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

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1999

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-20797

RUSH ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

Texas	74-1733016
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8810 I.H. 10 East
San Antonio, Texas 78219
(Address of principal executive offices)
(Zip Code)

(210) 661-4511
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No
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Indicated below is the number of shares outstanding of the registrant's only class of common stock, as of May 7, 1999.

Title of Class	Number of Shares Outstanding
Common Stock, $.01 Par Value	6,646,488

RUSH ENTERPRISES, INC. AND SUBSIDIARIES

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RUSH ENTERPRISES, INC., AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands)

	March 31, 1999 (Unaudited)	December 31, 1998 (Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,541	$ 22,516
Accounts receivable, net	24,116	19,478
Inventories	123,900	107,140
Prepaid expenses and other	566	607
Total current assets	164,123	149,741
PROPERTY AND EQUIPMENT, net	63,733	54,448
OTHER ASSETS, net	17,942	16,511
Total assets	$ 245,798	$ 220,700
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floor plan notes payable	$ 105,813	$ 89,212
Current maturities of long-term debt	5,921	7,095
Advances outstanding under lines of credit	10	10
Trade accounts payable	7,944	6,926
Accrued expenses	20,929	20,086
Note payable to shareholder	8,900	10,700
Total current liabilities	149,517	134,029
LONG-TERM DEBT, net of current maturities	37,968	32,164
DEFERRED INCOME TAXES, net	2,125	1,638
COMMITMENTS AND CONTINGENCIES (Note 2)		
SHAREHOLDERS' EQUITY:		
Preferred stock, par value $.01 per share; 1,000,000 shares authorized; 0 shares outstanding in 1998 and 1999	--	--
Common stock, par value $.01 per share; 25,000,000 shares authorized; 6,646,730 and 6,646,488 shares outstanding in 1998 and 1999, respectively	66	66
Additional paid-in capital	33,342	33,342
Retained earnings	22,780	19,461
Total shareholders' equity	56,188	52,869
Total liabilities and shareholders' equity	$ 245,798	$ 220,700

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

RUSH ENTERPRISES, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1999	THREE MONTHS ENDED MARCH 31, 1998
REVENUES:		
New and used truck sales	$ 121,684	$ 84,987
Parts and service	30,141	23,329
Construction equipment sales	11,792	7,951
Lease and rental	5,058	4,830
Finance and insurance	3,628	2,358
Retail sales	4,612	1,390
Other	928	1,230
Total revenues	177,843	126,075
COST OF PRODUCTS SOLD	146,608	104,363
GROSS PROFIT	31,235	21,712
SELLING, GENERAL AND ADMINISTRATIVE	22,889	17,231
DEPRECIATION AND AMORTIZATION	1,330	955
OPERATING INCOME	7,016	3,526
INTEREST EXPENSE, NET	1,484	1,298
INCOME BEFORE INCOME TAXES	5,532	2,228
PROVISION FOR INCOME TAXES	2,213	891
NET INCOME	$ 3,319	$ 1,337
BASIC AND DILUTED INCOME PER SHARE	$ .50	$ .20
Weighted average shares outstanding:		
Basic	6,646	6,644
Diluted	6,706	6,645

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

RUSH ENTERPRISES, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 3,319	$ 1,337
Adjustments to reconcile net income to net cash provided by operating activities - net of acquisitions		
Depreciation and amortization	1,678	955
Gain on sale of property and equipment	(33)	(47)
Provision for deferred income tax expense	487	160
Change in accounts receivable, net	(4,638)	(4,251)
Change in inventories	(16,760)	(17,019)
Change in prepaid expenses and other, net	41	(25)
Change in trade accounts payable	1,018	(1,023)
Change in accrued expenses	843	244
Net cash used in operating activities	(14,045)	(19,669)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(11,077)	(4,585)
Proceeds from the sale of property and equipment	323	139
Business acquisitions	--	(5,817)
Change in other assets	(1,607)	607
Net cash used in investing activities	(12,361)	(9,656)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	7,076	7,274
Principal payments on debt	(4,246)	(503)
Draws on floor plan notes payable, net	16,601	20,632
Net cash provided by financing activities	19,431	27,403
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,975)	(1,922)
CASH AND CASH EQUIVALENTS, beginning of period	22,516	19,816
CASH AND CASH EQUIVALENTS, end of period	$ 15,541	$ 17,894
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for -		
Interest	$ 598	$ 1,312
Income taxes	$ 35	$ 42

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

RUSH ENTERPRISES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1 - PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The interim consolidated financial statements included herein have been prepared by Rush Enterprises, Inc. and its subsidiaries (collectively referred to as the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). All adjustments have been made to the accompanying interim consolidated financial statements which are, in the opinion of the Company's management, necessary for a fair presentation of the Company's operating results. All adjustments are of a normal recurring nature. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. It is recommended that these interim consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on form 10-K for the year ended December 31, 1998.

