance in a minimum amount of $5,000,000, such policies often contain pollution exclusions and other exceptions. Furthermore, we cannot be certain our liability insurance will always be sufficient. In addition, if an accident were to occur involving our rental equipment or a spill of substances were to occur when the tank or box was in transport or on rent with our customer, a claim could be made against us as owner of the rental equipment.

In the event of a spill or accident, we may be brought into a lawsuit or enforcement action by either our customer or a third party on numerous potential grounds, including an allegation that an inherent flaw in a tank or box contributed to an accident or that the tank had suffered some undiscovered harm from a previous customer's prior use. In the event of a spill caused by our customers, we may be held responsible for cleanup under environmental laws and regulations concerning obligations of suppliers of rental products to effect remediation. In addition, applicable environmental laws and regulations may impose liability on us for the conduct of third parties, or for actions that complied with applicable regulations when taken, regardless of negligence or fault. Substantial damage awards have also been made in certain jurisdictions against lessors of industrial equipment based upon claims of personal injury, property damage, and resource damage caused by the use of various products. While we take what we believe are reasonable precautions that our rental equipment is in good and safe condition prior to rental and carry insurance to protect against certain risks of loss or accidents, such liability could adversely impact our profitability.

The liquid and solid containment rental industry is highly competitive, and competitive pressures could lead to a decrease in our market share or in rental rates and our ability to rent, or sell, equipment at favorable prices, which could adversely affect our operating results.

The liquid and solid containment rental industry is highly competitive. We compete against national, regional and local companies, including United Rentals, Rain For Rent and WillScot Corporation, all of which may be larger than we are, may offer a wider range of products and services and may have greater financial and marketing resources than we have. Some of our competitors also have longer operating histories, lower cost basis of rental equipment and lower cost structures than we have. In addition, certain of our competitors are more geographically diverse than we are and have greater name recognition among customers than we do. As a result, our competitors that have these advantages may be better able to attract customers and provide their products and services at lower rental rates. Some competitors offer different approaches to liquid storage, such as large-volume modular tanks that may have better economics and compete with conventional frac tanks in certain oil and gas field applications. We may in the future encounter increased competition in the markets that we serve from existing competitors or from new market entrants. In July 2020, Willscot Corporation acquired Mobile Mini and in July 2018, United Rentals, Inc. completed the acquisition of BakerCorp. Industry consolidation may create additional competition for customers and provide the combined entity access to greater financial resources than we have.

We believe that equipment quality, service levels, rental rates and fleet size are key competitive factors in the liquid and solid containment rental industry. From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices. Competitive pressures could adversely affect our revenues and operating results by decreasing our market share or depressing rental rates. To the extent we lower rental rates or increase our fleet in order to retain or increase market share, our operating margins would be adversely impacted. In addition, we may not be able to match a larger competitor's price reductions or fleet investment because of its greater financial resources, all of which could adversely impact our operating results through a combination of a decrease in our market share, revenues and operating income.

Market risk, commodity price volatility, regulatory changes or interruptions and cyclical downturns in the industries using tanks and boxes may result in periods of low demand for our products resulting in excess inventory, impairment charges and reduction of our operating results and cash flows.

Adler Tanks' revenues are derived from the rental of tanks and boxes to companies involved in oil and gas exploration, extraction and refinement, environmental remediation and wastewater/groundwater treatment, infrastructure and building construction and various industrial services, among others. We expect tank and box rental revenues will primarily be affected by the business activity within these industries. Historically, these industries have been cyclical and have experienced periodic downturns, which have a material adverse impact on the industry's demand for equipment, including the tanks and boxes rented by us. Lower oil or gas prices may have an adverse effect on our liquid and solid containment tanks and boxes business. Any steep decline in both domestic and international oil and gas prices driven by materially higher supply levels and weak demand could have a significant negative impact on the industry's demand for equipment, especially if such market conditions continue for an extended period of time. If the price reduction causes customers to limit or stop exploration, extraction or refinement activities, resulting in lower demand and pricing for renting Adler Tank's products, our financial results could be adversely impacted. Also, a weak U.S. economy may negatively impact infrastructure construction and industrial activity. Any of these factors may result in excess inventory or impairment charges and reduce our operating results and cash flows.

Changes in regulatory, or governmental, oversight of hydraulic fracturing could materially adversely affect the demand for our rental products and reduce our operating results and cash flows.

We believe that demand related to hydraulic fracturing has impacted the total rental revenues and market size in recent years. Oil and gas exploration and extraction (including use of tanks for hydraulic fracturing to obtain shale oil and shale gas) are subject to numerous local, state and federal regulations. In the three months ended March 31, 2022, oil and gas exploration and production accounted for approximately 6% of Adler Tanks' rental revenues, and approximately 1% of the Company's total revenues. The hydraulic fracturing method of extraction has come under scrutiny in several states and by the Federal government due to the potential adverse effects that hydraulic fracturing, and the liquids and chemicals used, may have on water quality and public health. In addition, the disposal of wastewater from the hydraulic fracturing process into injection wells may increase the rate of seismic activity near drill sites and could result in regulatory changes, delays or interruption of future activity. Changes in these regulations could limit, interrupt, or stop exploration and extraction activities, which would negatively impact the demand for our rental products. Finally, it is possible that changes in the technology utilized in hydraulic fracturing could make it less dependent on liquids and therefore lower the related requirements for the use of our rental products, which would reduce our operating results and cash flows.

Seasonality of the liquid and solid containment rental industry may impact quarterly results.

Rental activity may decline in the fourth quarter month of December and the first quarter months of January and February. These months may have lower rental activity in parts of the country where inclement weather may delay, or suspend, a company's project. The impact of these delays may be to decrease the number of tanks, or boxes, on rent until companies are able to resume their projects when weather improves. These seasonal factors historically have impacted quarterly results in each year's first and fourth quarter, but we are unable to predict how such factors may impact future periods.

Significant increases in raw material, fuel and labor costs could increase our acquisition and operating costs of rental equipment, which would increase operating costs and decrease profitability.

Increases in raw material costs such as steel and labor to manufacture liquid and solid containment tanks and boxes would increase the cost of acquiring new equipment. These price increases could materially and adversely impact our financial condition and results of operations if we are not able to recoup these increases through higher rental revenues. In addition, a significant amount of revenues are generated from the transport of rental equipment to and from customers. We own delivery trucks, employ drivers and utilize subcontractors to provide these services. The price of fuel can be unpredictable and beyond our control. During periods of rising fuel and labor costs, and in particular when prices increase rapidly, we may not be able recoup these costs from our customers, which would reduce our profitability.

We derive a meaningful amount of our revenue in our liquid and solid containment tank and boxes business from a limited number of customers, the loss of one or more of which could have an adverse effect on our business.

Periodically, a meaningful portion of our revenue in our liquid and solid containment tank and boxes business may be generated from a few major customers. Although we have some long-term relationships with our major customers, we cannot be assured that our customers will continue to use our products or services or that they will continue to do so at historical levels. The loss of any meaningful customer, the failure to collect a material receivable from a meaningful customer, any material reduction in orders by a meaningful customer or the cancellation of a meaningful customer order could significantly reduce our revenues and consequently harm our financial condition and our ability to fund our operations.

We may not be able to quickly redeploy equipment returning from leases at equivalent prices.

Many of our rental transactions are short-term in nature with pricing established on a daily basis. The length of time that a customer needs equipment can often be difficult to determine and can be impacted by a number of factors such as weather, customer funding and project delays. In addition, our equipment is primarily used in the oil and gas, industrial plant services, environmental remediation and infrastructure and building construction industries. Changes in the economic conditions facing any of those industries could result in a significant number of units returning off rent, both for us and our competitors.

If the supply of rental equipment available on the market significantly increases due to units coming off rent, demand for and pricing of our rental products could be adversely impacted. We may experience delays in remarketing our off-rent units to new customers and incur cost to move the units to other regions where demand is stronger. Actions in these circumstances by our competitors may also depress the market price for rental units. These delays and price pressures would adversely affect equipment utilization levels and total revenues, which would reduce our profitability.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

10.4	McGrath RentCorp Change in Control Severance Plan
10.6	McGrath RentCorp Involuntary Termination Severance Eligibility Policy
10.7	McGrath RentCorp 2022 Officer Cash Bonus Plan
10.8.1	Form of 2016 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement – Corporate
10.8.2	Form of 2016 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement – Division Management
10.8.3	Form of 2016 Stock Incentive Plan Performance-Based Restricted Stock Unit Agreement – Enviroplex
15.1	Awareness Letter From Grant Thornton LLP.
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from McGrath RentCorp's Quarterly report on Form 10-Q for the quarter ended March 31, 2022, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) the Condensed Consolidated Statement of Income, (ii) the Condensed Consolidated Balance Sheet, (iii) the Condensed Consolidated Statement of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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, thereunto duly authorized.

Date: April 28, 2022

McGrath RentCorp

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

By: /s/ David M. Whitney
David M. Whitney
Vice President, Controller and Principal Accounting Officer

MCGRATH RENTCORP CHANGE IN CONTROL SEVERANCE PLAN AND SUMMARY PLAN DESCRIPTION

1. Introduction. The purpose of this McGrath RentCorp Change in Control Severance Plan (the "Plan") is to provide assurances of specified severance benefits to eligible employees of the Company whose employment is subject to being involuntarily terminated other than for Cause or who is voluntarily terminating his employment for Good Reason under the circumstances described in the Plan following a Change in Control of the Company. The Company recognizes that the potential of a Change in Control can be a distraction to employees and can cause such employees to consider alternative employment opportunities. The Plan is intended to (i) assure that the Company will have continued dedication and objectivity of key employees, notwithstanding the possibility, threat or occurrence of a Change in Control and (ii) provide such employees with an incentive to continue their employment and to motivate them to maximize the value of the Company prior to and following a Change in Control for the benefit of its stockholders. This Plan is an "employee welfare benefit plan," as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended. This document constitutes both the written instrument under which the Plan is maintained and the required summary plan description for the Plan. The Plan is being amended and restated as of the Effective Date.

2. Important Terms. To help you understand how this Plan works, it is important to know the following terms:

2.1 "Administrator" means the Compensation Committee of the Board or another duly constituted committee of members of the Board, or officers of the Company as delegated by the Board, or any person to whom the Administrator has delegated any authority or responsibility pursuant to Section 11, but only to the extent of such delegation.

2.2 "Base Pay" means a Covered Employee's regular straight-time salary as in effect during the last regularly scheduled payroll period immediately preceding the date on which an Involuntary Termination occurs. Base Pay does not include payments for overtime, shift premium, incentive compensation, incentive payments, bonuses, commissions or other compensation.

2.3 "Board" means the Board of Directors of the Company.

2.4 "Cause" means (i) the Covered Employee's willful and continued failure to perform the duties and responsibilities of his or her position after there has been delivered to the Covered Employee a written demand for performance from the Company's Chief Executive Officer (or the Board of Directors (the "Board"), in the case of the Chief Executive Officer) which describes the basis for the Chief Executive Officer's belief (or the Board's belief, in the case of the Chief Executive Officer) that the Covered Employee has not substantially performed his or her duties and the Covered Employee has not corrected such failure within thirty (30) days of such written demand; (ii) any act of personal dishonesty taken by the Covered Employee in connection with his or her responsibilities as an employee of the Company with the intention or reasonable expectation that such action may result in the substantial personal enrichment of the Covered Employee; (iii) the Covered Employee's conviction of, or plea of nolo contendere to, a

felony that the Board reasonably believes has had or will have a material detrimental effect on the Company's reputation or business; (iv) a breach of any fiduciary duty owed to the Company by the Covered Employee that has a material detrimental effect on the Company's reputation or business; (v) the Covered Employee being found liable in any Securities and Exchange Commission or other civil or criminal securities law action or entering any cease and desist order with respect to such action (regardless of whether or not the Covered Employee admits or denies liability); or (vi) the Covered Employee (A) obstructing or impeding; (B) endeavoring to obstruct, impede or improperly influence, or (C) failing to materially cooperate with, any investigation authorized by the Board or any governmental or self-regulatory entity (an "Investigation"); provided, however, the Covered Employee's failure to waive attorney-client privilege relating to communications with the Covered Employee's own attorney in connection with an Investigation will not constitute "Cause".

2.5 "Change in Control" means a "Change in Control" or a "Corporate Transaction" as those events are defined under the Company's 2016 Stock Incentive Plan.

2.6 "Change in Control Determination Period" means the time period beginning with the Change in Control and ending twelve (12) months following the Change in Control.

2.7 "Change in Control Severance Benefits" means the compensation and other benefits the Covered Employee will be provided pursuant to Section 4.

2.8 "Company" means McGrath RentCorp, a California corporation, and any successor.

2.9 "Covered Employee" means an employee of the Company or any parent or subsidiary of the Company who has been designated by the Administrator to participate in the Plan as shown on Appendix A, attached hereto, and has executed and delivered a Participation Agreement to the Company.

2.10 "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

2.11 "Effective Date" means the date on which the Board or a committee thereof approves this Plan as amended and restated.

2.12 "Equity Compensation Awards" means, with respect to a Covered Employee, the Covered Employee's unvested equity compensation awards outstanding on the date of the Change in Control. For the sake of clarity, nothing herein will be deemed to extend the maximum term of a Covered Employee's stock appreciation rights or stock options as set forth in the applicable stock appreciation rights or option agreements by and between the Covered Employee and the Company.

2.13 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

2.14 "Good Reason" means the Covered Employee's termination of employment as a result of the occurrence of any of the following without his or her written consent: (i) a material diminution of the Covered Employee's authority, duties, or responsibilities, relative to the Covered Employee's authority, duties, or responsibilities in effect immediately prior to such reduction; provided, that a Covered Employee will be deemed to have a material diminution unless the Covered Employee retains the same position (or a similar or more senior position (and the same, similar or more significant authority, duties and responsibilities)) in the ultimate publicly listed parent company of the surviving entity following a Change in Control, (ii) a material diminution by the Company in the Base Pay of the Covered Employee that was in effect immediately prior to such reduction; provided, however, that following a Change in Control, a comparable reduction of the Base Pay of substantially all other executives of the consolidated entity that includes the Company of not more than ten percent (10%) will not constitute "Good Reason", (iii) the relocation of the Covered Employee to a facility or a location more than fifty (50) miles from his or her then present location, or (iv) the failure of the Company to obtain the assumption of the Plan by any successor in accordance with Section 20 below. For purposes of clause (i) above, the determination of "material diminution" will include for example, but not by way of limitation, an analysis of whether the Covered Employee maintains at least the same level, scope and type of authority, duties and responsibilities with respect to the management, strategy, operations and business. In order to terminate employment for "Good Reason," a Covered Employee must provide written notice to the Board of the condition that could constitute a "Good Reason" event within ninety (90) days of the initial existence of such condition, such condition must not have been remedied by the Company within thirty (30) days (the "Cure Period") of such written notice and the Covered Employee must terminate employment within ninety (90) days following the end of the Cure Period.

2.15 "Involuntary Termination" means a termination of employment of a Covered Employee under the circumstances described in Section 4.1.

