

**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) **October 22, 2008**

Rush Enterprises, Inc.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

0-20797
(Commission File Number)

74-1733016
(IRS Employer Identification No.)

555 IH-35 South, Suite 500, New Braunfels, Texas
(Address of principal executive offices)

78130
(Zip Code)

Registrant's telephone number, including area code: **(830) 626-5200**

(Former name or former address, if changed since last report)

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:

- 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 2.02. Results of Operations and Financial Condition.

On October 22, 2008 the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

Exhibit 99.1. Press release dated October 22, 2008

SIGNATURE

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

Rush Enterprises, Inc.

(Registrant)

October 22, 2008

(Date)

/s/ STEVEN L. KELLER

Steven L. Keller
Vice President and Chief Financial Officer

Exhibit Index

99.1 Press release dated October 22, 2008

Rush Enterprises, Inc. Reports Third Quarter Results

- * Balance sheet strong; Company continues action toward long-term growth
- * Absorption rate exceeds 108%
- * Texas hurricanes adversely impact earnings
- * Truck market expected to remain weak through 2009
- * \$12.5 million of shares repurchased

SAN ANTONIO, Oct. 22, 2008 (GLOBE NEWSWIRE) -- Rush Enterprises, Inc. (Nasdaq:RUSHA) (Nasdaq:RUSHB), which operates the largest network of heavy- and medium-duty truck dealerships in North America, and a John Deere construction equipment dealership in Houston, Texas, today announced results for the third quarter ended September 30, 2008.

Third Quarter Results

In the third quarter, the Company's gross revenues totaled \$413.7 million, a 20.7% decrease from gross revenues of \$521.6 million reported for the third quarter ended September 30, 2007. Net income for the quarter was \$8.0 million, or \$0.21 per diluted share, compared with net income of \$13.1 million, or \$0.34 per diluted share, in the quarter ended September 30, 2007. Federal income tax credits earned on the sale of alternative fuel vehicles to tax-exempt municipalities contributed \$.01 to earnings per share in the quarter. These tax credits reduced the Company's effective tax rate to 34.25% in the third quarter compared to 37.5% in the first half of 2008. A portion of these tax credits are passed back to the Company's customers and are reflected as selling expense in the quarter in which the units are delivered. The Company considers these alternative fuel tax credits and the amount passed back to customers to be operational in nature. The Company believes its history of serving municipalities that cannot claim these federal tax credits, its ability to utilize tax credits to reduce its effective tax rate, and its position as a leading dealer of alternative fuel vehicles provide the Company with a distinct advantage over its competition when offering alternative fuel vehicles to municipalities.

The Company's truck segment recorded revenues of \$392.5 million in the third quarter of 2008, compared to \$491.3 million in the third quarter of 2007. The Company delivered 1,350 new heavy-duty trucks, 919 new medium-duty trucks and 936 used trucks during the third quarter of 2008, compared to 1,820 new heavy-duty trucks, 1,520 new medium-duty trucks and 1,032 used trucks during the third quarter of 2007. Parts, service and body shop sales increased to \$116.3 million in the third quarter of 2008, compared to \$115.5 million in the third quarter of 2007.

The Company's construction equipment segment recorded revenues of \$16.9 million in the third quarter of 2008, compared to \$25.3 million in the third quarter of 2007. New and used construction equipment unit sales revenue decreased 40.0% to \$11.7 million in the third quarter of 2008 from \$19.5 million in the third quarter of 2007. Construction equipment parts and service sales remained flat at \$5.1 million in the third quarter of 2008 and the third quarter of 2007.

In making the announcement, Marvin Rush, Chairman of Rush Enterprises, Inc., said, "As expected, given current volatile economic conditions, both heavy- and medium-duty truck markets remained weak in the third quarter. We believe that the continuation of the weak freight environment, slowing construction markets, historically high fuel prices and tight credit markets will cause both Class 8 and medium-duty truck deliveries to remain soft through 2009."

W.M. "Rusty" Rush, President and Chief Executive Officer of Rush Enterprises, Inc., said, "This quarter's 108% absorption rate is a testament to our ability to perform in tough times. Significant reductions in our expense structure and the ability of our people to operate leanly were the main reasons we were able to increase our absorption rate over the same period in 2007. Equally important, our model of geographic and product diversity allows us to continue to weather this storm and be in a strong financial position to pursue opportunities for growth."

"U.S. Class 8 retail sales remain depressed, with truckload carriers being the most severely impacted," Rusty Rush continued. "Construction-related vocational equipment has declined dramatically on the East and West coasts, but this decline has been partially offset by strong oil and gas markets in the central part of our dealership network. Our Class 4-7 truck sales remain consistent with the industry, which declined 41% in the third quarter as compared to 2007."

