

**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) *July 19, 2006*

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 (see General Instruction A.2. below):

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

Item 2.02. Results of Operations and Financial Condition

On July 19, 2006, the Company issued a press release regarding its financial results for the second quarter ended June 30, 2006. The full text of the press release issued in connection with the announcement is attached as Exhibit 99.1 to this Current Report on Form 8-K. The information furnished in this report, including the information contained in Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act (the "Exchange Act") or otherwise subject to liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 of the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

- (a) Financial Statements of Business Acquired.

None.

- (b) Pro Forma Financial Information.

None.

- (c) Exhibits

99.1 Press Release

SIGNATURES

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

RUSH ENTERPRISES, INC.

By /s/ Martin A. Naegelin, Jr.
Martin A. Naegelin, Jr.
Senior Vice President and Chief Financial Officer

Dated July 20, 2006



Contact:

Rush Enterprises, Inc., San Antonio
 Martin A. Naegelin, Jr., 830-626-5230
 Adam Friedman Associates
 Adam Friedman, 212-981-2529, ext 18

RUSH ENTERPRISES, INC. REPORTS SECOND QUARTER RESULTS
EPS Increases 31% to \$0.59 on a Revenue Increase of 23%

SAN ANTONIO, Texas, July 19, 2006 — Rush Enterprises, Inc. (NASDAQ: RUSHA & RUSHB), which operates the largest network of heavy-duty and medium-duty truck dealerships in North America and a John Deere construction equipment dealership in Houston, Texas, today announced results for the second quarter ended June 30, 2006.

In the second quarter, the Company's gross revenues totaled \$569.2 million, a 23.3% increase from gross revenues of \$461.8 million reported for the second quarter ended June 30, 2005. Net income for the quarter was \$14.9 million, or \$0.59 per diluted share, compared with net income of \$11.2 million, or \$0.45 per diluted share, in the quarter ended June 30, 2005.

The Company began recording stock option expense in the first quarter of 2006 as required by Statement of Financial Accounting Standards No. 123R. This non-cash expense totaled \$931,000 (\$581,875 after tax or \$0.02 per diluted share) in the second quarter of 2006.

The Company's truck segment recorded revenues of \$543.9 million in the second quarter of 2006, compared to \$442.5 million in the second quarter of 2005. The Company delivered 2,695 new heavy-duty trucks, 1,185 new medium-duty trucks and 954 used trucks during the second quarter of 2006, compared to 2,469 new heavy-duty trucks, 681 new medium-duty trucks and 874 used trucks in the second quarter of 2005. Parts, service and body shop sales increased to \$104.8 million in the second quarter of 2006 from \$86.3 million in the second quarter of 2005.

The Company's construction equipment segment recorded revenues of \$20.2 million in the second quarter of 2006, compared to \$16.3 million in the second quarter of 2005. New and used construction equipment unit sales revenue increased 34.2% to \$15.7

million in the second quarter of 2006 from \$11.7 million in the second quarter of 2005. Construction equipment parts, service and body shop sales increased 7.7% to \$4.2 million in the second quarter of 2006 from \$3.9 million in the second quarter of 2005.

In announcing the results, W. Marvin Rush, Chairman of Rush Enterprises, Inc., said "The second quarter results were very strong and we continue to be confident about Rush's prospects for the remainder of the year. 2006 is on track to be a record year for us in terms of truck deliveries and parts, service, body shop and finance and insurance revenues. As a result, we expect to achieve record profits in 2006."

Mr. Rush added, "New emissions standards governing diesel engines manufactured after January 1, 2007 will cause a significant decrease in truck deliveries in 2007. We expect second and third quarter 2007 deliveries to be down more significantly compared to 2006 than first quarter 2007 deliveries. We expect the market to begin to rebound in the fourth quarter of 2007 and to be followed by strong markets in 2008 and 2009 as customers pre-buy trucks in advance of even more stringent diesel engine emissions standards that will go into effect in 2010."

