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 JUNE 30, 1997

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

Indicated below is the number of shares outstanding of the registrant's only class of common stock, as of August 8, 1997.

Title of Class	Number of Shares Outstanding
Common Stock, $.01 Par Value	6,643,730

RUSH ENTERPRISES, INC. AND SUBSIDIARIES

INDEX

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

ASSETS	JUNE 30, 1997 (UNAUDITED)	DECEMBER 31, 1996 (AUDITED)
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,142	$ 21,507
Accounts receivable, net	18,169	23,064
Inventories	34,551	36,688
Prepaid expenses and other	579	1,503
Total current assets	68,441	82,762
PROPERTY AND EQUIPMENT, net	25,219	23,222
OTHER ASSETS, net	8,934	3,233
Total assets	$102,594	$109,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable	$ 32,809	$ 42,228
Current maturities of long-term debt	7,471	2,115
Advances outstanding under lines of credit	20	20
Trade accounts payable	6,053	5,157
Accrued expenses	4,658	8,566
Total current liabilities	51,011	58,086
DEFERRED INCOME TAX LIABILITY, net	1,122	1,027
LONG-TERM DEBT, net of current maturities	11,987	13,412
SHAREHOLDERS' EQUITY		
Rush Enterprises, Inc., common stock, par value $.01 per share; 25,000,000 shares authorized; 6,643,730 outstanding at June 30, 1997 and December 31, 1996	66	66
Additional paid-in-capital	33,342	33,342
Retained earnings	5,066	3,284
Total shareholders' equity	38,474	36,692
Total liabilities and shareholders' equity	$102,594	$109,217

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

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT EARNINGS PER SHARE - UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
REVENUES:				
New and used truck sales	$71,831	$ 63,190	$133,636	$121,323
Parts and service	19,051	16,174	35,346	31,951
Lease and rental	3,448	3,468	6,656	6,636
Finance and insurance	1,056	1,389	2,081	2,875
Other	965	386	388	698
Total revenues	95,772	84,609	178,684	163,483
COST OF PRODUCTS SOLD	81,301	71,061	151,044	135,061
GROSS PROFIT	14,471	13,548	27,640	28,422
SELLING, GENERAL AND ADMINISTRATIVE	11,716	9,882	22,500	21,784
DEPRECIATION AND AMORTIZATION	715	588	1,343	1,134
OPERATING INCOME	2,040	3,078	3,797	5,504
INTEREST EXPENSE	433	1,072	923	2,046
INCOME BEFORE INCOME TAXES	1,607	2,006	2,874	3,458
PROVISION FOR INCOME TAXES	610	400	1,092	400
NET INCOME	$ 997	$ 1,606	$ 1,782	$ 3,058
EARNINGS PER SHARE				
Primary	$ 0.15		$ 0.27	
Fully Diluted	$ 0.15		$ 0.27	
WEIGHTED AVERAGE SHARES OUTSTANDING				
Primary	6,644		6,644	
Fully Diluted	6,644		6,644	
UNAUDITED PRO FORMA DATA:				
Income before income taxes		$ 2,006		$ 3,458
Pro forma adjustments to reflect federal and state income taxes		762		1,314
Pro forma income after provision for income taxes		$ 1,244		2,144
Pro forma income per share		$ 0.26		$ 0.47
Weighted average shares outstanding used in the pro forma net income per share calculation		4,758		4,528

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)