"Additionally, our truck, equipment and leasing operations in Texas were adversely impacted by hurricane activity throughout the summer, particularly Hurricane Ike in Houston and eastern Texas and Hurricane Dolly in southern Texas," explained Rusty Rush. "I am proud that our people remained committed to our business despite significant personal challenges, but dealership operations experienced business interruption resulting from mandatory evacuations, power outages, restricted traffic and reduced employee attendance as employees worked to restore safe living conditions for their families. Although difficult to quantify, these storms obviously had a negative impact to earnings in the third quarter," Rusty Rush explained.

"Currently, industry analysts forecast 2009 U.S. retail sales of Class 8 trucks to be 160,127 units, up 14% over 2008; however, we believe 2009 sales of both heavy- and medium-duty trucks will remain relatively flat compared to 2008," said Rusty Rush. "Based on current economic and market conditions, we have no reason to expect a strong pre-buy of Class 8 trucks to occur in 2009; however, we do anticipate some recovery late in 2009, given impending 2010 diesel emissions regulations," said Rusty Rush.

"While there is considerable uncertainty in financial markets, Rush Enterprises remains profitable and focused on future growth. Our balance sheet is strong. The Company currently has \$144 million in cash and expects continued positive cash flow from operations. All of the Company's material credit agreements remain in force. Additionally, the Company is in compliance with all debt covenants in its credit agreements. Finally, we believe adequate credit facilities are available to finance acquisitions and real estate purchases as opportunities arise," said Rusty Rush.

"We continue to implement our strategy to diversify earnings by expanding the geographic reach of our dealership network, leveraging our existing infrastructure to increase sales and service of new products, and growing our less cyclical parts, service and body shop revenues. Evidence of this can be seen in the recent acquisition of a Blue Bird bus franchise in Texas. Rush Bus Centers provides us with additional opportunity for parts and service revenue as well as entry into the school bus and commercial transit industries. We are in excellent financial position to pursue acquisitions that fit into our long-term plans," concluded Rusty Rush.

Stock Repurchase Program

As reported last quarter, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase, from time to time, up to an aggregate of \$20,000,000 of its shares of Class A common stock, \$.01 par value per share, and/or Class B common stock, \$.01 par value per share. As of October 16, 2008, the Company had repurchased one million shares of its Class B common stock at an average price of \$12.59 per share.

Repurchases will continue to be made at times and in amounts as the Company deems appropriate and will be made through open market transactions, privately negotiated transactions and other lawful means. The manner, timing and amount of any repurchases will be determined by the Company based on an evaluation of market conditions, stock price and other factors, including those related to the ownership requirements of its dealership agreements with Peterbilt. The stock repurchase program has no expiration date and may be suspended or discontinued at any time. While the stock repurchase program does not obligate the Company to acquire any particular amount or class of common stock, the Company anticipates that it will be repurchasing primarily shares of its Class B common stock.

Conference Call Information

Rush Enterprises will host its quarterly conference call to discuss earnings for the third quarter of 2008 on Thursday, October 23, 2008, at 11 a.m. Eastern time / 10 a.m. Central time. The call can be heard live by dialing 877-718-5107 (US) or 719-325-4828 (International) or via the Internet at <http://investor.rushenterprises.com/events.cfm>.

For those who cannot listen to the live broadcast, the webcast will be available on our website at the above link until January 15, 2009. Listen to the audio replay until October 30, 2008, by dialing 888-203-1112 (US) or 719-457-0820 (International) and entering the replay pass code 6740867.

About Rush Enterprises, Inc.

Rush Enterprises, Inc. operates the largest network of heavy- and medium-duty truck dealerships in North America, and a John Deere construction equipment dealership in Houston, Texas. Its operations include a network of over 50 Rush Truck Centers located in Alabama, Arizona, California, Colorado, Florida, Georgia, New Mexico, North Carolina, Oklahoma, Tennessee and Texas. The Company has developed its Rush Truck Centers and its Rush Equipment Center as "one-stop centers" where, at one convenient location, its customers can purchase new or used trucks or construction equipment, purchase insurance products, purchase aftermarket parts and accessories and have service performed by certified technicians. For additional information on Rush Enterprises, Inc., please visit www.rushenterprises.com

The Rush Enterprises, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=3352>

Certain statements contained herein, including those concerning current and projected truck industry and market conditions, sales and delivery forecasts, the Company's prospects, the availability of credit, cash flow expectations, anticipated results for 2008 and 2009, the impact of diesel emissions regulations, and the impact of general economic conditions, are "forward-looking" statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Because such statements include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, competitive factors, general U.S. economic conditions, economic conditions in the new and used truck and construction equipment markets, customer relations, relationships with vendors, the interest rate environment, governmental regulation and supervision, product introductions and acceptance, changes in industry practices, onetime events and other factors described herein and in filings made by the Company with the Securities and Exchange Commission.