2 - COMMITMENTS AND CONTINGENCIES

The Company is contingently liable to certain finance companies for certain promissory notes and finance contracts, related to the sale of trucks and construction equipment, sold to such finance companies. The Company's recourse liability related to sold finance contracts is limited to 15 to 25 percent of the outstanding balance of each note sold to a finance company, with the aggregate recourse liability for 1999 limited to $600,000.

The Company provides an allowance for repossession losses and early repayment penalties.

The Company is involved in various claims and legal actions arising in the ordinary course of business. The Company believes it is unlikely that the final outcome of any of the claims or proceedings to which to Company is a party would have a material adverse effect on the Company's financial position or results of operations, however, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations for the fiscal period in which such resolution occurred.

The Company has a consulting agreement with certain individuals for an aggregate monthly payment of $2,225. The agreement expires November 2000.

3 - EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	THREE MONTHS ENDED MARCH 31, 1999	1998
Numerator:		
Net income- numerator for basic and diluted earnings per share	$3,319,000	$1,337,000
Denominator:		
Denominator for basic earnings per share-weighted average shares	6,646,488	6,643,730
Effect of dilutive securities:		
Employee and Director stock options	59,175	1,659
Denominator for diluted earnings per share-adjusted weighted average shares	6,705,663	6,645,389
Basic earnings per share	$ .50	$ .20
Diluted earnings per share	$ .50	$ .20

4 - SEGMENT INFORMATION

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131). This statement requires that public business enterprises report certain information about operating segments in complete sets of financial statements of the enterprise and in condensed financial statements of interim periods issued to shareholders. It also requires that public business enterprises report certain information about their products and services, the geographic areas in which they operate, and their major customers. The effective date for SFAS No. 131 is for fiscal years beginning after December 15, 1997.

The Company has two reportable segments: the Heavy Duty Truck segment, and the Construction Equipment segment. The Heavy Duty Truck segment operates a regional network of truck centers that provides an integrated one-stop source for the trucking needs of its customers, including retail sales of new Peterbilt and used heavy-duty trucks; after-market parts, service and body shop facilities; and a wide array of financial services, including the financing of new and used truck purchases, insurance products and truck leasing and rentals. The Heavy Duty Truck segment has locations in Texas, California, Colorado, Oklahoma and Louisiana. The Construction Equipment segment, formed during 1997, operates full-service John Deere dealerships that serves the Houston, Texas Metropolitan and surrounding areas and 54 counties in western Michigan. Dealership operations include the retail sale of new and used construction equipment, after-market parts and service facilities, equipment rentals, and the financing of new and used equipment.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998. The Company evaluates performance based on income before income taxes not including extraordinary items.

The Company accounts for intersegment sales and transfers at current market prices as if the sales or transfers were to third parties. There were no intersegment sales during the three months ended March 31, 1999.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. Business units were maintained through expansion and acquisitions. The following table contains summarized information about reportable segment revenue, operating income and segment assets, for the three months ended March 31, 1998 and 1999: (in thousands)

	HEAVY-DUTY TRUCK SEGMENT	CONSTRUCTION EQUIPMENT SEGMENT	ALL OTHER	TOTALS
Three months ended March 31, 1998				
Revenues from external customers	$ 110,864	$ 11,856	$ 3,355	$ 126,075
Segment income before taxes	2,087	2	139	2,228
Segment assets	126,431	41,202	18,477	186,110
Three months ended March 31, 1999				
Revenues from external customers	$ 153,245	$ 17,405	$ 7,193	$ 177,843
Segment income before taxes	4,866	220	446	5,532
Segment assets	155,218	69,905	20,675	245,798