	SIX MONTHS ENDED JUNE 30, 1997	SIX MONTHS ENDED JUNE 30, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,782	$ 3,058
Adjustments to reconcile net income to cash provided by (used in) continuing operations		
Depreciation and amortization	1,343	1,134
Gain on sale of property and equipment	(84)	--
Provision for deferred income tax expense	95	325
Change in accounts receivable	4,895	1,847
Change in inventories	4,277	(2,744)
Change in prepaid expenses and other current assets	924	(55)
Change in accounts payable	896	(572)
Change in accrued expenses	(3,987)	(1,701)
Net cash provided by operating activities	10,141	1,292
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(4,292)	(4,601)
Proceeds from the sale of property and equipment	1,297	554
Acquisitions of dealerships and leasing operations	(7,915)	--
Changes in other assets	(108)	(258)
Net cash used in investing activities	(11,018)	(4,305)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	--	31,303
Proceeds from notes payable	5,998	2,643
Principal payments on notes payable	(2,067)	(2,278)
Draws (payments) on floor plan financing, net	(9,419)	308
Draws on line of credit, net	--	(10)
Dividends paid	--	(9,555)
Net cash (used in) provided by financing activities	(5,488)	22,411
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,365)	19,398
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,507	2,149
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 15,142	$ 21,547
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during year for interest	$ 945	$ 2,034
Cash paid during year for taxes	$ 650	$ -

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 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 form 10-K. Certain prior period amounts have been reclassified for comparative purposes.

2 - CORPORATE REORGANIZATION AND COMMON STOCK OFFERING

The Company successfully completed an initial public offering (the Offering) of 2,875,000 common shares on June 12, 1996. As part of this transaction, the Company terminated its S corporation federal tax election and was subject to federal and certain state income taxes from that date forward. On June 12, 1996 the Company paid the S Corporation shareholder approximately $6,000,000 million representing the undistributed accumulated earnings of the S Corporation prior to June 12, 1996.

Following the Offering there were 6,625,000 common shares outstanding, including 3,750,000 owned by the shareholder of the predecessor S Corporation.

As part of the reorganization, the Company acquired a managing general agent (the "MGA"), as a wholly-owned subsidiary, to manage all of the operations of Associated Acceptance, Inc. ("AA"). The MGA is responsible for funding the operations of AA, directing the use of AA's assets, and incurring liabilities on AA's behalf in exchange for the MGA receiving any and all net income of AA. W. Marvin Rush, the sole shareholder of AA, is prohibited from the sale or transfer of the capital stock of AA under the MGA agreement, except as designated by the Company. Therefore, the financial position and operations of AA have been included as part of the Company's consolidated financial position and results of operations.

3 - PRO FORMA INFORMATION (UNAUDITED)

Pro forma income from continuing operations and pro forma income per share for the three and six month periods ended June 30, 1996, have been determined assuming that the Company had been taxed as a C corporation for federal and certain state income tax purposes for such periods.

Pro forma income per share had been computed using the weighted average number of common shares outstanding of Rush Enterprises, Inc. Weighted average common shares for all periods presented prior to the Offering have been increased by 547,400 shares to reflect the number of shares that would have to have been sold at the offering price per share to repay an approximate $6,000,000 distribution of undistributed S corporation earnings.

4 - COMMITMENTS AND CONTINGENCIES

The Company is contingently liable to finance contracts for the notes sold to such finance companies related to the sale of trucks. The Company's recourse liability related to sold finance contracts is limited to 15 to 25 percent of the outstanding amount of each note sold to the finance company with the aggregate recourse liability for 1997 being 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 the 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 consulting agreements with individuals for an aggregate monthly payment of $15,725. The agreements expire in 1999 through 2001.

5 - SUBSEQUENT EVENTS

In July of 1997, the Company announced the formation of a new construction equipment division, Rush Equipment Centers, Inc. Concurrently, the company entered into a letter of intent with C. Jim Stewart & Stevenson, Inc. to purchase the assets of its John Deere dealership in the Texas gulf coast territory. The acquisition, subject to regulatory approval, the approval of John Deere Construction Equipment Company and the signing of a definitive purchase agreement, is expected to close on or about September 30, 1997.

6 - NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," which requires that certain items currently reported in stockholders' equity, such as foreign currency translation adjustments and gains and losses on certain securities, be shown in a financial statement, displayed as prominently as other financial statements. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997 and requires reclassification of earlier financial statements for comparative purposes. Management of the Company does not anticipate the adoption of SFAS No. 130 will have a material impact on the Company's financial position or results of operations.