2.16 "Participation Agreement" means the individual agreement (a form of which is shown in Appendix B) provided by the Administrator to an employee of the Company designating such employee as a Covered Employee under the Plan, which has been signed and accepted by the employee.

2.17 "Plan" means the McGrath RentCorp Change in Control Severance Plan, as set forth in this document, and as hereafter amended from time to time.

2.18 "Section 409A Limit" means the lesser of two (2) times: (i) the Covered Employee's annualized compensation based upon the annual rate of pay paid to the Covered Employee during his or her taxable year preceding the Covered Employee's taxable year in which the Covered Employee's separation from service occurs as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Covered Employee's employment is terminated.

3. Eligibility for Change in Control Severance Benefits. An individual is eligible for the Change in Control Severance Benefits under the Plan in the amount set forth in Section 4 only if he or she is a Covered Employee on the date he or she experiences an Involuntary Termination.

4. Change in Control Severance Benefits.

4.1 Involuntary Termination in Connection with a Change in Control. If, at any time within the Change in Control Determination Period, (i) a Covered Employee terminates his or her employment with the Company (or any parent or subsidiary of the Company) for Good Reason, or (ii) the Company (or any parent or subsidiary of the Company) terminates such Covered Employee's employment other than for Cause, then, subject to the Covered Employee's compliance with Section 6, the Covered Employee shall receive the following Change in Control Severance Benefits from the Company:

4.1.1 Cash Severance Benefits. A Covered Employee shall be entitled to a lump sum payment in cash equal to (a) two (2) times the Covered Employee's Base Pay, plus (b) an amount equal to two (2) times the Covered Employee's target cash bonus for the year of termination.

4.1.2 Continued Medical Benefits. If the Covered Employee, and any spouse and/or dependents of the Covered Employee ("Family Members"), has coverage on the date of the Covered Employee's Involuntary Termination under a group health plan sponsored by the Company, the Company will pay the total applicable premium cost for continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, 29 U.S.C. Sections 1161-1168; 26 U.S.C. Section 4980B(f), as amended, and all applicable regulations (referred to collectively as "COBRA"), provided that the Covered Employee is eligible for and validly elects to continue coverage under COBRA for the Covered Employee and his Family Members for a period of up to twenty-four (24) months for the Chief Executive Officer (provided that, to the extent the Chief Executive Officer and his Family Members are eligible for continued coverage under COBRA for only eighteen (18) months, the Company will be obligated to pay such cost only for such eighteen (18) month period) and up to twelve (12) months for any other Covered Employee.

4.1.3 Equity Award Accelerated Vesting. One hundred percent (100%) of each Covered Employee's Equity Compensation Awards automatically shall accelerate and all restrictions or repurchase rights applicable thereto shall immediately lapse so as to become fully vested and exercisable. The period over which such Equity Compensation Awards may be exercised shall be governed by the applicable provisions of the Company's stock plans and related award agreements. In addition, the Covered Employee shall enjoy any additional rights provided under the terms of an Equity Compensation Award, including but not limited to the terms of the Company's 2016 Stock Incentive Plan, 2007 Stock Incentive Plan, or any other Company equity plans (collectively, the "Equity Plans"); provided that, (i) in the event an Equity Plan or an Equity Compensation Award provides less favorable time-based vesting than this Plan, this Plan shall control and (ii) in the event of any other conflict between this Plan and an Equity Plan or an Equity Compensation Award, such Equity Plan or Equity Compensation Award shall control.

4.1.4 Outplacement Assistance. The Covered Employee shall be entitled to transitional outplacement benefits in accordance with the policies and guidelines of the Company as in effect immediately prior to the Change in Control.

5. Parachute Payments. In the event that the severance and other benefits provided for in this Plan or otherwise payable or provided to the Covered Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Code and (ii) but for this Section 5, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Employee's severance benefits hereunder shall be either

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Covered Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and the Covered Employee otherwise agree in writing, any determination required under this Section 5 shall be made in writing in good faith by the Company's independent tax accountants immediately prior to the Change in Control (the "Accountants"). In the event of a reduction in accordance with subsection (b) above, the reduction will occur, with respect to such severance and other benefits considered "parachute payments" within the meaning of Section 280G of the Code in a manner designed to maximize the intrinsic value delivered to the Covered Employee by first reducing or eliminating any cash severance benefits, then by reducing or eliminating any accelerated vesting of stock appreciation rights or stock options, then by reducing or eliminating any accelerated vesting of other Equity Compensation Awards, then by reducing or eliminating any other remaining parachute payments.

6. Conditions to Receipt of Severance.

6.1 Release Agreement. As a condition to receiving Change in Control Severance Benefits under this Plan, each Covered Employee will be required to sign a waiver and release of all claims arising out of his or her Involuntary Termination and employment with the Company and its subsidiaries and affiliates (the "Release") in the applicable form attached on Appendix C. The Release will include specific information regarding the amount of time the Covered Employee will have to consider the terms of the Release and return the signed agreement to the Company. In no event will the period to return the Release be longer than sixty (60) days, inclusive of any revocation period set forth in the Release, following the Covered Employee's Involuntary Termination (the "Release Period").

6.2 Non-solicitation. As a condition to receiving Change in Control Severance Benefits under this Plan, each Covered Employee agrees that the Covered Employee will not solicit any employee of the Company for employment other than at the Company during the Covered Employee's employment with the Company and for twenty-four (24) months following

the Chief Executive Officer's termination, and for twelve (12) months following the termination of any other Covered Employee.

Public solicitation, such as by taking out ads in a newspaper, advertising on the web and the like, not specifically aimed at employees of the Company, will not constitute a breach of this Section 6.2.

6.3 Nondisparagement. During the Covered Employee's employment with the Company and, for twelve (12) months following his termination, respectively, the Covered Employee and the Company will not knowingly and materially disparage, libel, slander, or otherwise make any materially derogatory statements regarding the other; provided that the Company's obligations under this Section 6.3 shall apply only to the Company's executive officers and members of its Board who serve in such capacities during the course of the Covered Employee's employment with the Company and only for so long as each such officer or member of the Board is an employee or director of the Company; provided further that the Company's obligations under this Section 6.3 extend only to those communications that are made by the above-referenced officers or directors in their capacities as officers or directors of the Company. Notwithstanding the foregoing, nothing contained in the Plan will be deemed to restrict the Covered Employee, the Company or any of the Company's current or former officers and/or directors from providing information to any governmental or regulatory agency or body (or in any way limit the content of any such information) to report an alleged violation of law or to the extent they are requested or required to provide such information pursuant a subpoena or as otherwise required by applicable law or regulation, or in accordance with any governmental investigation or audit relating to the Company. Further, nothing contained in this Section 6.3 shall in any way limit the rights or relief that the Covered Employee or Company may have under common law or otherwise with respect to the conduct prohibited in this paragraph.

6.4 Other Requirements. A Covered Employee's receipt of severance payments pursuant to Section 4.1 will be subject to the Covered Employee continuing to comply with the provisions of this Section 6 and the terms of any confidential information agreement, proprietary information and inventions agreement and such other appropriate agreement between the Covered Employee and the Company. Benefits under this Plan shall terminate immediately for a Covered Employee if such Covered Employee, at any time, violates any such agreement or the provisions of this Section 6.

7. Timing of Change in Control Severance Benefits. Subject to Section 9 below, the Change in Control Severance Benefits that do not constitute Deferred Compensation Separation Benefits (as defined in Section 9 below) shall commence or be paid, as applicable, as soon as administratively practicable but within ten (10) calendar days following the date of the Covered Employee's termination of employment (or, if required by Section 9, the Covered Employee's separation from service) or, if later, on the date the Release becomes effective. Subject to Section 9 below, the Change in Control Severance Benefits that do constitute Deferred Compensation Separation Benefits will commence or be paid as applicable, as follows:

7.1 If the Covered Employee's Release Period ends on or before December 15 of the calendar year in which the Covered Employee's Involuntary Termination occurs, his or

her Deferred Compensation Separation Benefits will commence or be made, as applicable, on or before December 31 of that calendar year.

7.2 If the Covered Employee's Release Period ends after December 15 of the calendar year in which the Covered Employee's Involuntary Termination his or her Deferred Compensation Separation Benefits will commence or be paid, as applicable, on the later of (a) the first payroll date in the calendar year next following the calendar year of the Covered Employee's Involuntary Termination or (b) the first payroll date following the date his or her Release becomes effective, subject to Section 9 below.

8. Non-Duplication of Benefits. Notwithstanding any other provision in the Plan to the contrary, the Change in Control Severance Benefits provided are intended to be and are exclusive and in lieu of any other change of control and severance benefits or payments to which the Covered Employee may otherwise be entitled, either at law, tort, or contract, in equity, or under the Plan, in the event of any termination of the Covered Employee's employment. The Covered Employee will be entitled to no change of control or severance benefits or payments upon a termination of employment that constitute an Involuntary Termination other than those benefits expressly set forth herein and those benefits required to be provided by applicable law or as negotiated in accordance with applicable law. Notwithstanding the foregoing, if the Covered Employee is entitled to any benefits other than the benefits under the Plan by operation of applicable law or as negotiated in accordance with applicable law, his or her benefits under the Plan shall be reduced by the value of the benefits the Covered Employee receives by operation of applicable law or as negotiated in accordance with applicable law, as determined by the Administrator in its discretion. It is the intent of the Administrator that amounts owing under the terms of a non-equity performance based incentive plan will be made in addition to any Plan benefits and will not be so offset.

9. Section 409A.

9.1 Notwithstanding anything to the contrary in the Plan, no Deferred Compensation Separation Benefits (as defined below) or other severance benefits that are exempt from Section 409A (as defined below) pursuant to Treasury Regulation Section 1.409A-1(b)(9) will become payable until the Covered Employee has a "separation from service" within the meaning of Section 409A of the Code and the final regulations and any guidance promulgated thereunder ("Section 409A"). Further, if the Covered Employee is subject to Section 409A and is a "specified employee" within the meaning of Section 409A at the time of the Covered Employee's separation from service (other than due to death), then any Deferred Compensation Separation Benefits otherwise due to the Covered Employee on or within the six (6) month period following his or her separation from service will accrue during such six (6) month period and will become payable in a lump sum payment (less applicable withholding taxes) on the date six (6) months and one (1) day following the date of the Covered Employee's separation from service. All subsequent payments of Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Covered Employee dies following his or her separation from service but prior to the six (6) month anniversary of his or her date of separation, then any payments delayed in accordance with this paragraph will be payable in a lump sum (less applicable withholding taxes) to the Covered Employee's estate as soon as

administratively practicable after the date of his or her death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. For purposes of the Plan, "Deferred Compensation Separation Benefits" will mean the severance payments or benefits payable to the Covered Employee, if any, pursuant to the Plan that, when considered together with any other severance payments or separation benefits, is considered deferred compensation under Section 409A.

9.2 Each payment and benefit payable under the Plan is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any severance payment that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute a Deferred Compensation Separation Benefit. Any severance payment that entitles the Covered Employee to taxable reimbursements or taxable in-kind benefits covered by Section 1.409A-1(b)(9)(v) shall not constitute a Deferred Compensation Separation Benefit. Any severance payment or portion thereof that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit shall not constitute a Deferred Compensation Separation Benefit.

9.3 It is the intent of this Plan to comply with or be exempt from the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything to the contrary in the Plan, including but not limited to Section 13, the Company reserves the right to amend the Plan as it deems necessary or advisable, in its sole discretion and without the consent of the Covered Employees, to comply with Section 409A of the Code or to otherwise avoid income recognition under Section 409A of the Code prior to the actual payment of Change in Control Severance Benefits or imposition of any additional tax (provided that no such amendment shall materially reduce the benefits provided hereunder).

10. Withholding. The Company will withhold from any Change in Control Severance Benefits all federal, state, local and other taxes required to be withheld therefrom and any other required payroll deductions.

11. Administration. The Plan will be administered and interpreted by the Administrator (in his or her sole discretion). The Administrator is the "named fiduciary" of the Plan for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity. Any decision made or other action taken by the Administrator prior to a Change in Control with respect to the Plan, and any interpretation by the Administrator prior to a Change in Control of any term or condition of the Plan, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. Following a Change in Control, any decision made or other action taken by the Administrator with respect to the Plan, and any interpretation by the Administrator of any term or condition of the Plan, or any related document that (i) does not affect the benefits payable under the Plan shall not be subject to review unless found to be arbitrary and capricious or (ii) does affect the benefits payable under the Plan shall not be subject to review unless found to be unreasonable or not to have been made in good faith. In accordance with Section 2.1, the Administrator may, in its sole discretion and on such terms and conditions as it may provide, delegate in writing to one or more

officers of the Company all or any portion of its authority or responsibility with respect to the Plan; provided, however, that any Plan amendment or termination or any other action that could reasonably be expected to increase significantly the cost of the Plan must be approved by the Board or the Compensation Committee of the Board.

12. Eligibility to Participate. To the extent that the Administrator has delegated administrative authority or responsibility to one or more officers of the Company in accordance with Sections 2.1 and 11, each such officer will not be excluded from participating in the Plan if otherwise eligible, but he or she is not entitled to act or pass upon any matters pertaining specifically to his or her own benefit or eligibility under the Plan. The Administrator will act upon any matters pertaining specifically to the benefit or eligibility of each such officer under the Plan.

13. Amendment or Termination. The Company, by action of the Administrator, reserves the right to amend or terminate the Plan at any time, without advance notice to any Covered Employee and without regard to the effect of the amendment or termination on any Covered Employee or on any other individual. Any amendment or termination of the Plan will be in writing. Notwithstanding the preceding, once the Change in Control Determination Period has begun, the Company may not, without a Covered Employee's written consent, amend or terminate the Plan in any way, nor take any other action, that (a) prevents that Covered Employee from becoming eligible for Change in Control Severance Benefits under the Plan or (b) reduces or alters to the detriment of the Covered Employee the Change in Control Severance Benefits payable, or potentially payable, to a Covered Employee under the Plan (including, without limitation, imposing additional conditions or modifying the timing of payment). Any action of the Company in amending or terminating the Plan will be taken in a non-fiduciary capacity. Notwithstanding anything in the Plan to the contrary, the Plan shall have an initial term of two (2) years commencing on the Effective Date and shall automatically terminate on the second (2nd) anniversary of the Effective Date unless otherwise extended by the Compensation Committee of the Board, in its discretion. On or about the first (1st) anniversary and each subsequent anniversary of the Effective Date, the Compensation Committee of the Board will review the Plan in good faith and determine whether to extend the initial or subsequent term of the Plan by one year. For the avoidance of doubt, in the event a Change in Control occurs during the term of the Plan, the Plan shall not terminate until the Change in Control Determination Period has expired and any benefits payable have been paid.

14. Claims Procedure. Any employee or other person who believes he or she is entitled to any payment under the Plan may submit a claim in writing to the Administrator within ninety (90) days of the earlier of (i) the date the claimant learned the amount of their Change in Control Severance Benefits under the Plan or (ii) the date the claimant learned that he or she will not be entitled to any benefits under the Plan. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice will also describe any additional information needed to support the claim and the Plan's procedures for appealing the denial. The denial notice will be provided within ninety (90) days after the claim is received. If special circumstances require an extension of time (up to ninety (90) days), written notice of the extension will be given within the initial ninety (90) day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the

Administrator expects to render its decision on the claim. The Administrator has delegated the claims review responsibility to the Company's Vice President, Human Resources, except in the case of a claim filed by or on behalf of the Company's Vice President, Human Resources, in which case, the claim will be reviewed by the Company's Chief Executive Officer.