Revenues from segments below the reportable quantitative thresholds are attributable to four operating segments of the Company. Those segments include a tire company, a farm and ranch retail center, an insurance company, and a hunting lease operation. None of those segments has ever met any of the quantitative thresholds for determining reportable segments.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain statements contained in this Form 10-Q are "forward-looking statements" within the meaning of the Section 27Aof the Securities Act of and Section 21E of the Exchange Act. Specifically, all statements other than statements of historical fact included in this Form 10-Q regarding the Company's financial position, business strategy and plans and objectives of management of the Company for future operations are forward-looking statements. These forward-looking statements are based on the beliefs of the Company's management, as well as assumptions made by and information currently available to the Company's management. When used in this report, the words "anticipate," "believe," "estimate," "expect" and "intend" and words or phrases of similar import, as they relate to the Company or its subsidiaries or Company management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions, customer relations, relationships with vendors, the interest rate environment, governmental regulation and supervision, seasonality, distribution networks, product introductions and acceptance, technological change, changes in industry practices, onetime events and other factors described herein and in the Company's Registration Statement on Form S-1 (File No. 333-3346) and in the Company's annual, quarterly and other reports filed with the Securities and Exchange Commission (collectively, "cautionary statements"). Although the Company believes that its expectations are reasonable, it can give no assurance that such expectations will prove to be correct. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, or intended. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the applicable cautionary statements. The Company does not intend to update these forward-looking statements.

The following comments should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q.

GENERAL

Rush Enterprises, Inc. was incorporated in Texas in 1965 and currently consists of two reportable segments: the Heavy Duty Truck segment, and the Construction Equipment segment.

The Heavy Duty Truck segment operates a regional network of truck centers that provide an integrated one-stop source for the trucking needs of its customers, including retail sales of new Peterbilt and used heavy-duty trucks; after-market parts, service and body shop facilities; and a wide array of financial services, including the financing of new and used truck purchases, insurance products and truck leasing and rentals. The Company's truck centers are strategically located in high truck traffic areas on or near major highways in Texas, California, Oklahoma, Colorado and Louisiana. The Company is the largest Peterbilt truck dealer in the United States, representing approximately 19.5% of all new Peterbilt truck sales in 1998, and is the sole authorized vendor for new Peterbilt trucks and replacement parts in its market areas. The Company was named Peterbilt Dealer of the Year for North America for the 1993-1994 year. The criteria used to determine the recipients of this award include, among others, image, customer satisfaction, sales activity and profitability.

The Construction Equipment segment, formed during 1997, now operates two full-service John Deere dealerships with six locations (the "Rush Equipment Centers") in Texas and western Michigan. Dealership operations include the retail sale of new and used construction equipment, after-market parts and service facilities, equipment rentals, and the financing of new and used construction equipment. The Company believes the construction equipment industry is highly-fragmented and offers opportunities for consolidation.

As a result, the Company's growth strategy is to realize economies of scale, favorable purchasing power, and cost savings by developing a network of John Deere dealerships through acquisitions and growth inside existing territories. There can be no assurance that, as the Company continues to develop a network of construction equipment dealerships, that it will realize economies of scale, favorable purchasing power or cost savings.

In March 1998, the Company acquired all of the outstanding capital stock of D & D Farm and Ranch Supermarket, Inc. ("D & D"), for consideration of approximately $10.5 million. D & D operates a retail farm and ranch superstore in the Greater San Antonio, Texas area.

In September 1998, the Company purchased substantially all of the assets of Klooster Equipment, Inc. which consisted of three full-service dealerships and one retail only location covering 54 counties in Western Michigan. The acquisition provides the Company with an immediate presence in the construction equipment industry in the state of Michigan. The purchase price was approximately $13.1 million funded by (i) $2.5 million of cash, (ii) $9.8 million of borrowings under the Company's floor plan financing arrangements with Associates Commercial Corp. and John Deere Inc., and (iii) $836,000 of borrowings from John Deere Credit Corp.

RESULTS OF OPERATIONS

The following discussion and analysis includes the Company's historical results of operations for the three months ended March 31, 1999 and 1998.