In June 1997, The FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which requires the disclosure of segment data based on how management makes decisions about allocating resources to segments and measuring their performance. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues and about its major customers. SFAS No. 131 supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise," and is effective for fiscal years beginning after December 15, 1997. Management of the Company does not anticipate the adoption of SFAS No. 131 will have a material impact on the Company's financial position or results of operations.

1. PART I

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

Certain statements contained in this quarterly report on Form 10-Q, including statements regarding the anticipated development and expansion of the Company's business, expenditures, the intent, belief or current expectations of the Company, its directors or its officers, primarily with respect to the future operating performance of the Company and other statements contained herein regarding matters that are not historical facts, 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. 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, those discussed in other filings made by the Company with the Securities and Exchange Commission, including the factors set forth in the Company's registration statement on Form S-1 (registration statement #333-03346).

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 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; 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.

In February 1994, the Company purchased the assets of Engs Motor Truck Company ("Engs"), which consisted of three full-service Peterbilt dealerships located in Pico Rivera, Fontana and Ventura, California, and a parts store located in Sun Valley, California. As part of the Company's acquisition strategy, the Company closed the Ventura facility in August 1994, consolidating its operations into the remaining facilities.

In December 1995, the Company acquired the assets of Kerr Consolidated, Inc., which consisted of a full-service Peterbilt dealership and stand-alone leasing facility in Oklahoma City, Oklahoma, and a full-service Peterbilt dealership in Tulsa, Oklahoma.

In March 1997, the Company acquired the assets of Denver Peterbilt, Inc., which consisted of full service Peterbilt dealerships in Denver and Greeley, Colorado.

RESULTS OF OPERATIONS

The following discussion and analysis includes the Company's historical results of operations for the three months and six months ended June 30, 1997 and 1996.

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
New and used truck sales	75.0%	74.7%	74.5%	74.2%
Parts and service	19.9	19.1	19.7	19.5
Lease and rental	3.6	4.1	3.7	4.1
Finance and insurance	1.1	1.6	1.2	1.8
Other	0.4	0.5	0.9	0.4
Total revenues	100.0	100.0	100.0	100.0
Cost of products sold	84.9	84.0	84.5	82.6
Gross profit	15.1	16.0	15.5	17.4
Selling, general and administrative expenses	12.2	11.7	12.5	13.3
Depreciation and amortization	0.7	0.7	0.7	0.7
Operating income	2.2	3.6	2.3	3.4
Interest expense	0.5	1.3	0.5	1.3
Income before income taxes	1.7	2.3	1.8	2.1
Provision for income taxes (1)	0.6	0.9	0.6	0.8
Net income (1)	1.1%	1.4%	1.2%	1.3%

(1) Pro forma income assuming the Company had been taxed as a C corporation during 1996.

THREE MONTHS ENDED JUNE 30, 1997 COMPARED TO THREE MONTHS ENDED JUNE 30, 1996

Revenues

Revenues increased by approximately $11.1 million, or 13.1%, from $84.6 million to $95.7 million from the second quarter of 1996 to the second quarter of 1997. Sales of new and used trucks increased by approximately $8.6 million, or 13.6%, from $63.2 million to $71.8 million from the second quarter of 1996 to the second quarter of 1997. Unit sales of new and used trucks increased by 8.7% and 37.7%, respectively, from the second quarter of 1996 to the second quarter of 1997, while new truck average revenue per unit decreased by 0 .6% and used truck average revenue per unit decreased by 6.5%. Average used truck prices decreased due to a change in product mix.

Parts and service sales increased by approximately $2.9 million, or 17.9%, from $16.2 million to $19.1 million. The increase was due to the acquisition of the Colorado parts and service operations in March of 1997, and internal growth rates in existing locations of 11.1%.

Lease and rental revenues decreased by approximately $20,000, or .6% from $3.47 million to $3.45 million. The decrease was due to growth of 8.9% at the Company's California operations, offset by a decreases of 1.6% and 7.9% at the Texas and Oklahoma locations, respectively.