15. Appeal Procedure. If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within sixty (60) days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant (or representative) then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments in writing. The Administrator will provide written notice of its decision on review within sixty (60) days after it receives a review request. If additional time (up to sixty (60) days) is needed to review the request, the claimant (or representative) will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice shall also include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA. The Administrator has delegated the appeals review responsibility to the Company's Vice President, Human Resources, except in the case of an appeal filed by or on behalf of the Company's Vice President, Human Resources, in which case, the appeal will be reviewed by the Company's Chief Executive Officer.

16. Legal Expenses. In the event that any party hereto institutes any legal suit, action, or proceeding against the other party arising out of or relating to this Agreement, the prevailing party in the suit, action, or proceeding shall be entitled to receive in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses and court costs.

17. Source of Payments. All Change in Control Severance Benefits will be paid in cash from the general funds of the Company; no separate fund will be established under the Plan, and the Plan will have no assets. No right of any person to receive any payment under the Plan will be any greater than the right of any other general unsecured creditor of the Company.

18. Inalienability. In no event may any current or former employee of the Company or any of its subsidiaries or affiliates sell, transfer, anticipate, assign or otherwise dispose of any right or interest under the Plan. At no time will any such right or interest be subject to the claims of creditors nor liable to attachment, execution or other legal process.

19. No Enlargement of Employment Rights. Neither the establishment or maintenance of the Plan, any amendment of the Plan, nor the making of any benefit payment hereunder, will be construed to confer upon any individual any right to be continued as an employee of the Company. The Company expressly reserves the right to discharge any of its employees at any time, with or without cause. However, as described in the Plan, a Covered

Employee may be entitled to benefits under the Plan depending upon the circumstances of his or her termination of employment.

20. Successors. Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) will assume the obligations under the Plan and agree expressly to perform the obligations under the Plan in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Plan, the term "Company" will include any successor to the Company's business and/or assets which become bound by the terms of the Plan by operation of law, or otherwise.

21. Applicable Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the internal substantive laws of the State of California (with the exception of its conflict of laws provisions).

22. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

23. Headings. Headings in this Plan document are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

24. Indemnification. The Company hereby agrees to indemnify and hold harmless the officers and employees of the Company, and the members of its boards of directors, from all losses, claims, costs or other liabilities arising from their acts or omissions in connection with the administration, amendment or termination of the Plan, to the maximum extent permitted by applicable law. This indemnity will cover all such liabilities, including judgments, settlements and costs of defense. The Company will provide this indemnity from its own funds to the extent that insurance does not cover such liabilities. This indemnity is in addition to and not in lieu of any other indemnity provided to such person by the Company.

25. Additional Information.

Plan Name: McGrath RentCorp Change in Control Severance Plan

Plan Sponsor: McGrath RentCorp
5700 Las Positas Road
Livermore, CA 94551

Identification Numbers: EIN: 942579843
PLAN: _____

Plan Year: Company's Fiscal Year

Plan Administrator: McGrath RentCorp
Attention: Administrator of the McGrath RentCorp Change in Control Severance Plan
5700 Las Positas Road
Livermore, CA 94551
(925) 606-9200

Agent for Service of Legal Process: McGrath RentCorp
Attention: Tara Wescott, VP of Human Resources
5700 Las Positas Rd
Livermore, CA 94551
(925) 606-9200

Service of process may also be made upon the Administrator.

Type of Plan: Severance Plan/Employee Welfare Benefit Plan

Plan Costs: The cost of the Plan is paid by the Employer.

26. Statement of ERISA Rights.

As a Covered Employee under the Plan, you have certain rights and protections under ERISA:

(a) You may examine (without charge) all Plan documents, including any amendments and copies of all documents filed with the U.S. Department of Labor. These documents are available for your review in the Company's Human Resources Department.

(b) You may obtain copies of all Plan documents and other Plan information upon written request to the Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Covered Employees, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Covered Employees. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA. If your claim for a severance benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the denial of your claim reviewed. (The claim review procedure is explained in Sections 14 and 15 above.)

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim which is denied

or ignored, in whole or in part, you may file suit in a federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

If you have any questions regarding the Plan, please contact the Administrator. If you have any questions about this statement or about your rights under ERISA, you may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

APPENDIX A

PLAN PARTICIPANTS

CEO, CFO AND COO

APPENDIX B
MCGRATH RENTCORP
CHANGE IN CONTROL SEVERANCE PLAN
PARTICIPATION AGREEMENT

This Participation Agreement (the "Agreement") with respect to participation in the McGrath RentCorp Change in Control Severance Plan (the "Plan") is made as of _____, 20__ by and between McGrath RentCorp (the "Company") and [Click and Type Name] ("Employee"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Plan.

WHEREAS, the Company has adopted and sponsors the Plan, a copy of which is attached hereto; and

WHEREAS, Employee has been selected to participate in the Plan in accordance with and subject to the terms of the Plan and this Agreement.

NOW, THEREFORE, in consideration of the mutual promises made herein, the parties hereby agree as follows:

1. Participation. Employee has been designated as a Covered Employee in the Plan, subject to Employee executing this Agreement pursuant to which Employee has agreed to, among other things, (i) waive his or her rights to any severance benefits provided under any other agreement with the Company or arrangement or plan sponsored by the Company and (ii) amend any existing employment or other agreement by and between Employee and the Company pursuant to which Employee is entitled to receive severance benefits to remove the severance provisions from such agreement. The terms and conditions of Covered Employee's participation in the Plan are as set forth in the Plan and herein.

2. Severance Benefits. Upon satisfaction of the conditions set forth in Section 4 of the Plan, Employee will be eligible to receive the Change in Control Severance Benefits set forth in Section 4.1 of the Plan, subject to compliance with Section 6 of the Plan.

3. Condition to Receipt of Benefits. Employee acknowledges and agrees that notwithstanding anything herein, in the Plan, or otherwise to the contrary, Employee shall not be entitled to any payments or benefits from the Company under the Plan or this Agreement in connection with an Involuntary Termination of Employee's employment with the Company unless Employee has signed and not revoked a waiver and release of claims agreement in a form reasonably satisfactory to the Company. Employee also acknowledges and agrees that receipt of any Change in Control Severance Benefits will be subject to Employee's compliance with the conditions during the time periods set forth in Sections 6.2 through 6.4 of the Plan.

4. Interaction with Other Severance Benefit Plans or Arrangements. The change of control and severance benefits and payments provided under the Plan are intended to be and are exclusive and in lieu of any other change of control and severance benefits and payments to which Employee may otherwise be entitled, either at law, tort, or contract, in equity, or under the Plan, in the event of any termination of Employee's employment unless otherwise specifically

agreed to by the Employee and the Company in an agreement entered into after the Effective Date of the Plan. Employee agrees that he or she will be entitled to no change of control or severance benefits or payments upon a termination of employment that constitute an Involuntary Termination other than those benefits expressly set forth in the Plan and those benefits required to be provided by applicable law or as negotiated in accordance with applicable law. Employee further agrees to amend any existing employment or other agreement by and between Employee and the Company pursuant to which Employee is entitled to receive severance benefits to remove the severance provisions from such agreement. Notwithstanding the foregoing, if the Employee is entitled to any benefits other than the benefits under the Plan by operation of applicable law or as negotiated in accordance with applicable law, his or her benefits under the Plan shall be reduced by the value of the benefits the Employee receives by operation of applicable law or as negotiated in accordance with applicable law, as determined by the Administrator in its discretion.

5. Additional Provisions.

(a) Severability. If any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

(b) Integration; No Oral Modification. This Agreement and the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior agreements, written or oral. This Agreement may only be amended in writing signed by the parties hereto.

(c) Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party shall constitute a valid and binding execution and delivery of the Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

(d) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(e) Tax Withholding. All payments made pursuant to the Plan and this Agreement will be subject to withholding of applicable taxes.

(f) Governing Law. This Agreement will be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

By their signatures below, the Company and Employee agree that participation in the Plan is governed by this Agreement and by the provisions of the Plan, a copy of which is attached hereto and made a part of this document. Employee acknowledges receipt of a copy of the Plan, represents that Employee has read and is familiar with its provisions and the provisions

of this Agreement, and acknowledges that decisions and determinations by the Administrator under the Plan shall be final and binding on Employee.

(The remainder of this page has been intentionally left blank)

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first set forth above.

MCGRATH RENTCORP EMPLOYEE

By:
[Click and Type Name]

4883-2460-1861.2
sf-4645817

APPENDIX C-1

40 and over

SEVERANCE AGREEMENT AND RELEASE OF ALL CLAIMS

This Severance Agreement and Release of All Claims (this "Agreement") is entered into between _____, including its officers, directors, employees, managers, agents, and representatives ("Company") and _____ ("Employee") pursuant to the McGrath RentCorp Change in Control Severance Plan (the "Plan"). The purpose of this Agreement is to arrange a severance of Employee's employment with Company as contemplated under the Plan.

1. Effective [Date], Employee's employment ended.

2. Both Employee and Company are entering into this Agreement as a way of concluding the employment relationship between them and of voluntarily settling any dispute or potential dispute that Employee has or might have with Company as of the date this Agreement is signed.

a. In return for Employee agreeing to this Agreement, Company agrees to provide to Employee benefits pursuant to the terms of the Plan.

b. Employee agrees that he/she will not seek nor accept employment with Company in the future and that Company is entitled to reject any application for employment made by Employee.

c. Company will not contest Employee's claim for unemployment insurance benefits based upon the fact of Employee's termination, and will respond to any request related to an unemployment claim truthfully and accurately.

d. If contacted for a reference, Company will disclose only Employee's job title and dates of employment to prospective employers, and with Employee's agreement, Employee's last wage or salary.

3. This is a general release of all claims and Employee, on behalf of himself or herself and his or her heirs, executors, representatives and assigns (collectively, "Releasors"), knowingly and voluntarily releases and forever discharges Company, and its affiliates, subsidiaries, divisions, and related companies, and its and their present, former, and future parents, subsidiaries, affiliates, successors and assignees, and all of its and their current, former, and future owners, officers, shareholders, employees, officers, attorneys, accountants, directors, assigns, and agents thereof, both individually and in their representative capacities, and insurers, Company employee benefit plans, programs, arrangements and their administrators, functionaries and fiduciaries (collectively, the "Released Parties"), of and from any and all claims, debts, liabilities, demands, and causes of action (collectively, "Claims") of any and every kind arising out of, relating to, or resulting from Employee's employment with Company or the termination thereof, known and unknown, asserted and unasserted, foreseeable and unforeseeable, including but not limited to, any claims for alleged violation of: the National Labor Relations Act, as amended; Title VII of the Civil Rights Act of 1964, as amended; the

Civil Rights Act of 1991, as amended; the Americans with Disabilities Act of 1990, as amended; the Family and Medical Leave Act, as amended; the Age Discrimination in Employment Act, as amended; the Occupational Safety and Health Act of 1990, as amended; the California Labor Code; the California Fair Employment and Housing Act; and any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance; any public policy, contract, tort, or common law; or any allegations for compensation, damages, costs, fees, or other expenses, including attorneys' fees incurred in these matters.

This general release may not be construed to waive any right that is not subject to waiver by private agreement, including without limitation, any Claims arising under state unemployment insurance or workers compensation laws.

4. Notwithstanding anything to the contrary in this Agreement, Employee understands that:

a. Nothing in this Agreement is intended to prohibit Employee, and Employee is not prohibited, from reporting possible violations of law to, filing charges with, making disclosures protected under the whistleblower provisions of U.S. federal law or regulation, or participating in investigations of U.S. federal law or regulation by the U.S. Securities and Exchange Commission, National Labor Relations Board, Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the U.S. Department of Justice, the U.S. Congress, any U.S. agency Inspector General or any other self-regulatory agencies or federal, state or local governmental agencies (collectively, "Government Agencies," and each a "Government Agency"). Accordingly, Employee does not need the prior authorization of Company to make any such reports or disclosures or otherwise communicate with Government Agencies and is not required to notify Company that Employee has engaged in any such communications or made any such reports or disclosures. Employee agrees, however, to waive any right to receive any monetary award resulting from such a report, charge, disclosure, investigation or proceeding, except that Employee may receive and fully retain any award from a whistleblower award program administered by a Government Agency.

b. Employee is advised that 18 U.S.C. § 1833)(b) states:

> "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal."

Accordingly, Employee has the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Employee also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

5. Employee agrees that the benefits described in Paragraph 2.a., shall constitute the entire amount of monetary consideration provided to Employee under this Agreement and that Employee will not seek any further compensation for any other claimed damages, costs or attorneys fees in connection with the matters encompassed by this Agreement.

6. The parties acknowledge that California Civil Code Section 1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The parties acknowledge that they intend for Employee's releases in this Agreement to include known and unknown Claims and Employee therefore waives his or her rights under California Civil Code Section 1542.

7. Employee understands that by signing this Agreement, Employee hereby irrevocably and unconditionally fully and forever waives, releases and discharges Company from any and all Claims, whether known or unknown, from the beginning of time to the date of Employee's execution of this Agreement arising under the Age Discrimination in Employment Act of 1967 (ADEA), as amended, and its implementing regulations. Employee understands that:

a. Employee has twenty-one (21) days in which to consider signing this Agreement;[1]

b. Employee has carefully read and fully understands all of the terms of the Agreement;

c. Employee is, through this Agreement, releasing Company from any and all claims he/she may have against it;

d. Employee knowingly and voluntarily agrees to all of the terms set forth in this Agreement;

e. Employee knowingly and voluntarily intends to be legally bound by this Agreement;

f. Employee was advised and hereby is advised in writing to consult with an attorney of Employee's choice prior to signing this Agreement;

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[1] If Employee is terminated pursuant to a group termination as contemplated by the Older Workers Benefits Protection Act, the consideration period shall be 45 days and Employee shall be provided with the required statistical disclosures.

g. Employee understands that rights or claims under the Age Discrimination in Employment Act of 1967 that may arise after the date this Agreement is signed are not waived; and

h.Employee has a full seven (7) days following the signing of this Agreement to revoke it and Employee has been and hereby is advised in writing that this Agreement will not become effective or enforceable until that seven (7) day revocation period has expired without Employee revoking the Agreement.

i.If Employee wishes to revoke this Agreement, Employee must deliver written notice of revocation to [Name, Title, Address] prior to the end of the seven (7) day revocation period.

8. This Agreement is in full satisfaction of disputed claims and by entering into this Agreement, Company is in no way admitting liability of any sort. This Agreement, therefore, does not constitute an admission of liability of any kind.

9. Except as set forth in Section 4 above, Employee agrees that Employee will keep the fact, terms and amount of this Agreement completely confidential and that Employee will not disclose any information concerning this Agreement to anyone. Employee may also disclose to a spouse or partner, and to a tax preparer and/or attorney. Employee agrees to notify such persons of this confidentiality agreement.