RUSH ENTERPRISES, INC. AND SUBSIDIARIES

----- CONSOLIDATED BALANCE SHEETS -----

(In Thousands, Except Shares and Per Share Amounts)

Sept. 30, Dec. 31,
2008 2007

Assets	(Unaudited)	

Current assets:		
Cash and cash equivalents	\$ 144,535	\$ 187,009
Investments	7,575	--
Accounts receivable, net	55,199	48,781
Inventories	360,011	365,947
Prepaid expenses and other	2,650	1,699
Deferred income taxes, net	6,639	7,028

Total current assets	576,609	610,464
Property and equipment, net	321,781	299,013
Goodwill, net	141,903	120,582
Other assets, net	1,564	1,532

Total assets	<u>\$1,041,857</u>	<u>\$1,031,591</u>
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Liabilities and shareholders' equity

Current liabilities:		
Floor plan notes payable	\$ 279,384	\$ 273,653
Current maturities of long-term debt	36,433	33,593
Current maturities of capital		
lease obligations	3,712	4,444
Trade accounts payable	33,370	40,452
Accrued expenses	49,633	60,517

Total current liabilities	402,532	412,659
Long-term debt, net of current maturities	161,631	165,352
Capital lease obligations, net of current maturities	11,241	13,099
Deferred income taxes, net	48,399	40,904
Shareholders' equity:		
Preferred stock, par value \$.01 per share; 1,000,000 shares authorized; 0 shares outstanding in 2008 and 2007	--	--
Common stock, par value \$.01 per share; 60,000,000 class A shares and 20,000,000 class B shares authorized; 26,255,974 class A shares and 12,279,987 class B shares issued and 26,255,974 class A shares and 11,500,772 class B shares outstanding in 2008; 26,070,595 class A shares and 12,265,437 class B shares issued and outstanding in 2007	385	383
Treasury stock, at cost: 779,215 shares	(10,067)	--
Additional paid-in capital	183,074	178,274
Retained earnings	244,662	220,920

Total shareholders' equity	418,054	399,577

Total liabilities and shareholders' equity	<u>\$1,041,857</u>	<u>\$1,031,591</u>
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RUSH ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands, Except Per Share Amounts)
(Unaudited)

Three months ended		Nine months ended	
September 30,		September 30,	
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2008	2007	2008	2007
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Revenues:

New and used truck sales	\$ 259,518	\$ 357,408	\$ 808,181	\$1,091,548
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Parts and service	124,129	123,690	362,174	361,488
Construction				
equipment sales	11,672	19,465	47,571	56,889
Lease and rental	14,205	13,457	40,605	38,779
Finance and insurance	2,723	5,457	9,520	17,234
Other	1,449	2,121	4,221	6,322
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Total revenue	413,696	521,598	1,272,272	1,572,260
Cost of products sold:				
New and used				
truck sales	241,923	329,629	754,265	1,006,229
Parts and service	72,784	73,433	211,413	211,477
Construction				
equipment sales	10,634	17,498	43,006	50,880
Lease and rental	11,970	11,297	34,611	32,712
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Total cost of products sold	337,311	431,857	1,043,295	1,301,298
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Gross profit	76,385	89,741	228,977	270,962
Selling, general and administrative	58,371	61,780	174,328	184,767
Depreciation and amortization	4,039	3,769	11,841	11,046
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Operating income	13,975	24,192	42,808	75,149
Interest expense, net	1,833	3,444	5,533	12,505
Gain on sale of assets	25	91	79	247
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Income before taxes	12,167	20,839	37,354	62,891
Provision for income taxes	4,167	7,711	13,612	23,691
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Net income	\$ 8,000	\$ 13,128	\$ 23,742	\$ 39,200
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Earnings per common share:				
Basic	\$.21	\$.34	\$ 0.62	\$ 1.03
	=====	=====	=====	=====
Diluted	\$.21	\$.34	\$ 0.61	\$ 1.02
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	38,417	38,162	38,416	37,987
	=====	=====	=====	=====
Diluted	38,842	38,653	38,908	38,391
	=====	=====	=====	=====

CONTACT: Rush Enterprises, Inc., San Antonio
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