Finance and insurance revenues decreased by approximately $333,000, or 24.0%, from $1.4 million to $1.1 million from the second quarter of 1996 to the second quarter of 1997. The majority of the decrease resulted from increased competition coupled with higher borrowing costs. Finance and insurance revenues have limited direct costs and, therefore, contribute a disproportionate share of operating profits.

Gross Profit

Gross profit increased by approximately $923,000, or 6.8%, from $13.6 million to $14.5 million from the second quarter of 1996 to the second quarter of 1997. Gross profit as a percentage of sales decreased from 16.0% to 15.1% from the second quarter of 1996 to the second quarter of 1997. The net decrease in gross profit as a percentage of sales resulted from the decrease in finance revenues, coupled with slight decreases in parts and service margins in the California operations. The net decrease in gross profit was offset by improved margins on new and used truck sales of .72% and .48%, respectively.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately $1.8 million, from $9.9 million to $11.7 million, or 18.2%, from the second quarter of 1996 to the second quarter of 1997. The majority of the increase, or $987,000, was attributable to the inclusion of the Colorado locations. The remaining increase resulted from an increase in truck sales commissions and increases in executive salaries pursuant to the initial public offering. Selling, general and administrative expenses as a percent of revenue were 11.7% for the second quarter of 1996 and 12.2% for the same quarter of 1997.

Interest Expense

Interest expense decreased by approximately $639,000 from $1,072,000 to $433,000, or 59.6%, from the second quarter of 1996 to the second quarter of 1997, primarily as the result of decreased levels of indebtedness due to the Company's initial public offering on June 7, 1996.

Income before Income Taxes

Income before income taxes decreased by $399,000, or 19.9% from $2.0 million to $1.6 million from the second quarter of 1996 to the second quarter of 1997, as a result of the factors described above.

Income Taxes

As a result of the Company's initial public offering and termination of its subchapter S tax status, the Company incurred $610,000 of income taxes during the second quarter of 1997. The Company has provided for taxes at a 38% effective rate.

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO SIX MONTHS ENDED JUNE 30, 1996

Revenues

Revenues increased by approximately $15.2 million, or 9.3%, from $163.5 million to $178.7 million from the first six months of 1996 to the first six months of 1997. Sales of new and used trucks increased by approximately $12.3 million, or 10.2%, from $121.3 million to $133.6 million from the first six months of 1996 to the first six months of 1997. Unit sales of new and used trucks increased by 7.7% and 32.6%, respectively, from the first six months of 1996 to the first six months of 1997, while new and used truck average revenue per unit decreased by 2.8% and 2.5%. respectively. Average new truck prices and used truck prices decreased due to a change in product mix..

Parts and service sales increased by approximately $3.4, or 12.5%, from $32.0 million to $35.4 million. The increase was due to the acquisition of the Colorado parts and service operations in March of 1997, and internal growth rates in existing locations of 7.3%.

Lease and rental revenues increased by approximately $20,000, or .3% from $6.64 million to $6.66 million. The increase was due to growth of 13.3% at the Company's California operations, offset by a decreases of 6.7% and 6.1% at the Texas locations and the Oklahoma locations, respectively.

Finance and insurance revenues decreased by approximately $794,000, or 27.6%, from $2.9 million to $2.1 million from the first six months of 1996 to the first six months of 1997. The majority of the decrease resulted from increased competition coupled with higher borrowing costs. Finance and insurance revenues have limited direct costs and, therefore, contribute a disproportionate share of operating profits.

Gross Profit

Gross profit decreased by approximately $782,000, or 2.8%, from $28.4 million to $27.6 million from the first six months of 1996 to the first six months of 1997. Gross profit as a percentage of sales decreased from 17.4% to 15.5% from the first six months of 1996 to the first six months of 1997. The net decrease in gross profit as a percentage of sales resulted from the decrease in finance and insurance revenues coupled with slight decreases in used truck, parts and service margins in the California operations.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately $716,000, from $21.8 million to $22.5 million, or 2.5%, from the first six months of 1996 to the first six months of 1997. The increase includes $1.3 million, that is attributable to the Colorado locations. This increase was offset by the decrease in first quarter truck sales commissions. Selling, general and administrative expenses as a percent of revenue were 13.3% for the first six months of 1996 and 12.6% for the first six months of 1997.