The following table sets forth for the periods indicated certain financial data as a percentage of total revenues:

	Three Months Ended March 31, 1999	Three Months Ended March 31, 1998
New and used truck sales	68.4%	67.4%
Parts and service	17.0	18.5
Construction equipment sales	6.6	6.3
Lease and rental	2.9	3.8
Finance and insurance	2.0	1.9
Retail sales	2.6	1.1
Other	0.5	1.0
Total revenues	100.0	100.0
Cost of products sold	82.4	82.8
Gross profit	17.6	17.2
Selling, general and administrative expenses	12.9	13.7
Depreciation and amortization	.7	.8
Operating income	4.0	2.7
Interest expense	0.8	1.0
Income before income taxes	3.2	1.7
Provision for income taxes	1.2	.7
Net income	2.0%	1.0%

THREE MONTHS ENDED MARCH 31, 1999 COMPARED TO THREE MONTHS ENDED MARCH 31, 1998

Revenues

Revenues increased by approximately $51.8 million, or 41.1%, from $126.1 million to $177.9 million from the first quarter of 1998 to the first quarter of 1999. Approximately, $9.6 million in sales is attributable to the addition of the D&D Farm & Ranch Supermarket, and the Michigan John Deere construction equipment dealership, while the remaining increase of $42.2 million or 33.5%, is attributable to same store growth. Sales of new and used trucks increased by approximately $36.7 million, or 43.2%, from $85.0 million to $121.7 million from the first quarter of 1998 to the first quarter of 1999. Unit sales of new and used trucks increased by 43.4% and 7.3%, respectively, from the first quarter of 1998 to the first quarter of 1999, while new truck average revenue per unit increased by 3.4% and used truck average revenue per unit increased by 16.0%. Average new truck prices and used truck prices increased due to a change in product mix.

Parts and service sales increased by approximately $6.8 million, or 29.2%, from $23.3 million to $30.1 million. The increase was due to same store growth of 20.8% and parts and service sales associated with addition of the Michigan John Deere construction equipment dealership.

Lease and rental revenues increased by approximately $228,000, or 4.7% from $4.8 million to $5.0 million. Truck lease and rental revenue increased approximately $293,000 or 8.2%, while the crane lease and rentals and the addition of the Michigan construction equipment store added $142,000 and $201,000 in lease and rental revenues respectively. These increases were offset by a decrease in the Houston construction equipment store lease and rental revenue of approximately $432,000. The decrease in Houston was a result of a decrease in the lease and rental fleet from the first quarter of 1998 to the first quarter of 1999.

Finance and insurance revenues increased by approximately $1.3 million, or 54.2%, from $2.3 million to $3.6 million from the first quarter of 1998 to the first quarter of 1999. The majority of the increase resulted from the increase in truck deliveries. Finance and insurance revenues have limited direct costs and, therefore, contribute a disproportionate share of operating profits.

Gross Profit

Gross profit increased by approximately $9.5 million, or 30.5%, from $21.7 million to $31.2 million from the first quarter of 1998 to the first quarter of 1999. Gross profit as a percentage of sales increased from 17.2% in the first quarter of 1998 to 17.6% in the first quarter of 1999. The increase is due to increased gross margins in all of the truck stores profit centers, as well as increased margins in the construction equipment dealerships.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately $5.7 million, from $17.2 million to $22.9 million, or 33.1%, from the first quarter of 1998 to the first quarter of 1999. The increase resulted from approximately $1.8 million of selling, general and administrative expense related to the acquisition and integration of the Michigan John Deere construction equipment dealership, and D & D Farm and Ranch Supermarket, Inc., and increased sales commissions resulting from increased gross margins. Selling, general and administrative expenses as a percentage of sales decreased from 13.7% to 12.9% from the first quarter of 1998 to the first quarter of 1999.

Interest Expense

Interest expense increased by approximately $186,000 or 14.3%, from $1.3 million to $1.5 million, from the first quarter of 1998 to the first quarter of 1999, primarily as the result of increased levels of indebtedness due to higher floor plan liability levels.

Income before Income Taxes

Income before income taxes increased by $3.3 million, or 150%, from $2.2 million to $5.5 million from the first quarter of 1998 to the first quarter of 1999, as a result of the factors described above.

Income Taxes

The Company has provided for taxes at a 40% effective rate.

LIQUIDITY AND CAPITAL RESOURCES

The Company's short-term cash needs are primarily for working capital, including inventory requirements, expansion of existing facilities and the acquisition of new facilities. These short-term cash needs have historically been financed with retained earnings and borrowings under credit facilities available to the Company.