10. Employee acknowledges and reaffirms Employee's obligations under the Company's Proprietary Information Agreement.

11. Should any provision of this Agreement be determined by any court or arbitrator to be wholly or partially illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions shall not be affected, and said illegal, unenforceable or invalid provisions shall be deemed not to be a part of this Agreement.

12. The parties agree that this Agreement contains their complete and final agreement and that there are no representations, statements, or agreements which have not been included within this Agreement.

13. The parties acknowledge that in signing this Agreement, they do not rely upon and have not relied upon any representation or statement made by any of the parties or their agents with respect to the subject matter, basis or effect of this Agreement, other than those specifically stated in this written Agreement.

14. The parties agree that any dispute regarding the application and interpretation or alleged violation of this Agreement shall be subject to final and binding arbitration before a neutral arbitrator referred by the Judicial Arbitration and Mediation Service (JAMS). That arbitrator shall be selected by the parties from the list of proposed arbitrators referred by JAMS. The losing party to the arbitration will be responsible for paying all costs and attorneys' fees. Any arbitration proceeding shall be conducted in accordance with the then current Employment Arbitration Rules & Procedures of JAMS. Such rules are available for review at www.jamsadr.com/rules-employment-arbitration.

EMPLOYEE

Date: _____ _____

COMPANY

Date: _____ By: _____

APPENDIX C-2

Under 40

SEVERANCE AGREEMENT AND RELEASE OF ALL CLAIMS

This Severance Agreement and Release of All Claims ("Agreement") is entered into between _____, including its officers, directors, managers, employees, agents, and representatives ("Company") and _____ ("Employee") pursuant to the McGrath RentCorp Change in Control Severance Plan (the "Plan"). The purpose of this Agreement is to arrange a severance of Employee's employment with Company as contemplated under the Plan.

1. Effective [Date], Employee's employment ended.

2. Both Employee and Company are entering into this Agreement as a way of concluding the employment relationship between them and of voluntarily settling any dispute or potential dispute that Employee has or might have with Company as of the date this Agreement is signed.

a. In return for Employee agreeing to this Agreement, Company agrees to provide to Employee benefits pursuant to the terms of the Plan.

b. Employee agrees that he/she will not seek nor accept employment with Company in the future and that Company is entitled to reject any application for employment made by Employee.

c. Company will not contest Employee's claim for unemployment insurance benefits based upon the fact of Employee's termination, and will respond to any request related to an unemployment claim truthfully and accurately.

d. Upon request for a reference, Company will disclose only Employee's job title and dates of employment to prospective employers, and with Employee's agreement, Employee's last wage or salary.

15. This is a general release of all claims and Employee, on behalf of himself or herself and his or her heirs, executors, representatives and assigns (collectively, "Releasors"), knowingly and voluntarily releases and forever discharges Company, and its affiliates, subsidiaries, divisions, and related companies, and its and their present, former, and future parents, subsidiaries, affiliates, successors and assignees, and all of its and their current, former, and future owners, officers, shareholders, employees, officers, attorneys, accountants, directors, assigns, and agents thereof, both individually and in their representative capacities, and insurers, Company employee benefit plans, programs, arrangements and their administrators, functionaries and fiduciaries (collectively, the "Released Parties"), of and from any and all claims, debts, liabilities, demands, and causes of action (collectively, "Claims") of any and every kind arising out of, relating to, or resulting from Employee's employment with Company or the termination thereof, known and unknown, asserted and unasserted, foreseeable and unforeseeable, including but not limited to, any claims for alleged violation of: the National Labor Relations Act, as amended; Title VII of the Civil Rights Act of 1964, as amended; the

Civil Rights Act of 1991, as amended; the Americans with Disabilities Act of 1990, as amended; the Family and Medical Leave Act, as amended; the Age Discrimination in Employment Act, as amended; the Occupational Safety and Health Act of 1990, as amended; the California Labor Code; the California Fair Employment and Housing Act; and any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance; any public policy, contract, tort, or common law; or any allegations for compensation, damages, costs, fees, or other expenses, including attorneys' fees incurred in these matters.

This general release may not be construed to waive any right that is not subject to waiver by private agreement, including without limitation, any Claims arising under state unemployment insurance or workers compensation laws.

3. Notwithstanding anything to the contrary in this Agreement, Employee understands:

a. Notwithstanding anything to the contrary in this Agreement, Employee understands that nothing in this Agreement is intended to prohibit Employee and Employee is not prohibited from reporting possible violations of law to, filing charges with, making disclosures protected under the whistleblower provisions of U.S. federal law or regulation, or participating in investigations of U.S. federal law or regulation by the U.S. Securities and Exchange Commission, National Labor Relations Board, Equal Employment Opportunity Commission, the Occupational Safety and Health Administration, the U.S. Department of Justice, the U.S. Congress, any U.S. agency Inspector General or any other self-regulatory agencies or federal, state or local governmental agencies (collectively, "Government Agencies," and each a "Government Agency"). Accordingly, Employee does not need the prior authorization of Company to make any such reports or disclosures or otherwise communicate with Government Agencies and is not required to notify Company that Employee has engaged in any such communications or made any such reports or disclosures. Employee agrees, however, to waive any right to receive any monetary award resulting from such a report, charge, disclosure, investigation or proceeding, except that Employee may receive and fully retain any award from a whistleblower award program administered by a Government Agency.

b. Employee is advised that 18 U.S.C. § 1833)(b) states:

> "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal."

Accordingly, Employee has the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. Employee also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

4. Employee agrees that the payment in Paragraph 2.a. shall constitute the entire amount of monetary consideration provided to Employee under this Agreement and that Employee will not seek any further compensation for any other claimed damages, costs or attorneys fees in connection with the matters encompassed by this Agreement.

5. The parties acknowledge that California Civil Code Section 1542 provides as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The parties acknowledge that they intend for Employee's releases in this Agreement to include known and unknown Claims and Employee therefore waives his or her rights under California Civil Code Section 1542.

6. Employee understands that:

a. Employee has seven (7) days in which to consider signing this Agreement;

b. Employee has carefully read and fully understands all of the terms of the Agreement;

c. Employee is, through this Agreement, releasing Company from any and all claims Employee may have against it;

d. Employee knowingly and voluntarily agrees to all of the terms set forth in this Agreement; and

e. Employee knowingly and voluntarily intends to be legally bound by this Agreement.

7. This Agreement is in full satisfaction of disputed claims and by entering into this Agreement, Company is in no way admitting liability of any sort. This Agreement, therefore, does not constitute an admission of liability of any kind.

8. Employee agrees that Employee will keep the fact, terms and amount of this Agreement completely confidential and that he/she will not disclose any information concerning this Agreement to anyone. However, Employee may make such disclosures to a spouse, partner, tax preparer or attorney, or as are required by law and as necessary for legitimate law enforcement or compliance purposes.

9. Employee acknowledges and reaffirms Employee's obligations under the Company's Proprietary Information Agreement.

10. Should any provision of this Agreement be determined by any court to be wholly or partially illegal, invalid or unenforceable, the legality, validity and enforceability of the

remaining provisions shall not be affected, and said illegal, unenforceable or invalid provisions shall be deemed not to be a part of this Agreement.

11. The parties agree that this Agreement contains their complete and final agreement and that there are no representations, statements, or agreements which have not been included within this Agreement.

12. The parties acknowledge that in signing this Agreement, they do not rely upon and have not relied upon any representation or statement made by any of the parties or their agents with respect to the subject matter, basis or effect of this Agreement, other than those specifically stated in this written Agreement.

13. The parties agree that any dispute regarding the application and interpretation or alleged breach of this Agreement shall be subject to final and binding arbitration before a neutral arbitrator referred by the Judicial Arbitration and Mediation Service ("JAMS"). That arbitrator shall be selected by the parties from the list of proposed arbitrators referred by JAMS. The losing party to the arbitration will be responsible for paying all costs and attorneys' fees. Any arbitration proceeding shall be conducted in accordance with the then current Employment Arbitration Rules & Procedures of JAMS. Such rules are available for review at www.jamsadr.com/rules-employment-arbitration.

EMPLOYEE

Date: _____ _____

COMPANY

Date: _____ By: _____

MCGRATH RENTCORP
INVOLUNTARY TERMINATION SEVERANCE PLAN FOR OFFICERS

1. Introduction. McGrath RentCorp (the "Company") has established this McGrath RentCorp Involuntary Termination Severance Plan for Officers (the "Plan") to provide severance benefits upon an involuntary termination for Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (collectively, the "Tier 1 Officers"), as well as other officer level employees who have been designated by the Administrator (as defined below) to participate in the Plan from time to time (collectively, the "Tier 2 Officers" and together with the Tier 1 Officers, the "Covered Employees").

2. Defined Terms.

(a) "Administrator" means the Compensation Committee of the Board of Directors (the "Board").

(b) "Cause" means (i) the Covered Employee's willful and continued failure to perform the duties and responsibilities of his or her position after there has been delivered to the Covered Employee a written demand for performance from the Company's Chief Executive Officer (or the Board, in the case of the Chief Executive Officer) which describes the basis for the Chief Executive Officer's belief (or the Board's belief, in the case of the Chief Executive Officer) that the Covered Employee has not substantially performed his or her duties and the Covered Employee has not corrected such failure within thirty (30) days of such written demand; (ii) any act of personal dishonesty taken by the Covered Employee in connection with his or her responsibilities as an employee of the Company with the intention or reasonable expectation that such action may result in the substantial personal enrichment of the Covered Employee; (iii) the Covered Employee's conviction of, or plea of nolo contendere to, a felony that the Board reasonably believes has had or will have a material detrimental effect on the Company's reputation or business; (iv) a breach of any fiduciary duty owed to the Company by the Covered Employee that has a material detrimental effect on the Company's reputation or business; (v) the Covered Employee being found liable in any Securities and Exchange Commission or other civil or criminal securities law action or entering any cease and desist order with respect to such action (regardless of whether or not the Covered Employee admits or denies liability); or (vi) the Covered Employee (A) obstructing or impeding; (B) endeavoring to obstruct, impede or improperly influence, or (C) failing to materially cooperate with, any investigation authorized by the Board or any governmental or self-regulatory entity (an "Investigation"); provided, however, the Covered Employee's failure to waive attorney-client privilege relating to communications with the Covered Employee's own attorney in connection with an Investigation will not constitute "Cause".

(c) "Change in Control" means a "Change in Control" or a "Corporate Transaction" as those events defined under the Company's 2016 Stock Incentive Plan ("2016 Plan").

(d) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(e) "Good Reason" means the Covered Employee's termination of employment as a result of the occurrence of any of the following without his or her written consent: (i) a material diminution of the Covered Employee's authority, duties, or responsibilities, relative to the Covered Employee's authority, duties, or responsibilities in effect immediately prior to such reduction, (ii)

a material diminution by the Company in the base salary of the Covered Employee that was in effect immediately prior to such reduction, or (iii) the relocation of the Covered Employee to a facility or a location more than fifty (50) miles from his or her then present location. For purposes of clause (i) above, the determination of "material diminution" will include for example, but not by way of limitation, an analysis of whether the Covered Employee maintains at least the same level, scope and type of authority, duties and responsibilities with respect to the management, strategy, operations and business. In order to terminate employment for "Good Reason," the Covered Employee must provide written notice to the Board of the condition that could constitute a "Good Reason" event within ninety (90) days of the initial existence of such condition, such condition must not have been remedied by the Company within thirty (30) days (the "Cure Period") of such written notice and the Covered Employee must terminate employment within ninety (90) days following the end of the Cure Period.

(f) "Section 409A Limit" means the lesser of two (2) times: (i) the Covered Employee's annualized compensation based upon the annual rate of pay paid to the Covered Employee during his or her taxable year preceding the Covered Employee's taxable year in which the Covered Employee's separation from service occurs as determined under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Covered Employee's employment is terminated.

(g) "Severance Benefits" means the compensation and other benefits the Covered Employee will be provided pursuant to Sections 3 and 4, as applicable.

3. Termination Without Cause Outside of the Change in Control Period. If, at any time outside of the Change in Control Period (as defined below), the Company (or any parent or subsidiary of the Company) terminates a Covered Employee's employment other than for Cause, subject to Section 5, such Covered Employee shall receive the following Severance Benefits from the Company (for the avoidance of doubt, no Severance Benefits will be paid under this Section 3 for any other termination of employment, including any termination of employment for Cause, resignation of employment for any reason, or termination of employment due to death or disability outside of the Change in Control Period), as applicable:

(a) With respect to a Tier 1 Officer, a lump sum payment in cash up to the equivalent of twelve (12) months of his or her base salary in effect at the time of such termination.

(b) With respect to a Tier 2 Officer, a lump sum payment in cash up to the equivalent of six (6) months of his or her base salary in effect at the time of such termination.

(c) If the Covered Employee has coverage on the date of the Covered Employee's termination under a group health plan sponsored by the Company, the Company will pay the total applicable premium cost for continued group health plan coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, 29 U.S.C. Sections 1161-1168; 26 U.S.C. Section 4980B(f), as amended, and all applicable regulations (referred to collectively as "COBRA"), provided that the Covered Employee is eligible for and validly elects to continue coverage under COBRA for the Covered Employee for a period of up to twelve (12) months.

(d) The Covered Employee shall be entitled to transitional outplacement benefits in accordance with the policies and guidelines of the Company as in effect immediately prior to such termination.

4. Termination Without Cause or Resignation for Good Reason During the Change in Control Period. With respect to Tier 2 Officers, upon a termination of employment other than for Cause or a resignation for Good Reason within twelve (12) months after a Change in Control (the "Change in Control Period"), subject to Section 5, such Tier 2 Officer shall receive the following Severance Benefits:

(a) A lump sum payment in cash up to the equivalent of six (6) months of his or her base salary in effect at the time of such termination.

(b) If such Tier 2 Officer has coverage on the date of his or her termination under a group health plan sponsored by the Company, the Company will pay the total applicable premium cost for continued group health plan coverage under the COBRA, provided that such Tier 2 Officer is eligible for and validly elects to continue coverage under COBRA for a period of up to twelve (12) months.

(c) Such Tier 2 Officer shall be entitled to transitional outplacement benefits in accordance with the policies and guidelines of the Company as in effect immediately prior to such termination.

It is understood and agreed that the severance benefits for Tier 1 Officers upon a termination of employment other than for Cause or a resignation for Good Reason in connection with a Change in Control shall be governed by the McGrath RentCorp Change in Control Severance Plan.

5. Release Requirement. As a condition to receiving Severance Benefits under this Plan, each Covered Employee will be required to sign a waiver and release of all claims arising out of his or her termination of employment with the Company and its subsidiaries and affiliates (the "Release") in the applicable form acceptable to the Company. The Release will include specific information regarding the amount of time the Covered Employee will have to consider the terms of the Release and return the signed agreement to the Company. In no event will the period to return the Release be longer than sixty (60) days, inclusive of any revocation period set forth in the Release, following the Covered Employee's termination of employment (the "Release Period").

