

MCGRATH RENTCORP
Form 8-K
April 21, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to section 13 or 15(d) of the

Securities exchange act of 1934

Date of Report (Date of earliest event reported): April 21, 2011

McGRATH RENTCORP

(Exact name of registrant as specified in its Charter)

California

(State or other jurisdiction of incorporation)

0-13292

(Commission File Number)

94-2579843

(I.R.S. Employer Identification No.)

5700 Las Positas Road, Livermore, CA 94551-7800

(Address of principal executive offices)

(925) 606-9200

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(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On April 21, 2011, McGrath RentCorp (the Company) entered into a Note Purchase and Private Shelf Agreement (the Note Purchase Agreement) with Prudential Investment Management, Inc., The Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company (collectively, the Purchaser), pursuant to which the Company agreed to sell an aggregate principal amount of \$100 million of its 4.03% Series A Senior Notes (the Notes) to the Purchaser. The Notes are an unsecured obligation of the Company, due on April 21, 2018. In addition, the Company authorizes the issue and sale of additional senior notes (the Shelf Notes) in the aggregate principal amount of \$100 million, to be dated the date of issue thereof, to mature, in case of each Shelf Note so issued, no more than 12 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 10 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.

The full net proceeds will be used from (i) the Notes for working capital and for other general corporate purposes, and (ii) each Shelf Note in the manner described in the applicable Request for Purchase with respect to such Shelf Note.

The Note Purchase Agreement contains customary representations and warranties. The Company has agreed to customary affirmative and negative covenants for as long as the Notes are outstanding, including, subject to certain exceptions and qualifications, among other things, (i) a minimum net worth; (ii) a maximum leverage ratio; and (iii) a minimum fixed charge coverage ratio.

The Notes are subject to customary events of default, including without limitation, (i) failure to make payments on principal or premium, if any, upon maturity; (ii) failure to pay interest within five business days after the same becomes due and payable; (iii) breaches of certain covenants and agreements; (iv) cross default to payment defaults, including by reason of acceleration, on certain other indebtedness in excess of \$10 million; (v) certain events of bankruptcy and insolvency, and (vi) failure to pay judgments in excess of \$10 million within a specified period.

The foregoing descriptions of the Notes and Shelf Notes do not purport to be complete and are qualified in their entirety by reference to the full text of the Note Purchase Agreement, which is attached hereto as Exhibits 10.1 and is incorporated herein by reference.

A copy of the Company s press release announcing the Note Purchase Agreement is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The disclosure required by this item is included in Item 1.01 Entry into a Material Definitive Agreement, which is incorporated by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Note Purchase Agreement dated as of April 21, 2011 among the Company, Prudential Investment Management, Inc., The Prudential Insurance Company of America and Prudential Retirement Insurance and Annuity Company.
99.1	Press Release of McGrath RentCorp, dated April 21, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 21, 2011

MCGRATH RENTCORP

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