At March 31, 1999, the Company had working capital of approximately $14.6 million, including $15.5 million in cash and cash equivalents, $24.1 million in accounts receivable, $123.9 million in inventories, and $0.6 million in prepaid expenses, less $28.9 million of accounts payable and accrued expenses, $5.9 million of current maturities on long-term debt, $8.9 million in a note payable to a shareholder, and $105.8 million outstanding under floor plan financing. The aggregate maximum borrowing limits under working capital lines of credit with various commercial banks are approximately $8.0 million. The Company's floor plan agreements with its primary lender limit the aggregate amount of borrowings based on the number of new and used trucks and the book value of construction equipment inventory.

For the first three months of 1999, operating activities resulted in net cash used in operations of approximately $14.0 million. Net income of $3.3 million, increases in accounts payable of $1.0 million, and accrued liabilities of $0.8 million, coupled with provisions for depreciation, amortization and deferred taxes totaling $2.1 million was more than offset by increases in accounts receivable, and inventories totaling $21.4 million.

For the first three months of 1998, operating activities resulted in net cash used in operations of approximately $19.7 million. Net income of $1.3 million, an increase in accrued liabilities coupled with provisions for depreciation, amortization and deferred taxes totaling $1.4 million was more than offset by increases in accounts receivable, inventories and other assets and a decrease in accounts payable totaling $22.4 million.

During the first three months of 1999, the Company used $12.4 million in investing activities, including purchases of property, plant and equipment of $11.1 million and an increase in other assets of $1.6 million, offset by proceeds from the sale of property, plant and equipment and a decrease in other assets totaling $0.3 million.

During the first three months of 1998, the Company used $9.7 million in investing activities, including purchases of property, plant and equipment of $4.6 million, a cash outlay of $5.8 million for the acquisition of D & D Farm and Ranch Supermarket, Inc., offset by proceeds from the sale of property, plant and equipment and a decrease in other assets totaling $0.7 million.

Net cash generated from financing activities in the first three months of 1999 amounted to $19.4 million. Proceeds from additional floor plan financing and increased notes payable of $23.7 million more than offset principal payments on notes payable of $4.3 million.

Net cash generated from financing activities in the first three months of 1998 amounted to $27.4 million. Proceeds from additional floor plan financing and increased notes payable more than offset principal payments on notes payable.

Substantially all of the Company's truck purchases from PACCAR are made on terms requiring payment within 15 days or less from the date of shipment from the factory. The Company finances all, or substantially all, of the purchase price of its new truck inventory, and 75% of the loan value of its used truck inventory, under a floor plan arrangement with GMAC under which GMAC pays PACCAR directly with respect to new trucks. The Company makes monthly interest payments on the amount financed but is not required to commence loan principal repayments to GMAC prior to the sale of new vehicles for a period of 12 months and for used vehicles for a period of three months. At March 31, 1999, the Company had approximately $59.3 million outstanding under its floor plan financing arrangement with GMAC. GMAC permits the Company to earn, for up to 50% of the amount borrowed under its floor plan financing arrangement with GMAC, interest at the prime rate less one-quarter percent on overnight funds deposited by the Company with GMAC.

The Company finances all, or substantially all, of the purchase price of its new equipment inventory under its floor plan facilities with John Deere and Associates Commercial Corp.. The agreement with John Deere provides for an immediate 3% discount if the equipment is paid for within 30 days from the date of purchase, or interest free financing for five months, after which time the amount financed is required to be paid in full. When the equipment is sold prior to the expiration of the five-month period, the Company is required to repay the principal within approximately 15 days of the date of the sale. Should the equipment financed by John Deere not be sold within the five month period, it is transferred to the Associates Commercial Corp. floor plan arrangement. The Company makes principal payments to Associates Commercial Corp., for sold inventory, and interest payments for all inventory, on the 15th day of each month. Used and rental equipment, to a maximum of book value, is financed under a floor plan arrangement with Associates Commercial Corp. The Company makes monthly interest payments on the amount financed and is required to commence loan principal repayments on rental equipment as book value reduces. Principal payments, for sold inventory, on used equipment are made the 15th day of each month following the sale. The loans are collateralized by a lien on the equipment. The Company's floor plan agreements limit the aggregate amount of borrowings based on the book value of new and used equipment units. As of March 31, 1999, the Company's floor plan arrangement with Associates Commercial Corp. permits the financing of up to $25 million in construction equipment. At March 31, 1999, the Company had $29.4 million and $17.1 million, outstanding under its floor plan financing arrangements with John Deere and Associates Commercial Corp., respectively.