6. Timing of Severance Benefits. Subject to Section 9 below, the Severance Benefits that do not constitute Deferred Compensation Separation Benefits (as defined in Section 9 below) shall commence or be paid, as applicable, as soon as administratively practicable but within ten (10) calendar days following the date of the Covered Employee's termination of employment (or, if required by Section 9, the Covered Employee's separation from service) or, if later, on the date the Release becomes effective. Subject to Section 9 below, the Severance Benefits that do constitute Deferred Compensation Separation Benefits will commence or be paid as applicable, as follows:

(a) If the Covered Employee's Release Period ends on or before December 15 of the calendar year in which the Covered Employee's termination of employment occurs, his or her Deferred Compensation Separation Benefits will commence or be made, as applicable, on or before December 31 of that calendar year.

(b) If the Covered Employee's Release Period ends after December 15 of the calendar year in which the Covered Employee's termination of employment occurs, his or her Deferred Compensation Separation Benefits will commence or be paid, as applicable, on the later of (a) the first payroll date in the calendar year next following the calendar year of the Covered Employee's termination of employment or (b) the first payroll date following the date his or her Release becomes effective, subject to Section 9 below.

7. Non-Duplication of Benefits. Notwithstanding any other provision in the Plan to the contrary, there shall be no duplication of benefits such that if a Covered Employee would otherwise already be entitled to severance or change in control compensation pursuant to another written plan of or agreement with the Company, then such written plan or agreement would govern in lieu of this plan. Notwithstanding the foregoing, if the Covered Employee is entitled to any benefits other than the benefits under the Plan by operation of applicable law or as negotiated in accordance with applicable law, his or her benefits under the Plan shall be reduced by the value of the benefits the Covered Employee receives by operation of applicable law or as negotiated in accordance with applicable law, as determined by the Administrator in its discretion. It is the intent of the Administrator that amounts owing under the terms of a non-equity performance based incentive plan will be made in addition to any Plan benefits and will not be so offset.

8. Parachute Payments. In the event that the severance and other benefits provided for in this Plan or otherwise payable or provided to the Covered Employee (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section 8, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then the Employee's severance benefits hereunder shall be either

(a) delivered in full, or

(b) delivered as to such lesser extent which would result in no portion of such severance benefits being subject to the Excise Tax,

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Covered Employee on an after-tax basis, of the greatest amount of severance benefits, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and the Covered Employee otherwise agree in writing, any determination required under this Section 8 shall be made in writing in good faith by the Company's independent tax accountants immediately prior to the Change in Control (the "Accountants"). In the event of a reduction in accordance with subsection (b) above, the reduction will occur, with respect to such severance and other benefits considered "parachute payments" within the meaning of Section 280G of the Code in a manner designed to maximize the intrinsic value delivered to the Covered Employee by first reducing or eliminating any cash severance benefits, then by reducing or eliminating any accelerated vesting of stock appreciation rights or stock options, then by reducing or eliminating any accelerated vesting of other Equity Compensation Awards, then by reducing or eliminating any other remaining parachute payments.

9. Section 409A.

(a) Notwithstanding anything to the contrary in the Plan, no Deferred Compensation Separation Benefits (as defined below) or other severance benefits that are exempt from Section 409A (as defined below) pursuant to Treasury Regulation Section 1.409A-1(b)(9) will become payable until the Covered Employee has a "separation from service" within the meaning of Section 409A of the Code and the final regulations and any guidance promulgated thereunder ("Section 409A"). Further, if the Covered Employee is subject to Section 409A and is a "specified employee" within the meaning of Section 409A at the time of the Covered Employee's separation from service (other than due to death), then any Deferred Compensation Separation Benefits otherwise due to the Covered Employee on or within the six (6) month period following his or her separation from service will accrue during such six (6) month period and will become payable in a lump sum payment (less applicable withholding taxes) on the date six (6) months and one (1) day following the date of the Covered Employee's separation from service. All subsequent payments of Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Covered Employee dies following his or her separation from service but prior to the six (6) month anniversary of his or her date of separation, then any payments delayed in accordance with this paragraph will be payable in a lump sum (less applicable withholding taxes) to the Covered Employee's estate as soon as administratively practicable after the date of his or her death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. For purposes of the Plan, "Deferred Compensation Separation Benefits" will mean the severance payments or benefits payable to the Covered Employee, if any, pursuant to the Plan that, when considered together with any other severance payments or separation benefits, is considered deferred compensation under Section 409A.

(b) Each payment and benefit payable under the Plan is intended to constitute a separate payment for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations. Any severance payment that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-1(b)(4) of the Treasury Regulations shall not constitute a Deferred Compensation Separation Benefit. Any severance payment that entitles the Covered Employee to taxable reimbursements or taxable in-kind benefits covered by Section 1.409A-1(b)(9)(v) shall not constitute a Deferred Compensation Separation Benefit. Any severance payment or portion thereof that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-1(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit shall not constitute a Deferred Compensation Separation Benefit.

(c) It is the intent of this Plan to comply with or be exempt from the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities herein will be interpreted to so comply. Notwithstanding anything to the contrary in the Plan, including but not limited to Section 11, the Company reserves the right to amend the Plan as it deems necessary or advisable, in its sole discretion and without the consent of the Covered Employees, to comply with Section 409A of the Code or to otherwise avoid income recognition under Section 409A of the Code prior to the actual payment of Change in Control Severance Benefits or imposition of any additional tax (provided that no such amendment shall materially reduce the benefits provided hereunder).

9. Withholding. The Company will withhold from any Severance Benefits all federal, state, local and other taxes required to be withheld therefrom and any other required payroll deductions.

10. Administration. The Plan will be administered and interpreted by the Administrator. The Administrator is the "named fiduciary" of the Plan for purposes of ERISA and will be subject to the fiduciary standards of ERISA when acting in such capacity. Any decision made or other action taken by the Administrator prior to a Change in Control with respect to the Plan, and any interpretation by the Administrator prior to a Change in Control of any term or condition of the Plan, or any related document, will be conclusive and binding on all persons and be given the maximum possible deference allowed by law. Following a Change in Control, any decision made or other action taken by the Administrator with respect to the Plan, and any interpretation by the Administrator of any term or condition of the Plan, or any related document that (i) does not affect the benefits payable under the Plan shall not be subject to review unless found to be arbitrary and capricious or (ii) does affect the benefits payable under the Plan shall not be subject to review unless found to be unreasonable or not to have been made in good faith.

11. Amendment or Termination. The Company, by action of the Administrator, reserves the right to amend or terminate the Plan at any time, without advance notice to any Covered Employee and without regard to the effect of the amendment or termination on any Covered Employee or on any other individual. Any amendment or termination of the Plan will be in writing. Notwithstanding the preceding, once the Change in Control has occurred, the Company may not, without a Covered Employee's written consent, amend or terminate the Plan in any way, nor take any other action, that (a) prevents that Covered Employee from becoming eligible for Severance Benefits under the Plan or (b) reduces or alters to the detriment of the Covered Employee the Severance Benefits payable, or potentially payable, to a Covered Employee under the Plan (including, without limitation, imposing additional conditions or modifying the timing of payment). Any action of the Company in amending or terminating the Plan will be taken in a non-fiduciary capacity.

12. Claims Procedure. Any employee or other person who believes he or she is entitled to any payment under the Plan may submit a claim in writing to the Administrator within ninety (90) days of the earlier of (i) the date the claimant learned the amount of their Change in Control Severance Benefits under the Plan or (ii) the date the claimant learned that he or she will not be entitled to any benefits under the Plan. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice will also describe any additional information needed to support the claim and the Plan's procedures for appealing the denial. The denial notice will be provided within ninety (90) days after the claim is received. If special circumstances require an extension of time (up to ninety (90) days), written notice of the extension will be given within the initial ninety (90) day period. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision on the claim. The Administrator has delegated the claims review responsibility to the Company's Vice President, Human Resources, except in the case of a claim filed by or on behalf of the Company's Vice President, Human Resources, in which case, the claim will be reviewed by the Company's Chief Executive Officer.

13. Appeal Procedure. If the claimant's claim is denied, the claimant (or his or her authorized representative) may apply in writing to the Administrator for a review of the decision denying the claim. Review must be requested within sixty (60) days following the date the claimant received the written notice of their claim denial or else the claimant loses the right to review. The claimant (or representative) then has the right to review and obtain copies of all documents and other information relevant to the claim, upon request and at no charge, and to submit issues and comments

in writing. The Administrator will provide written notice of its decision on review within sixty (60) days after it receives a review request. If additional time (up to sixty (60) days) is needed to review the request, the claimant (or representative) will be given written notice of the reason for the delay. This notice of extension will indicate the special circumstances requiring the extension of time and the date by which the Administrator expects to render its decision. If the claim is denied (in full or in part), the claimant will be provided a written notice explaining the specific reasons for the denial and referring to the provisions of the Plan on which the denial is based. The notice shall also include a statement that the claimant will be provided, upon request and free of charge, reasonable access to, and copies of, all documents and other information relevant to the claim and a statement regarding the claimant's right to bring an action under Section 502(a) of ERISA. The Administrator has delegated the appeals review responsibility to the Company's Vice President, Human Resources, except in the case of an appeal filed by or on behalf of the Company's Vice President, Human Resources, in which case, the appeal will be reviewed by the Company's Chief Executive Officer.

14. Legal Expenses. In the event that any party hereto institutes any legal suit, action, or proceeding against the other party arising out of or relating to this Plan, the prevailing party in the suit, action, or proceeding shall be entitled to receive in addition to all other damages to which it may be entitled, the costs incurred by such party in conducting the suit, action, or proceeding, including reasonable attorneys' fees and expenses and court costs.

15. Source of Payments. All Severance Benefits will be paid in cash from the general funds of the Company; no separate fund will be established under the Plan, and the Plan will have no assets. No right of any person to receive any payment under the Plan will be any greater than the right of any other general unsecured creditor of the Company.

16. Inalienability. In no event may any current or former employee of the Company or any of its subsidiaries or affiliates sell, transfer, anticipate, assign or otherwise dispose of any right or interest under the Plan. At no time will any such right or interest be subject to the claims of creditors nor liable to attachment, execution or other legal process.

17. No Enlargement of Employment Rights. Neither the establishment or maintenance of the Plan, any amendment of the Plan, nor the making of any benefit payment hereunder, will be construed to confer upon any individual any right to be continued as an employee of the Company. The Company expressly reserves the right to discharge any of its employees at any time, with or without cause. However, as described in the Plan, a Covered Employee may be entitled to benefits under the Plan depending upon the circumstances of his or her termination of employment.

18. Successors. Any successor to the Company of all or substantially all of the Company's business and/or assets (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) will assume the obligations under the Plan and agree expressly to perform the obligations under the Plan in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under the Plan, the term "Company" will include any successor to the Company's business and/or assets which become bound by the terms of the Plan by operation of law, or otherwise.

19. Applicable Law. The provisions of the Plan will be construed, administered and enforced in accordance with ERISA and, to the extent applicable, the internal substantive laws of the State of California (with the exception of its conflict of laws provisions).

20. Severability. If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provision of the Plan, and the Plan will be construed and enforced as if such provision had not been included.

21. Headings. Headings in this Plan document are for purposes of reference only and will not limit or otherwise affect the meaning hereof.

22. Indemnification. The Company hereby agrees to indemnify and hold harmless the officers and employees of the Company, and the members of its boards of directors, from all losses, claims, costs or other liabilities arising from their acts or omissions in connection with the administration, amendment or termination of the Plan, to the maximum extent permitted by applicable law. This indemnity will cover all such liabilities, including judgments, settlements and costs of defense. The Company will provide this indemnity from its own funds to the extent that insurance does not cover such liabilities. This indemnity is in addition to and not in lieu of any other indemnity provided to such person by the Company.

23. Additional Information.

Plan Name: McGrath RentCorp Involuntary Termination Severance Plan for Officers

Plan Name: McGrath RentCorp Involuntary Termination Severance Plan for Officers

Plan Sponsor: McGrath RentCorp
5700 Las Positas Road
Livermore, CA 94551

Identification Numbers: EIN: 942579843
PLAN: _____

Plan Year: Company's Fiscal Year

Plan Administrator: McGrath RentCorp
Attention: Administrator of the McGrath RentCorp Involuntary Termination Severance Plan for Officers

Attention: Administrator of the McGrath RentCorp Involuntary Termination Severance Plan for Officers

5700 Las Positas Road
Livermore, CA 94551
(925) 606-9200

Agent for Service of Legal Process: McGrath RentCorp
Attention: Tara Wescott, VP of Human Resources
5700 Las Positas Rd
Livermore, CA 94551
(925) 606-9200

Service of process may also be made upon the Administrator.

Type of Plan: Severance Plan/Employee Welfare Benefit Plan

Plan Costs: The cost of the Plan is paid by the Employer.

24. Statement of ERISA Rights.

As a Covered Employee under the Plan, you have certain rights and protections under ERISA:

(a) You may examine (without charge) all Plan documents, including any amendments and copies of all documents filed with the U.S. Department of Labor. These documents are available for your review in the Company's Human Resources Department.

(b) You may obtain copies of all Plan documents and other Plan information upon written request to the Administrator. A reasonable charge may be made for such copies.

In addition to creating rights for Covered Employees, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan (called "fiduciaries") have a duty to do so prudently and in the interests of you and the other Covered Employees. No one, including the Company or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit under the Plan or exercising your rights under ERISA. If your claim for a severance benefit is denied, in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the denial of your claim reviewed. (The claim review procedure is explained in Sections 12 and 13 above.)

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Administrator to provide the materials and to pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim which is denied or ignored, in whole or in part, you may file suit in a federal court. If it should happen that you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court.

In any case, the court will decide who will pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

If you have any questions regarding the Plan, please contact the Administrator. If you have any questions about this statement or about your rights under ERISA, you may contact the nearest area office of the Employee Benefits Security Administration (formerly the Pension and Welfare Benefits Administration), U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W. Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

McGrath RentCorp
2022 Officer Cash Bonus Plan

Cash Bonus Plan Components: The Plan is comprised of two components. The first component measures the officer's success at meeting either the Company's or the division's annual profitability goals. The second component measures the officer's success at accomplishing their annual individual priorities goals.

Component 1 - Profitability: Corporate officers will be evaluated on the Company's success at meeting its annual profitability goals. Determining the annual profitability goals will be a collaborative process involving the CEO, CFO and various other officers of the Company, however, final approval will rest with the Company's Compensation Committee designated by the Board of Directors. The profitability measurements for the Company's corporate officers will be "Pre-Tax Income" or PTI. The profitability measurements for the Company's vice president & division manager positions will be divisional EBIT. However, other metrics may be utilized from time to time, as appropriate. Unusual revenue or expense items may arise from time to time that need to be evaluated as to whether to include or exclude from the profitability calculations. Such determinations will be at the discretion of the Company's Compensation Committee. At the end of this document is a listing for each officer / position indicating the percentage amounts of base salary for the calendar year 2022 that can be earned for achieving 100% of each of their respective profitability goals. Achievement above or below 100% of the profitability goals will be paid using straight-line interpolation. See chart at the end of this document, which includes a straight-line interpolation calculator. The maximum overage percentage of base salary that can be earned is the individual officer's maximum profitability component percentage at 100% of goal, as listed below.