Interest Expense

Interest expense decreased by approximately $1.1 million from $2.0 million to $900,000, or 54.9%, from the first six months of 1996 to the first six months of 1997, primarily as the result of decreased levels of indebtedness due to the Company's initial public offering on June 7, 1996.

Income before Income Taxes

Income before income taxes decreased by $584,000, or 16.9% from $3.5 million to $2.9 million from the first six months of 1996 to the first six months of 1997, as a result of the factors described above.

Income Taxes

As a result of the Company's initial public offering and termination of its subchapter S tax status, the Company incurred $1.1 million of income taxes during the first six months of 1997. The Company has provided for taxes at a 38% 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 acquisitions of new facilities. These short-term cash needs have historically been financed with retention of profits and borrowings under credit facilities available to the Company.

In June 1996, the Company completed the initial public offering of 2,875,000 shares of common stock and received net proceeds of approximately $32.1 million.

As a result of the initial public offering, working capital levels have generally increased. At June 30, 1997, the Company had working capital of approximately $17.4 million, including, among other things, $15.1 million in cash and cash equivalents, $18.2 million in accounts receivable, $34.6 million in inventories, and $579,000 in prepaid expenses and other current assets, less $10.8 million of accounts payable and accrued expenses, $7.5 million of current maturities on long-term debt and $32.8 million outstanding under floor plan financing. The aggregate maximum borrowing limits under working capital lines of credit with various commercial banks are approximately $6.0 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.

For the first six months of 1996, operating activities provided $1.3 million of cash. Net income of $3.1 million, a decrease in accounts receivable of $1.8 million and provisions for depreciation, amortization, and deferred taxes totaling $1.4 million more than offset increases in inventories of $2.7 million and accounts payable and accrued liabilities of $ 2.3 million.

For the first six months of 1997, operating activities provided $10.1 million of cash. Operating increases included net income of $1.8 million, decreases in accounts receivable, inventories and other assets of $4.9 million, $4.3 million, and $924,000 respectively, and increases in depreciation and amortization and accounts payable of $1.3 million and $896,000 respectively. Operating decreases resulted from a decrease in accrued liabilities of $4.0 million.

During the first six months of 1996, the Company used $4.3 million for investing activities, primarily acquisitions of real estate related to the Oklahoma operations.

During the first six months of 1997, the Company used $11.0 million for investing activities, primarily due to the acquisition of Denver Peterbilt, Inc., property and equipment additions related to the construction of the Pharr Perterbilt facility, and renovations of several existing facilities.

For the first half of 1996, net cash provided by financing activities amounted to $22.4 million. Net proceeds from the Offering of $31.3 million, after direct expenses of the Offering of $781,000, were partially offset by an increase of $9.6 million in dividends paid to the S corporation shareholder.

For the first half of 1997, net cash used in financing activities amounted to $5.5 million. Payments on floor plan financing and reductions in notes payable balances more than offset borrowings on notes payable.

Substantially all of the Company's truck purchases from PACCAR are made on terms requiring payment within 15 days or less form the date of shipment of the trucks 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 prior to sale of new vehicles to GMAC for a period of 12 months and for used vehicles for a period of three months. At June 30, 1997, the Company had $32.8 million outstanding under its floor plan financing arrangement with GMAC. GMAC permits the Company to earn, for up to 75% of the amount borrowed under its floor plan financing arrangement with GMAC, interest at the prime rate on overnight funds deposited by the Company with GMAC.

Backlogs

The Company enters firm orders into its backlog at the time the order is received. Customer orders are typically filled in 75 to 90 days and customers normally place orders on that basis. However, certain customers, including fleets and governmental entities, typically place orders six months 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, 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 June 30, 1996 and 1997, were approximately $92.0 million and $113.0 million, respectively. Backlogs increased due to increased order volume.