Backlogs

The Company enters firm orders into its backlog at the time the order is received. Currently, customer orders are being filled in approximately six to nine months and customers have historically placed orders expecting delivery within three to six months. However, certain customers, including fleets and governments, typically place orders up to one year in advance of their desired delivery date. The Company in the past has typically allowed customers to cancel orders at any time prior to delivery, and the Company's level of cancellations is affected by general economic conditions, economic recessions and customer business cycles. As a percentage of orders, cancellations historically have ranged from 5% to 12% of annual order volume. The Company's backlogs as of March 31, 1999, and 1998, were approximately $185 million and $150 million, respectively. Backlogs increased principally due to the above noted longer lead times for truck deliveries and a strong demand for trucks.

Seasonality

The Company's heavy-duty truck business is moderately seasonal. Seasonal effects on new truck sales related to the seasonal purchasing patterns of any single customer type are mitigated by the Company's diverse customer base, which includes small and large fleets, governments, corporations and owner operators. However, truck, parts and service operations historically have experienced higher volumes of sales in the second and third quarters. The Company has historically received benefits from volume purchases and meeting vendor sales targets in the form of cash rebates, which are typically recognized when received.

Approximately 40% of such rebates are typically received in the fourth quarter, resulting in a seasonal increase in gross profit.

Seasonal effects in the construction equipment business are primarily driven by the weather. Seasonal effects on construction equipment sales related to the seasonal purchasing patterns of any single customer type are mitigated by the Company's diverse customer base that includes contractors, for both residential and commercial construction, utility companies, federal, state and local government agencies, and various petrochemical, industrial and material supply type businesses that require construction equipment in their daily operations.

Cyclicality

The Company's business, as well as the entire retail heavy-duty truck and construction equipment industries, are dependent on a number of factors relating to general economic conditions, including fuel prices, interest rate fluctuations, economic recessions and customer business cycles. In addition, unit sales of new trucks and construction equipment have historically been subject to substantial cyclical variation based on such general economic conditions. Although the Company believes that its geographic expansion and diversification into truck and construction equipment related services, including financial services, leasing, rentals and service and parts, will reduce the overall impact to the Company resulting from general economic conditions affecting heavy-duty truck sales, the Company's operations may be materially and adversely affected by any continuation or renewal of general downward economic pressures or adverse cyclical trends.

Effects of Inflation

The Company believes that the relatively moderate inflation over the last few years has not had a significant impact on the Company's revenue or profitability. The company does not expect inflation to have any near-term material effect on the sales of its products, although there can be no assurance that such an effect will not occur in the future.

Year 2000

The Year 2000 disclosure below constitutes a "Year 2000 Readiness Disclosure" as defined in The Year 2000 Information and Readiness Disclosure Act (the "Act"), which was signed into law on October 19, 1998. The Act provides added protection from liability for certain public and private statements concerning a company's Year 2000 readiness.

The year 2000 problem refers to the limitations of the programming code in certain existing software programs to recognize date sensitive information for the year 2000 and beyond. Unless modified prior to the year 2000, such systems may not properly recognize such information and could generate erroneous data or cause a system to fail to operate properly. The efficient operation of the Company's business is dependent on the proper functioning of its computer software programs, network and operating systems (collectively, "Programs and Systems"). These Programs and Systems are used in several key areas of the Company's business, including inventory management, information management services and financial reporting, as well as in various administrative functions.

The Company engaged an outside consultant to assist it in performing an inventory of its Programs and Systems to identify potential year 2000 compliance problems, as well as manual processes, external interfaces with suppliers, customers and vendors, and services supplied by vendors to coordinate year 2000 compliance and conversion. This inventory was completed during the first quarter of 1999 and evaluated the Programs and Systems, the Company's other devices which have imbedded computer processors or microchips and telecommunication, HVAC and security systems. Based on the Company's Programs and Systems inventory and information supplied by the Company's vendors and suppliers, the Company expects to attain year 2000 compliance in a timely fashion and in advance of the year 2000 date change.