Component 2 - Priorities: Each officer will be evaluated annually on their success at accomplishing their individual priorities list. Determining annual priorities will be a collaborative process between the CEO and each officer. Final determination will rest with the CEO. The priorities list should be comprised mainly of objectives that can have a significant impact on either potential earnings growth beyond the current financial plan year or the long-term divisional or corporate infrastructure needs of the Company. The annual priorities list should be comprised of a maximum of four (4) items, of the most impactful objectives. Each priority should be weighted according to 1) the critical nature of the priority relative to other priorities, and 2) the projected amount of time and effort involved in accomplishing the priority relative to other priorities. Listed below are the bonus percentages for each officer / position and the percentage amounts of base salary for the calendar year 2022 that can be earned under this component for achieving a 100% rating for all priorities.

Payment of Bonuses: Both the annual profitability and priorities goal bonuses will be paid in February, 2023 as soon as year-end 2022 financial results are finalized, bonus computations are completed, and payments are entered for the next regularly scheduled payroll run /date.

Priorities Component Achievement Evaluation: Officers will be evaluated on their ability to execute each priorities list item successfully according to the "Goal Achievement Criteria" established. Failing to achieve a priority despite making one's best efforts does not alter the fact that the priority was not accomplished. However, from time to time, there may be extenuating circumstances that will need to be considered in the final assessment of an officer's ability to achieve a priority. Additionally, in the event that priorities need to be modified or reset within the calendar year due to requirements of the business, adjustments will be made accordingly. In the event that an officer has a joint priority item with another officer or manager, there will be joint and individual assessments made based upon what portions of the priority were collaborative, and what portions required individual execution. The CEO will determine the final scoring for each priorities list item after consultation with other officers or individuals, as appropriate.

Establishing Priorities Lists: The following list of criteria / practices will be utilized to establish and articulate priorities on the list:

1) Some priorities selected may involve longer time frames than the current year for completion and will transition to future years. In these cases, for the current year, it should be clearly defined what portions of the priority item will be completed for evaluation purposes.

2) Each priority is to have "Goal Achievement Criteria" that identifies specifically how success will be measured on achieving the objective, including a weighting and specific criteria for measurement of each part or item to be accomplished. Please note that the weightings must add to 100% for each priority item that has multiple parts or items. Whenever possible, the goal achievement criteria should be quantitative.

3) For joint priorities, the Priorities List should identify which portions of the priority are to be evaluated jointly with other officers or managers, and which portions are to be evaluated individually.

4) The accomplishment of most priorities will require a perpetuation of the item beyond the current year. It is important that the organization does not lose momentum or fail to create the necessary foundation for the priority to be carried out or remain in place in subsequent years.

5) Progress throughout the performance period will be reviewed to make necessary adjustments in approach to help ensure the priority is completed successfully.

6) An officer's priorities should be shared with both managers and staff, as appropriate. This allows others to be mindful of the officer's focus and to influence the day-to-day behaviors of others in support of the initiatives.

Profitability Goals Philosophy: Annual profitability goals will be established based upon a "realistic stretch" philosophy. The Company's management will determine the profitability goal components and levels to be achieved for the Company and each division annually based upon its outlook in the markets in which it operates, strategic and tactical initiatives, other key factors and special circumstances. A "realistic stretch" philosophy is utilized in establishing goal levels to be achieved.

Profitability Goals Determination: Typically, annual profitability goals will be approved by the board of directors of the Company in December as part of the annual financial plan approval process. However, based upon material changes in either the Company's actual performance or outlook within the first two months of the new year, the board may elect to either raise or lower profitability targets. In turn, impacted profitability goals will be adjusted as necessary.

Interpretation of Cash Bonus Plan: Should any elements of this bonus plan require interpretation or modification by the Compensation Committee; such decisions will be made in keeping with the spirit and intent of the Plan.

Eligibility: Officers will not be entitled to any bonus upon a voluntary resignation or a termination for Cause. Upon a termination of employment without Cause or resignation for Good Reason (each, as defined in the Company's Involuntary Termination Severance Eligibility / Payments Policy for Officers, whether or not the individual participates in such policy), subject to the officer's execution and non-revocation of a general release of claims in the Company's customary form within 60 days following such termination, the bonus will be paid out for the year of such termination of employment based on the following: (1) for the profitability component, the target bonus amount, and (2) for the priorities component, full satisfaction of the specified priorities;

provided that the aggregate bonus amount for both the profitability and priorities components will be pro-rated for such year based on the number of days the officer was employed by the Company prior to such termination, payable at the same time bonuses are paid to other officers of the Company. For illustrative purposes, if an officer is eligible to receive a target bonus of $100,000 and a termination of employment without Cause occurred on June 30, 2022, such officer would receive $50,000 in pro-rated target bonus amount. The profitability component will not be paid until final year-end financial information is available, but in no event later than March 15 of the year following the year in which termination occurs.

Other: Separate from the annual individual priorities list discussed in this Plan, officers should establish individual and joint objectives, as necessary, in support of achieving the current year's profitability component goals.

In the event of a Change in Control (as defined in the Company's Change in Control Severance Plan applicable for the CEO, CFO and COO), subject to the officer's execution and non-revocation of a general release of claims in the Company's customary form within 60 days following such termination, the bonus will be paid out for the year of a Change in Control based on the following: (1) for the profitability component, the target bonus amount, and (2) for the priorities component, full satisfaction of the specified priorities; provided that the aggregate bonus amount for both the profitability and priorities components will be pro-rated for such year based on the number of days the officer was employed by the Company prior to consummation of such Change in Control, payable as soon as practicable following the consummation of such Change in Control For illustrative purposes, if an officer is eligible to receive a target bonus of $100,000 and a Change in Control occurred on June 31, 2022, such officer would receive $50,000 in pro-rated target bonus amount.
Bonus Percentages: Percentages of calendar year 2022 base salary amounts for both profitability and individual priorities goals are listed below.

Profitability Bonus Achievement Calculator:

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address:	<first_name> <middle_name> <last_name>
	<address_1> <address_2>
	<city>, <state> <zip>

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number	<award_id>
Date of Award	<award_date>
Total Number of Restricted Stock Units Awarded (the "Units")	<shares_awarded>

Vesting Schedule:

Subject to the Grantee's Continuous Service through the Determination Date (as defined below) and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"):

No Units shall vest unless the Company's three year average annual return on invested capital ("ROIC") as of the financial plan year ending <Award_User_Defined_2> (the "Determination Date") is at least equal to Threshold. ROIC achievement for such period shall be determined by the Board in its sole discretion (including, without limitation, after giving effect to adjustments to account for, among other things, extraordinary items, as determined in its sole discretion) no later than <Award_User_Defined_3>. Based on the ROIC for such period, the Units shall vest as follows:

ROIC Achieved	Percentage of Vested Units Earned
Threshold	50%
Target	100%
Maximum and above	200%

If ROIC achievement is above Threshold and below Target, or above Target and below Maximum, then the number of Units that vest shall be determined based on straight line interpolation, rounded up to the next whole Unit. No Units are earned for achievement below Threshold. The specific Threshold, Target and Maximum goals are documented annually in the minutes of the February Board meeting.

In the event of a Corporate Transaction or Change in Control, if such Corporate Transaction or Change in Control occurs prior to the Determination Date, the Units shall immediately vest with ROIC deemed satisfied at Target and the Percentage of Vested Units Earned shall be equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such Corporate Transaction or Change in Control by (B) 1,095.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall immediately cease upon the date of the termination of the Grantee's Continuous Service for any reason, including death or Disability. In the event the Grantee's Continuous Service is terminated for any reason, including death or Disability, any unvested Units held by the Grantee immediately upon such termination of Continuous Service shall be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee. Notwithstanding the foregoing, in the event the Grantee's Continuous Service is terminated by the Company without Cause (excluding due to death or Disability) prior to the Determination Date, a Corporate Transaction or a Change in Control, the Units shall immediately vest with ROIC deemed satisfied at Target and the Percentage of Vested Units Earned equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such termination of Grantee's Continuous Service by (B) 1,095. For the avoidance of doubt, if the Grantee's Continuous Service is terminated for Cause, due to death or Disability or if the Grantee resigns Grantee's Continuous Service for any reason, whether prior to or after the Determination Date, all Units will be forfeited.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

McGrath RentCorp
a California corporation

By: /s/ Joseph F. Hanna

Title: President and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES OR CASH AMOUNTS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S (OR A RELATED ENTITY'S) RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan.

The Grantee further acknowledges that, from time to time, the Company may be in a "blackout period" (as defined in the Company's Insider Trading and Blackout Policy) and/or insider trading rules, federal securities laws or other Applicable Law could prohibit Grantee from engaging in any transaction involving the sale of the Company's Shares. The Grantee acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules, federal securities laws, or other Applicable Law. Failure to comply with these laws and/or the Company's Insider Trading and Blackout Policy is a violation of Company Policy. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares complies with Company policies. In the event it is determined Grantee has violated any Company policy, the Company reserves the right to take disciplinary action, up to and including the termination of Grantee's employment.

The Grantee understands that the Award is subject to the Grantee's consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the "Plan Documents") in electronic form on the Company's intranet or the website of the Company's designated brokerage firm, if applicable. By signing below (or providing an electronic signature by clicking below) and accepting the grant of the Award, the Grantee: (i) consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (ii) represents that the Grantee has access to the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (iii) acknowledges receipt of electronic copies, or that the Grantee is already in possession of paper copies, of the Plan Documents; (iv) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents; and (v) acknowledges that the Grantee has read and understands the Company's Insider Trading and Blackout Policy.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

This consent will apply to this Award as well as any future Awards made to the Grantee by the Company. The Grantee may withdraw his or her consent to receive the Plan Documents electronically at any time by sending written notification of the Grantee's withdrawal of his or her consent to: Melodie Craft, Vice President Legal, McGrath RentCorp, 5700 Las Positas

Road, Livermore, CA 94551. Alternatively, the Grantee may send an e-mail to: melodie.craft@mgrc.com. The Grantee agrees to provide the Company with any changes to the Grantee's e-mail address in order to continue to receive electronic notifications and disclosures. Changes to the Grantee's e-mail address should be sent to the address or e-mail address listed herein.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 9 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 10 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date: _____

_____
Grantee's Signature

_____
Grantee's Printed Name

_____
Address

_____
City, State & Zip

Exhibit 10.8.1

Award Number: <award_id>

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. McGrath RentCorp, a California corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (the "Agreement") and the terms and provisions of the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred, assigned, alienated, encumbered, pledged or attached in any manner other than by will or by the laws of descent and distribution and any such transfer, assignment, alienation, encumbrance, pledge or attachment shall be void and unenforceable against the Company or a Related Entity.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), one Share and, if applicable, a Cash Dividend Equivalent (as defined in this Section 3(a)), shall be issuable for each Unit subject to the Award upon vesting. Immediately after such vesting, or as soon as administratively feasible, the Company will transfer the appropriate number of Shares and the Cash Dividend Equivalent amount, if applicable, to the Grantee after satisfaction of any required tax or other withholding obligations. For purposes herein, "Cash Dividend Equivalent" means for each Share issued in settlement of a vested Unit, a cash payment equal to the aggregate cash dividends, if any, that would have been payable to the Grantee with respect to such Share had the Grantee been the holder of the Share between the Date of Award and the date of such settlement; provided. For the avoidance of doubt, no Cash Dividend Equivalent shall be payable with respect to any Unit that does not vest. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share, and no Cash Dividend Equivalent shall be payable with respect to such fractional Unit. Notwithstanding the foregoing, the relevant number of Shares shall be issued, and the related Cash Dividend Equivalent, if applicable, shall be paid, no later than March 15th of the year following the calendar year in which the Award vests. [The Company may, however, in its sole discretion, make a cash payment in lieu of the issuance of Shares under this Section 3(a) in an amount equal to the Fair Market Value thereof; provided that the corresponding Cash Dividend Equivalent in such event shall be calculated as though the Grantee had been issued Shares rather than such cash payment.]

(b) Delay of Conversion. The conversion of the Units into the Shares, but not the payment of the related Cash Dividend Equivalent, if any, under Section 3(a) above shall be

delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other Applicable Law. If the conversion of the Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other Applicable Law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of Applicable Law.

(c) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares and the payment of any related Cash Dividend Equivalent under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares and any Cash Dividend Equivalent to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any shareholder rights, voting rights or, except as provided in Section 3(a), rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

5. Restrictive Covenants. Grantee acknowledges and agrees that Grantee's eligibility for, receipt of, and vesting of the Award is conditioned upon:

(a) Grantee's execution of and compliance at all times with the Company's Proprietary Information Agreement entered into between the Grantee and the Company; and

(b) Grantee's compliance at all times with the Company's governance policies, including, without limitation, the Company's Code of Business Conduct and Ethics, as each may be amended from time to time.

Provided the Employee was given a Proprietary Information Agreement by the Company which he/she has not yet executed, if the Company does not receive a fully executed Proprietary Information Agreement (whether electronically or otherwise) within six (6) months of the date of the Award, then the Award shall be terminable by the Company. The Award may also be terminable by the Company if Grantee violates the Company's governance policies.

6. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the tax treatment of or any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the payment of any Cash Dividend Equivalent, the subsequent

sale of any Shares acquired upon vesting and the receipt of any other dividends or dividend equivalents. The Company and its Related Entities do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless the Board or the compensation committee of the Board affirmatively determines to require the Grantee to make other arrangements to satisfy the Tax Withholding Obligation, the Company shall satisfy the Tax Withholding Obligation by Share withholding as set forth in Section 6(c) below; provided, however, that the Company shall satisfy any Tax Withholding Obligation attributable to a Cash Dividend Equivalent by withholding a portion of such Cash Dividend Equivalent sufficient to satisfy such portion of the Tax Withholding Obligation. Notwithstanding the foregoing, if permissible under Applicable Law, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company and/or a Related Entity has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company and/or a Related Entity the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company and/or a Related Entity to do so, whether or not the Grantee is an employee of the Company and/or a Related Entity at that time.

(c) Share Withholding. If permissible under Applicable Law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

7. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Alameda) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 10 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

12. Data Privacy.

(a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in the Notice and this Agreement by and among, as applicable, the Grantee's employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Company and the Grantee's employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

(c) The Grantee understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan.

The Grantee understands that the recipients of the Data may be located in the Grantee's country, or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

13. Language. If the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by Applicable Law.

14. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable or amounts payable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. It is the intention of the Company that the Award comply with Section 409A of the Code and this Agreement be interpreted in a matter to effect such compliance. Notwithstanding the foregoing, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

15. Status of the RSU. The Units subject to this Award are not intended to constitute property, but are a contract pursuant to which a future payment of cash or a payment in the form of an in-kind transfer of Shares will be made following the vesting of the Units. The Units are not, therefore, subject to Code Section 83 and it is not possible to make an election under Code Section 83(b) (which is only applicable to a transfer of property that is subject to a substantial risk of forfeiture). The Grantee should consult his or her tax advisors to determine the tax implications resulting from this Award and the vesting of the Units subject to this Agreement.