Seasonality

The Company's 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, including small and large fleets, governmental entities, 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 50% of such rebates are typically received in the fourth quarter, resulting in a seasonal increase in gross profit.

Cyclicality

The Company's business, as well as the entire retail heavy-duty truck industry, is 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 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-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

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

(a) The Annual Meeting of Shareholders was held on June 4, 1997.

(b) The following directors were elected to serve until the next Annual Meeting of Shareholders or until their successors have been elected and qualified:

W. Marvin Rush	W. M. "Rusty" Rush
Robin M. Rush	Joseph M. Dunn
Ronald J. Krause	John D. Rock

(c) (1) The director's in (b) above were elected by the following number of votes:

NAME	NUMBER OF VOTES FOR	NUMBER OF VOTES WITHHELD
W. Marvin Rush	6,162,741	2,756
Robin M. Rush	6,163,197	2,300
Ronald J. Krause	6,163,197	2,300
W.M. "Rusty" Rush	6,163,197	2,300
Joseph M. Dunn	6,163,197	2,300
John D. Rock	6,163,197	2,300

(2) The proposal to approve the adoption of the Company's 1997 Non-Employee Director Stock Option Plan (the "Plan") was approved as 5,592,258 shares of Common Stock were voted "For", 58,577 shares of Common Stock were voted "Against", 514,662 shares of Common Stock abstained from voting and 478,233 shares of common stock were unvoted.

(3) Of the 6,165,497 number of shares of Common Stock voting at the meeting, 6,163,187 shares voted for the ratification of the appointment of the firm Arthur Andersen L.L. P. as the Company's independent accountants for 1997. The number of shares that voted against the ratification was 1,150 and the holders of 1,160 shares abstained from the voting.

(1)

Item 5. Other Information

Not Applicable

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit Number	
11.1	Computation of pro forma earnings per share (filed herewith)
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: August 13, 1997

By: /s/ W. MARVIN RUSH

Name: W. Marvin Rush

Title: Chairman and Chief Executive Officer (Principal Executive Officer)

Date: August 13, 1997

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	DESCRIPTION
11.1	Computation of pro forma earnings per share (filed herewith)
27.1	Financial data schedule (filed herewith)

EXHIBIT 11.1

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
COMPUTATION OF NET INCOME AND PRO FORMA EARNINGS PER SHARE
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS - UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
PRIMARY EARNINGS PER SHARE CALCULATION				
Net Income	$ 997	$ 1,606	$ 1,782	$ 3,058
Weighted average number of common shares outstanding	6,644	4,319	6,644	4,035
Earnings per share - Primary	$ 0.15	$ 0.37	$ 0.27	$ 0.76
FULLY-DILUTED EARNINGS PER SHARE CALCULATION				
Net Income	$ 997	$ 1,606	$ 1,782	$ 3,058
Weighted average number of common shares outstanding	6,644	4,319	6,644	4,035
Earnings per share - Fully diluted (1)	$ 0.15	$ 0.37	$ 0.27	$ 0.76

(1) This calculation is submitted in accordance with item 601(b)11 of regulation S-K although it is not required by APB Opinion No. 15 because it results in dilution of less than 3%.

PRO FORMA EARNINGS PER SHARE	Three months 1996	Six months 1996
Pro forma income after provision for income taxes	$ 1,244	$ 2,144
Weighted average shares of common stock outstanding	4,319	4,035
Pro forma shares issued at offering price to pay undistributed S corporation earnings	439	493
Pro forma weighted average shares outstanding	4,758	4,528
Pro forma income per share	$ 0.26	$ 0.47

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF RUSH ENTERPRISES, INC. FOR THE SIX MONTHS ENDED JUNE 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10-Q.

1,000

6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
15,142
0
18,169
0
34,551
68,441
31,358
(6,139)
102,594
51,011
11,987
0
0
66
38,408
102,594
0
178,684
151,044
174,887
0
0
923
2,874
1,092
1,782
0
0
0
1,782
0.27
0.27