The primary operating systems of the Company are Karmak and PFW. The Company believes, based upon representations made by the vendor of PFW, that PFW is currently year 2000 compliant. The vendor of Karmak has informed the Company that Karmak is currently year 2000 compliant. The Company is currently in the process of procuring additional hardware necessary to operate the new compliant version of Karmak and expects to be using the new version by June 1, 1999.

The Company believes that the year 2000 problem will not pose a significant operational problem for the Company. However, because most computer systems are, by their very nature, interdependent, it is possible that non-compliant third party computers may not interface properly with the Company's computer systems. The Company could be adversely affected by the year 2000 problem if it or unrelated parties fail to successfully address this issue.

Management of the Company currently anticipates that the expenses and capital expenditures associated with its year 2000 compliance project, including costs associated with modifying the Programs and Systems as well as the cost of purchasing or leasing, if required, replacement hardware and software, will not have a material effect on its business, financial position or results of operations and are expenses and capital expenditures the Company anticipated incurring in the ordinary course of business regardless of the year 2000 problem. Purchased hardware and software has been and will continue to be capitalized in accordance with normal accounting policy. Personnel and other costs related to this process are being expensed as incurred.

The costs of year 2000 compliance and the expected completion dates are the best estimates of Company management and are believed to be reasonably accurate. In the event the Company's plan to address the year 2000 problem is not successfully or timely implemented, the Company may need to devote more resources to the process and additional costs may be incurred, which could have a material adverse effect on the Company's financial condition and results of operations. Problems encountered by the Company's vendors, customers and other third parties also may have a material adverse effect on the Company's financial condition and results of operations.

In the event the Company determines following the year 2000 date change that its Programs and Systems are not year 2000 compliant, the Company will likely experience considerable delays in processing customer orders and invoices, compiling information required for financial reporting and performing various administrative functions. In the event of such occurrence to either the Company's network or its primary operating systems, Karmak and PFW, the Company's contingency plans call for it to obtain, either from its current or other vendors, as soon as is feasible, hardware and/or software that is 2000 compliant. Until such hardware and/or software can be obtained, the Company will plan to use non-computer systems and manual processes for its business, including information management services and financial reporting, as well as its various administrative functions. Non-critical hardware or software will be replaced, consistent with the Company's current policy, on an as-needed basis.

ITEM 2A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact the financial position, results of operations, or cash flows of the Company due to adverse changes in financial market prices, including interest rate risk, and other relevant market rate or price risks.

The Company is exposed to some market risk through interest rates, related to its floor plan borrowing arrangements and discount rates related to finance sales. Floor plan borrowings are based on the Prime Rate of interest and are used to meet working capital needs. As of December 31, 1998, the Company had floor plan borrowings of approximately $105,813,000. Assuming an increase in the Prime Rate of interest of 100 basis points, future cash flows would be effected by $1,058,000. The interest rate variability on all other debt would not have a material adverse effect on the Company's financial statements. The Company's provides all customer financing opportunities to various finance providers. The Company receives all finance charges, in excess of a negotiated discount rate, from the finance providers within 30 days. The negotiated discount rate is variable, thus subject to interest rate fluctuations. This interest rate risk is mitigated by the Company's ability to pass discount rate increases to customers through higher financing rates.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities

Not Applicable

Item 3. Defaults upon Senior Securities

Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit Number	
27.1*	Financial data schedule

* Filed herewith

b) Reports on Form 8-K

None

SIGNATURES

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, thereunto duly authorized.

RUSH ENTERPRISES, INC.

Date:	May 13, 1999	By: /S/ W. MARVIN RUSH Name: W. Marvin Rush Title: Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	May 13, 1999	By: /S/ Martin A. Naegelin, Jr. Name: Martin A. Naegelin, Jr. Title: Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Index to Exhibits

Exhibit Number	
27.1*	Financial data schedule

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* Filed herewith

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF RUSH ENTERPRISES, INC. FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-Q.

1,000

3-MOS
DEC-31-1999
JAN-01-1999
MAR-31-1999
15,541
0
24,116
0
123,900
164,123
75,765
(12,032)
245,798
149,517
37,968
0
0
66
46,122
245,798
177,843
177,843
146,608
170,827
0
0
1,484
5,532
2,213
3,319
0
0
0
3,319
0.50
0.50