END OF AGREEMENT

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address: <first_name> <middle_name> <last_name>

<address_1> <address_2>
<city>, <state> <zip>

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number	<award_id>
Date of Award	<award_date>
Total Number of Restricted Stock Units Awarded (the "Units")	<shares_awarded>

Vesting Schedule:

Subject to the Grantee's Continuous Service through the Determination Date (as defined below) and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"):

No Units shall vest unless the <Award_User_Defined_1> Division's three year average annual RREP as of the financial plan year ending <Award_User_Defined_2> (the "Determination Date") is at least equal to Threshold. RREP achievement for such period shall be determined by the Board in its sole discretion (including, without limitation, after giving effect to adjustments to account for, among other things, extraordinary items, as determined in its

sole discretion) no later than <Award_User_Defined_3>. Based on the RREP for such period, the Units shall vest as follows:

Division RREP Achieved	**Percentage of Vested Units Earned**
Threshold	50%
Target	100%
Maximum and above	200%

If Division RREP achievement is above Threshold and below Target, or above Target and below Maximum, then the number of Units that vest shall be determined based on straight line interpolation, rounded up to the next whole Unit. No Units are earned for achievement below Threshold. The specific Threshold, Target and Maximum goals are documented annually in the minutes of the February Board meeting.

In the event of a Corporate Transaction or Change in Control, if such Corporate Transaction or Change in Control occurs prior to the Determination Date, the Units shall immediately vest with Division RREP deemed satisfied at Target and the Percentage of Vested Units Earned shall be equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such Corporate Transaction or Change in Control by (B) 1,095.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall immediately cease upon the date of the termination of the Grantee's Continuous Service for any reason, including death or Disability. In the event the Grantee's Continuous Service is terminated for any reason, including death or Disability, any unvested Units held by the Grantee immediately upon such termination of Continuous Service shall be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee. Notwithstanding the foregoing, in the event the Grantee's Continuous Service is terminated by the Company without Cause (excluding due to death or Disability) prior to the Determination Date, a Corporate Transaction or a Change in Control, the Units shall immediately vest with Division RREP deemed satisfied at Target and the Percentage of Vested Units Earned equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such termination of Grantee's Continuous Service by (B) 1,095. For the avoidance of doubt, if the Grantee's Continuous Service is terminated for Cause, due to death or Disability or if the Grantee resigns Grantee's Continuous Service for any reason, in each case, whether prior to or after the Determination Date, all Units will be forfeited.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

McGrath RentCorp
a California corporation

By: /s/ Joseph F. Hanna

Title: President and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES OR CASH AMOUNTS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S (OR A RELATED ENTITY'S) RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan.

The Grantee further acknowledges that, from time to time, the Company may be in a "blackout period" (as defined in the Company's Insider Trading and Blackout Policy) and/or insider trading rules, federal securities laws or other Applicable Law could prohibit Grantee from engaging in any transaction involving the sale of the Company's Shares. The Grantee acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules, federal securities laws, or other Applicable Law. Failure to comply with these laws and/or the Company's Insider Trading and Blackout Policy is a violation of Company Policy. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares complies with Company policies. In the event it is determined Grantee has violated any Company policy, the Company reserves the right to take disciplinary action, up to and including the termination of Grantee's employment.

The Grantee understands that the Award is subject to the Grantee's consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the "Plan Documents") in electronic form on the Company's intranet or the website of the Company's designated brokerage firm, if applicable. By signing below (or providing an electronic signature by clicking below) and accepting the grant of the Award, the Grantee: (i) consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (ii) represents that the Grantee has access to the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (iii) acknowledges receipt of electronic copies, or that the Grantee is already in possession of paper copies, of the Plan Documents; (iv) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents; and (v) acknowledges that the Grantee has read and understands the Company's Insider Trading and Blackout Policy.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

This consent will apply to this Award as well as any future Awards made to the Grantee by the Company. The Grantee may withdraw his or her consent to receive the Plan Documents electronically at any time by sending written notification of the Grantee's withdrawal of his or her consent to: Melodie Craft, Vice President Legal, McGrath RentCorp, 5700 Las Positas

Road, Livermore, CA 94551. Alternatively, the Grantee may send an e-mail to: melodie.craft@mgrc.com. The Grantee agrees to provide the Company with any changes to the Grantee's e-mail address in order to continue to receive electronic notifications and disclosures. Changes to the Grantee's e-mail address should be sent to the address or e-mail address listed herein.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 9 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 10 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date: _____

_____
Grantee's Signature

_____
Grantee's Printed Name

_____
Address

_____
City, State & Zip

Exhibit 10.8.2

Award Number: <award_id>

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. McGrath RentCorp, a California corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (the "Agreement") and the terms and provisions of the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred, assigned, alienated, encumbered, pledged or attached in any manner other than by will or by the laws of descent and distribution and any such transfer, assignment, alienation, encumbrance, pledge or attachment shall be void and unenforceable against the Company or a Related Entity.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), one Share and, if applicable, a Cash Dividend Equivalent (as defined in this Section 3(a)), shall be issuable for each Unit subject to the Award upon vesting. Immediately after such vesting, or as soon as administratively feasible, the Company will transfer the appropriate number of Shares and the Cash Dividend Equivalent amount, if applicable, to the Grantee after satisfaction of any required tax or other withholding obligations. For purposes herein, "Cash Dividend Equivalent" means for each Share issued in settlement of a vested Unit, a cash payment equal to the aggregate cash dividends, if any, that would have been payable to the Grantee with respect to such Share had the Grantee been the holder of the Share between the Date of Award and the date of such settlement; provided. For the avoidance of doubt, no Cash Dividend Equivalent shall be payable with respect to any Unit that does not vest. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share, and no Cash Dividend Equivalent shall be payable with respect to such fractional Unit. Notwithstanding the foregoing, the relevant number of Shares shall be issued, and the related Cash Dividend Equivalent, if applicable, shall be paid, no later than March 15th of the year following the calendar year in which the Award vests. [The Company may, however, in its sole discretion, make a cash payment in lieu of the issuance of Shares under this Section 3(a) in an amount equal to the Fair Market Value thereof; provided that the corresponding Cash Dividend Equivalent in such event shall be calculated as though the Grantee had been issued Shares rather than such cash payment.]

(b) Delay of Conversion. The conversion of the Units into the Shares, but not the payment of the related Cash Dividend Equivalent, if any, under Section 3(a) above shall be delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other Applicable Law. If the conversion of the

Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other Applicable Law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of Applicable Law.

(c) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares and the payment of any related Cash Dividend Equivalent under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares and any Cash Dividend Equivalent to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any shareholder rights, voting rights or, except as provided in Section 3(a), rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

5. Restrictive Covenants. Grantee acknowledges and agrees that Grantee's eligibility for, receipt of, and vesting of the Award is conditioned upon:

(a) Grantee's execution of and compliance at all times with the Company's Proprietary Information Agreement entered into between the Grantee and the Company; and

(b) Grantee's compliance at all times with the Company's governance policies, including, without limitation, the Company's Code of Business Conduct and Ethics, as each may be amended from time to time.

Provided the Employee was given a Proprietary Information Agreement by the Company which he/she has not yet executed, if the Company does not receive a fully executed Proprietary Information Agreement (whether electronically or otherwise) within six (6) months of the date of the Award, then the Award shall be terminable by the Company. The Award may also be terminable by the Company if Grantee violates the Company's governance policies.

6. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the tax treatment of or any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the payment of any Cash Dividend Equivalent, the subsequent sale of any Shares acquired upon vesting and the receipt of any other dividends or dividend

equivalents. The Company and its Related Entities do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless the Board or the compensation committee of the Board affirmatively determines to require the Grantee to make other arrangements to satisfy the Tax Withholding Obligation, the Company shall satisfy the Tax Withholding Obligation by Share withholding as set forth in Section 6(c) below; provided, however, that the Company shall satisfy any Tax Withholding Obligation attributable to a Cash Dividend Equivalent by withholding a portion of such Cash Dividend Equivalent sufficient to satisfy such portion of the Tax Withholding Obligation. Notwithstanding the foregoing, if permissible under Applicable Law, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company and/or a Related Entity has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company and/or a Related Entity the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company and/or a Related Entity to do so, whether or not the Grantee is an employee of the Company and/or a Related Entity at that time.

(c) Share Withholding. If permissible under Applicable Law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

7. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Alameda) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 10 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

12. Data Privacy.

(a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in the Notice and this Agreement by and among, as applicable, the Grantee's employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Company and the Grantee's employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

(c) The Grantee understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan.

The Grantee understands that the recipients of the Data may be located in the Grantee's country, or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

13. Language. If the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by Applicable Law.

14. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable or amounts payable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. It is the intention of the Company that the Award comply with Section 409A of the Code and this Agreement be interpreted in a matter to effect such compliance. Notwithstanding the foregoing, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

15. Status of the RSU. The Units subject to this Award are not intended to constitute property, but are a contract pursuant to which a future payment of cash or a payment in the form of an in-kind transfer of Shares will be made following the vesting of the Units. The Units are not, therefore, subject to Code Section 83 and it is not possible to make an election under Code Section 83(b) (which is only applicable to a transfer of property that is subject to a substantial risk of forfeiture). The Grantee should consult his or her tax advisors to determine the tax implications resulting from this Award and the vesting of the Units subject to this Agreement.

END OF AGREEMENT

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

NOTICE OF RESTRICTED STOCK UNIT AWARD

Grantee's Name and Address:	<first_name> <middle_name> <last_name> <address_1> <address_2> <city>, <state> <zip>

You (the "Grantee") have been granted an award of Restricted Stock Units (the "Award"), subject to the terms and conditions of this Notice of Restricted Stock Unit Award (the "Notice"), the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), and the Restricted Stock Unit Agreement (the "Agreement") attached hereto, as follows. Unless otherwise provided herein, the terms in this Notice shall have the same meaning as those defined in the Plan.

Award Number	<award_id>
Date of Award	<award_date>
Total Number of Restricted Stock Units Awarded (the "Units")	<shares_awarded>

Vesting Schedule:

Subject to the Grantee's Continuous Service through the Determination Date (as defined below) and other limitations set forth in this Notice, the Agreement and the Plan, the Units will "vest" in accordance with the following schedule (the "Vesting Schedule"):

No Units shall vest unless Enviroplex's division three year average annual earnings before interest and taxes ("Division EBIT") as of the financial plan year ending <Award_User_Defined_2> (the "Determination Date") is at least equal to Threshold. Division EBIT achievement for such period shall be determined by the Board in its sole discretion (including, without limitation, after giving effect to adjustments to account for, among other things, extraordinary items, as determined in its sole discretion) no later than

<Award_User_Defined_3>. Based on the Division EBIT for such period, the Units shall vest as follows:

Division EBIT Achieved	**Percentage of Vested Units Earned**
Threshold	50%
Target	100%
Maximum and above	200%

If Division EBIT achievement is above Threshold and below Target, or above Target and below Maximum, then the number of Units that vest shall be determined based on straight line interpolation, rounded up to the next whole Unit. No Units are earned for achievement below Threshold. The specific Threshold, Target and Maximum goals are documented annually in the minutes of the February Board meeting.

In the event of a Corporate Transaction or Change in Control, if such Corporate Transaction or Change in Control occurs prior to the Determination Date, the Units shall immediately vest with Division EBIT deemed satisfied at Target and the Percentage of Vested Units Earned shall be equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such Corporate Transaction or Change in Control by (B) 1,095.

For purposes of this Notice and the Agreement, the term "vest" shall mean, with respect to any Units, that such Units are no longer subject to forfeiture to the Company. If the Grantee would become vested in a fraction of a Unit, such Unit shall not vest until the Grantee becomes vested in the entire Unit.

Vesting shall immediately cease upon the date of the termination of the Grantee's Continuous Service for any reason, including death or Disability. In the event the Grantee's Continuous Service is terminated for any reason, including death or Disability, any unvested Units held by the Grantee immediately upon such termination of Continuous Service shall be forfeited and deemed reconveyed to the Company and the Company shall thereafter be the legal and beneficial owner of such reconveyed Units and shall have all rights and interest in or related thereto without further action by the Grantee. Notwithstanding the foregoing, in the event the Grantee's Continuous Service is terminated by the Company without Cause (excluding due to death or Disability) prior to the Determination Date, a Corporate Transaction or a Change in Control, the Units shall immediately vest with Division EBIT deemed satisfied at Target and the Percentage of Vested Units Earned equal to the percentage obtained by dividing (A) the number of days between the Date of Award and the date of such termination of Grantee's Continuous Service by (B) 1,095. For the avoidance of doubt, if the Grantee's Continuous Service is terminated for Cause, due to death or Disability or if the Grantee resigns Grantee's Continuous Service for any reason, in each case, whether prior to or after the Determination Date, all Units will be forfeited.

IN WITNESS WHEREOF, the Company and the Grantee have executed this Notice and agree that the Award is to be governed by the terms and conditions of this Notice, the Plan, and the Agreement.

McGrath RentCorp
a California corporation

By: /s/ Joseph F. Hanna

Title: President and CEO

THE GRANTEE ACKNOWLEDGES AND AGREES THAT THE UNITS SHALL VEST, IF AT ALL, ONLY DURING THE PERIOD OF THE GRANTEE'S CONTINUOUS SERVICE OR AS OTHERWISE SPECIFICALLY PROVIDED HEREIN (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS AWARD OR ACQUIRING SHARES OR CASH AMOUNTS HEREUNDER). THE GRANTEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS NOTICE, THE AGREEMENT, NOR IN THE PLAN, SHALL CONFER UPON THE GRANTEE ANY RIGHT WITH RESPECT TO CONTINUATION OF THE GRANTEE'S CONTINUOUS SERVICE, NOR SHALL IT INTERFERE IN ANY WAY WITH THE GRANTEE'S RIGHT OR THE COMPANY'S (OR A RELATED ENTITY'S) RIGHT TO TERMINATE THE GRANTEE'S CONTINUOUS SERVICE AT ANY TIME, WITH OR WITHOUT CAUSE, AND WITH OR WITHOUT NOTICE. THE GRANTEE ACKNOWLEDGES THAT UNLESS THE GRANTEE HAS A WRITTEN EMPLOYMENT AGREEMENT WITH THE COMPANY TO THE CONTRARY, THE GRANTEE'S STATUS IS AT WILL.

Grantee Acknowledges and Agrees:

The Grantee acknowledges receipt of a copy of the Plan and the Agreement and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Grantee has reviewed this Notice, the Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Notice and fully understands all provisions of this Notice, the Agreement and the Plan.

The Grantee further acknowledges that, from time to time, the Company may be in a "blackout period" (as defined in the Company's Insider Trading and Blackout Policy) and/or insider trading rules, federal securities laws or other Applicable Law could prohibit Grantee from engaging in any transaction involving the sale of the Company's Shares. The Grantee acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares will subject the Grantee to liability under insider trading rules, federal securities laws, or other Applicable Law. Failure to comply with these laws and/or the Company's Insider Trading and Blackout Policy is a violation of Company Policy. The Grantee further acknowledges and agrees that, prior to the sale of any Shares acquired under this Award, it is the Grantee's responsibility to determine whether or not such sale of Shares complies with Company policies. In the event it is determined Grantee has violated any Company policy, the Company reserves the right to take disciplinary action, up to and including the termination of Grantee's employment.

The Grantee understands that the Award is subject to the Grantee's consent to access this Notice, the Agreement, the Plan and the Plan prospectus (collectively, the "Plan Documents") in electronic form on the Company's intranet or the website of the Company's designated brokerage firm, if applicable. By signing below (or providing an electronic signature by clicking below) and accepting the grant of the Award, the Grantee: (i) consents to access electronic copies (instead of receiving paper copies) of the Plan Documents via the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (ii) represents that the Grantee has access to the Company's intranet or the website of the Company's designated brokerage firm, if applicable; (iii) acknowledges receipt of electronic copies, or that the Grantee is already in possession of paper copies, of the Plan Documents; (iv) acknowledges that the Grantee is familiar with and accepts the Award subject to the terms and provisions of the Plan Documents; and (v) acknowledges that the Grantee has read and understands the Company's Insider Trading and Blackout Policy.

The Company may, in its sole discretion, decide to deliver any Plan Documents by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

This consent will apply to this Award as well as any future Awards made to the Grantee by the Company. The Grantee may withdraw his or her consent to receive the Plan Documents electronically at any time by sending written notification of the Grantee's withdrawal of his or her consent to: Melodie Craft, Vice President Legal, McGrath RentCorp, 5700 Las Positas

Road, Livermore, CA 94551. Alternatively, the Grantee may send an e-mail to: melodie.craft@mgrc.com. The Grantee agrees to provide the Company with any changes to the Grantee's e-mail address in order to continue to receive electronic notifications and disclosures. Changes to the Grantee's e-mail address should be sent to the address or e-mail address listed herein.

The Grantee hereby agrees that all questions of interpretation and administration relating to this Notice, the Plan and the Agreement shall be resolved by the Administrator in accordance with Section 9 of the Agreement. The Grantee further agrees to the venue and jurisdiction selection in accordance with Section 10 of the Agreement. The Grantee further agrees to notify the Company upon any change in his or her residence address indicated in this Notice.

Date: _____

_____
Grantee's Signature

_____
Grantee's Printed Name

_____
Address

_____
City, State & Zip

Exhibit 10.8.3

Award Number: <award_id>

MCGRATH RENTCORP

2016 STOCK INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. Issuance of Units. McGrath RentCorp, a California corporation (the "Company"), hereby issues to the Grantee (the "Grantee") named in the Notice of Restricted Stock Unit Award (the "Notice") an award (the "Award") of the Total Number of Restricted Stock Units Awarded set forth in the Notice (the "Units"), subject to the Notice, this Restricted Stock Unit Agreement (the "Agreement") and the terms and provisions of the McGrath RentCorp 2016 Stock Incentive Plan, as amended from time to time (the "Plan"), which is incorporated herein by reference. Unless otherwise provided herein, the terms in this Agreement shall have the same meaning as those defined in the Plan.

2. Transfer Restrictions. The Units may not be transferred, assigned, alienated, encumbered, pledged or attached in any manner other than by will or by the laws of descent and distribution and any such transfer, assignment, alienation, encumbrance, pledge or attachment shall be void and unenforceable against the Company or a Related Entity.

3. Conversion of Units and Issuance of Shares.

(a) General. Subject to Sections 3(b) and 3(c), one Share and, if applicable, a Cash Dividend Equivalent (as defined in this Section 3(a)), shall be issuable for each Unit subject to the Award upon vesting. Immediately after such vesting, or as soon as administratively feasible, the Company will transfer the appropriate number of Shares and the Cash Dividend Equivalent amount, if applicable, to the Grantee after satisfaction of any required tax or other withholding obligations. For purposes herein, "Cash Dividend Equivalent" means for each Share issued in settlement of a vested Unit, a cash payment equal to the aggregate cash dividends, if any, that would have been payable to the Grantee with respect to such Share had the Grantee been the holder of the Share between the Date of Award and the date of such settlement; provided. For the avoidance of doubt, no Cash Dividend Equivalent shall be payable with respect to any Unit that does not vest. Any fractional Unit remaining after the Award is fully vested shall be discarded and shall not be converted into a fractional Share, and no Cash Dividend Equivalent shall be payable with respect to such fractional Unit. Notwithstanding the foregoing, the relevant number of Shares shall be issued, and the related Cash Dividend Equivalent, if applicable, shall be paid, no later than March 15th of the year following the calendar year in which the Award vests. [The Company may, however, in its sole discretion, make a cash payment in lieu of the issuance of Shares under this Section 3(a) in an amount equal to the Fair Market Value thereof; provided that the corresponding Cash Dividend Equivalent in such event shall be calculated as though the Grantee had been issued Shares rather than such cash payment.]

(b) Delay of Conversion. The conversion of the Units into the Shares, but not the payment of the related Cash Dividend Equivalent, if any, under Section 3(a) above shall be delayed in the event the Company reasonably anticipates that the issuance of the Shares would constitute a violation of federal securities laws or other Applicable Law. If the conversion of the

Units into the Shares is delayed by the provisions of this Section 3(b), the conversion of the Units into the Shares shall occur at the earliest date at which the Company reasonably anticipates issuing the Shares will not cause a violation of federal securities laws or other Applicable Law. For purposes of this Section 3(b), the issuance of Shares that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not considered a violation of Applicable Law.

(c) Delay of Issuance of Shares. The Company shall delay the issuance of any Shares and the payment of any related Cash Dividend Equivalent under this Section 3 to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to certain "specified employees" of certain publicly-traded companies); in such event, any Shares and any Cash Dividend Equivalent to which the Grantee would otherwise be entitled during the six (6) month period following the date of the Grantee's termination of Continuous Service will be issuable on the first business day following the expiration of such six (6) month period.

4. Right to Shares. The Grantee shall not have any right in, to or with respect to any of the Shares (including any shareholder rights, voting rights or, except as provided in Section 3(a), rights with respect to dividends paid on the Common Stock) issuable under the Award until the Award is settled by the issuance of such Shares to the Grantee.

5. Restrictive Covenants. Grantee acknowledges and agrees that Grantee's eligibility for, receipt of, and vesting of the Award is conditioned upon:

(a) Grantee's execution of and compliance at all times with the Company's Proprietary Information Agreement entered into between the Grantee and the Company; and

(b) Grantee's compliance at all times with the Company's governance policies, including, without limitation, the Company's Code of Business Conduct and Ethics, as each may be amended from time to time.

Provided the Employee was given a Proprietary Information Agreement by the Company which he/she has not yet executed, if the Company does not receive a fully executed Proprietary Information Agreement (whether electronically or otherwise) within six (6) months of the date of the Award, then the Award shall be terminable by the Company. The Award may also be terminable by the Company if Grantee violates the Company's governance policies.

6. Taxes.

(a) Tax Liability. The Grantee is ultimately liable and responsible for all taxes owed by the Grantee in connection with the Award, regardless of any action the Company or any Related Entity takes with respect to any tax withholding obligations that arise in connection with the Award. Neither the Company nor any Related Entity makes any representation or undertaking regarding the tax treatment of or any tax withholding in connection with any aspect of the Award, including the grant, vesting, assignment, release or cancellation of the Units, the delivery of Shares, the payment of any Cash Dividend Equivalent, the subsequent sale of any Shares acquired upon vesting and the receipt of any other dividends or dividend

equivalents. The Company and its Related Entities do not commit and are under no obligation to structure the Award to reduce or eliminate the Grantee's tax liability.

(b) Payment of Withholding Taxes. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any tax withholding obligation, whether United States federal, state, local or non-U.S., including any social insurance, employment tax, payment on account or other tax-related obligation (the "Tax Withholding Obligation"), the Grantee must arrange for the satisfaction of the minimum amount of such Tax Withholding Obligation in a manner acceptable to the Company. Unless the Board or the compensation committee of the Board affirmatively determines to require the Grantee to make other arrangements to satisfy the Tax Withholding Obligation, the Company shall satisfy the Tax Withholding Obligation by Share withholding as set forth in Section 6(c) below; provided, however, that the Company shall satisfy any Tax Withholding Obligation attributable to a Cash Dividend Equivalent by withholding a portion of such Cash Dividend Equivalent sufficient to satisfy such portion of the Tax Withholding Obligation. Notwithstanding the foregoing, if permissible under Applicable Law, the Company or a Related Entity also may satisfy any Tax Withholding Obligation by offsetting any amounts (including, but not limited to, salary, bonus and severance payments) payable to the Grantee by the Company and/or a Related Entity. Furthermore, in the event of any determination that the Company and/or a Related Entity has failed to withhold a sum sufficient to pay all withholding taxes due in connection with the Award, the Grantee agrees to pay the Company and/or a Related Entity the amount of such deficiency in cash within five (5) days after receiving a written demand from the Company and/or a Related Entity to do so, whether or not the Grantee is an employee of the Company and/or a Related Entity at that time.

(c) Share Withholding. If permissible under Applicable Law, the Grantee authorizes the Company to, upon the exercise of its sole discretion, withhold from those Shares otherwise issuable to the Grantee the whole number of Shares sufficient to satisfy the minimum applicable Tax Withholding Obligation. The Grantee acknowledges that the withheld Shares may not be sufficient to satisfy the Grantee's minimum Tax Withholding Obligation. Accordingly, the Grantee agrees to pay to the Company or any Related Entity as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the withholding of Shares described above.

7. Entire Agreement; Governing Law. The Notice, the Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by the Company and the Grantee. These agreements are to be construed in accordance with and governed by the internal laws of the State of California without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of California to the rights and duties of the parties. Should any provision of the Notice or this Agreement be determined to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

8. Construction. The captions used in the Notice and this Agreement are inserted for convenience and shall not be deemed a part of the Award for construction or interpretation. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

9. Administration and Interpretation. Any question or dispute regarding the administration or interpretation of the Notice, the Plan or this Agreement shall be submitted by the Grantee or by the Company to the Administrator. The resolution of such question or dispute by the Administrator shall be final and binding on all persons.

10. Venue and Jurisdiction. The parties agree that any suit, action, or proceeding arising out of or relating to the Notice, the Plan or this Agreement shall be brought exclusively in the United States District Court for the Northern District of California (or should such court lack jurisdiction to hear such action, suit or proceeding, in a California state court in the County of Alameda) and that the parties shall submit to the jurisdiction of such court. The parties irrevocably waive, to the fullest extent permitted by law, any objection the party may have to the laying of venue for any such suit, action or proceeding brought in such court. If any one or more provisions of this Section 10 shall for any reason be held invalid or unenforceable, it is the specific intent of the parties that such provisions shall be modified to the minimum extent necessary to make it or its application valid and enforceable.

11. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, upon deposit for delivery by an internationally recognized express mail courier service or upon deposit in the United States mail by certified mail (if the parties are within the United States), with postage and fees prepaid, addressed to the other party at its address as shown in these instruments, or to such other address as such party may designate in writing from time to time to the other party.

12. Data Privacy.

(a) The Grantee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Grantee's personal data as described in the Notice and this Agreement by and among, as applicable, the Grantee's employer, the Company and any Related Entity for the exclusive purpose of implementing, administering and managing the Grantee's participation in the Plan.

(b) The Grantee understands that the Company and the Grantee's employer may hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Units or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in the Grantee's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

(c) The Grantee understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan.

The Grantee understands that the recipients of the Data may be located in the Grantee's country, or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Grantee's country. The Grantee understands that the Grantee may request a list with the names and addresses of any potential recipients of the Data by contacting the Grantee's local human resources representative. The Grantee authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Grantee's participation in the Plan. The Grantee understands that Data will be held only as long as is necessary to implement, administer and manage the Grantee's participation in the Plan. The Grantee understands that the Grantee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Grantee's local human resources representative. The Grantee understands, however, that refusal or withdrawal of consent may affect the Grantee's ability to participate in the Plan. For more information on the consequences of the Grantee's refusal to consent or withdrawal of consent, the Grantee understands that the Grantee may contact the Grantee's local human resources representative.

13. Language. If the Grantee has received this Agreement or any other document related to the Plan translated into a language other than English and if the translated version is different than the English version, the English version will control, unless otherwise prescribed by Applicable Law.

14. Amendment and Delay to Meet the Requirements of Section 409A. The Grantee acknowledges that the Company, in the exercise of its sole discretion and without the consent of the Grantee, may amend or modify this Agreement in any manner and delay the issuance of any Shares issuable or amounts payable pursuant to this Agreement to the minimum extent necessary to meet the requirements of Section 409A of the Code as amplified by any Treasury regulations or guidance from the Internal Revenue Service as the Company deems appropriate or advisable. It is the intention of the Company that the Award comply with Section 409A of the Code and this Agreement be interpreted in a matter to effect such compliance. Notwithstanding the foregoing, the Company makes no representation that the Award will comply with Section 409A of the Code and makes no undertaking to prevent Section 409A of the Code from applying to the Award or to mitigate its effects on any deferrals or payments made in respect of the Units. The Grantee is encouraged to consult a tax adviser regarding the potential impact of Section 409A of the Code.

15. Status of the RSU. The Units subject to this Award are not intended to constitute property, but are a contract pursuant to which a future payment of cash or a payment in the form of an in-kind transfer of Shares will be made following the vesting of the Units. The Units are not, therefore, subject to Code Section 83 and it is not possible to make an election under Code Section 83(b) (which is only applicable to a transfer of property that is subject to a substantial risk of forfeiture). The Grantee should consult his or her tax advisors to determine the tax implications resulting from this Award and the vesting of the Units subject to this Agreement.

END OF AGREEMENT

Exhibit 15.1

AWARENESS LETTER FROM GRANT THORNTON LLP

McGrath RentCorp
5700 Las Positas Road
Livermore, California 94551

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of McGrath RentCorp for the periods ended March 31, 2022 and 2021, as indicated in our report dated April 28, 2022; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 is incorporated by reference in Registration Statements on Form S-8 (File No. 333-74089, File No. 333-151815, File No. 333-161128, and File No. 333-183231).

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ GRANT THORNTON LLP

San Jose, California
April 28, 2022

Exhibit 31.1

McGRATH RENTCORP
SECTION 302 CERTIFICATION

I, Joseph F. Hanna, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McGrath RentCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

By: /s/ Joseph F. Hanna
Joseph F. Hanna
Chief Executive Officer

Exhibit 31.2

McGRATH RENTCORP
SECTION 302 CERTIFICATION

I, Keith E. Pratt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of McGrath RentCorp;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2022

By: /s/ Keith E. Pratt
Keith E. Pratt
Chief Financial Officer

Exhibit 32.1

McGRATH RENTCORP
SECTION 906 CERTIFICATION

In connection with the quarterly report of McGrath RentCorp (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph F. Hanna, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: April 28, 2022

By: /s/ Joseph F. Hanna
Joseph F. Hanna
Chief Executive Officer

Exhibit 32.2

McGRATH RENTCORP
SECTION 906 CERTIFICATION

In connection with the quarterly report of McGrath RentCorp (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Keith E. Pratt, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Date: April 28, 2022

By: /s/ Keith E. Pratt
Keith E. Pratt
Chief Financial Officer