Rusty Rush, President and Chief Executive Officer of Rush Enterprises, Inc., said "We remain committed to growing our medium-duty business and improving our absorption rates. We have expanded our medium-duty product offering in several locations and have created a dedicated medium-duty sales force. We sold over 400 medium-duty trucks in the month of June. When you consider that we only sold 899 medium-duty trucks in all of 2003, it is obvious that our medium-duty efforts are generating positive results. We expect to sell more than 4,500 medium-duty trucks in 2006. We believe the continued growth of our medium-duty operations will soften the earnings impact that will result from fewer class 8 trucks being sold in 2007." Rusty Rush added, "I am also very excited about the progress we have made toward reaching our goal of achieving a 110% absorption rate by the end of 2008. The Company's absorption rate increased from 104.4 % in the second quarter of 2005, to 109.5% in the second quarter of 2006. Through June 2006, the Company's year to date absorption rate was 105.3% compared to 100.5% in the first six months of 2005."

Conference Call Info.

Rush Enterprises will host its quarterly conference call to discuss earnings for the second quarter on Thursday, **July 20th, 2006 at 10 a.m. EST/ 9 a.m. CST. Earnings will be reported on Wednesday, July 19th, 2006 after close of market.** The call can be heard live by dialing **866-200-5830 (US) or 732-694-1588 (International)** and entering the **pin code 947572 followed by the # key** or via the Internet at www.rushenterprises.com ("Events") section, www.earnings.com or www.streetevents.com. For those who cannot listen to the live broadcast, the Webcast will be available until August 20th. The audio replay will be available until August 20th, by dialing 866-206-0173 (US) or **732-694-1571 (International)** and entering the conference reference code **179747 followed by the # key**.

About Rush Enterprises, Inc.

Rush Enterprises, Inc. operates the largest network of heavy-duty truck and medium-duty dealerships in North America and a John Deere construction equipment dealership in

Houston, Texas. Its operations include a network of over 40 Rush Truck Centers located in Alabama, Arizona, California, Colorado, Florida, Oklahoma, New Mexico, 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.

Certain statements contained herein, including those concerning current and projected truck industry and market conditions, sales and delivery forecasts, anticipated improvement in the Company’s absorption rates, the Company’s prospects and anticipated results for the remainder of 2006 and 2007 and the impact of diesel emissions standards on the truck market, 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.

-Tables to Follow-

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2006 AND DECEMBER 31, 2005
(In Thousands, Except Shares and Per Share Amounts)

| | June 30, 2006 (Unaudited) | December 31, 2005 |
|---|---------------------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 140,502 | \$ 133,069 |
| Accounts receivable, net | 58,350 | 63,473 |
| Inventories | 415,553 | 338,212 |
| Prepaid expenses and other | 1,999 | 1,829 |
| Deferred income taxes, net | 4,557 | 3,856 |
| Total current assets | 620,961 | 540,439 |
| PROPERTY AND EQUIPMENT, net | 224,729 | 196,161 |
| OTHER ASSETS, net | 113,027 | 103,634 |
| Total assets | \$ 958,717 | \$ 840,234 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Floor plan notes payable | \$ 374,942 | \$ 315,985 |
| Current maturities of long-term debt | 24,126 | 18,807 |
| Current maturities of capital lease obligations | 2,651 | 2,277 |
| Advances outstanding under lines of credit | 3,154 | 2,755 |
| Trade accounts payable | 28,575 | 23,327 |
| Accrued expenses | 57,649 | 51,151 |
| Total current liabilities | 491,097 | 414,302 |
| LONG-TERM DEBT, net of current maturities | 123,387 | 114,345 |
| CAPITAL LEASE OBLIGATIONS, net of current maturities | 14,543 | 14,628 |
| DEFERRED INCOME TAXES, net | 23,958 | 23,339 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock, par value \$.01 per share; 1,000,000 shares authorized; 0 shares outstanding in 2005 and 2006 | — | — |
| Common stock, par value \$.01 per share; 40,000,000 class A shares and 10,000,000 class B shares authorized; 16,770,060 class A shares and 7,895,863 class B shares outstanding in 2005; and 17,011,268 class A shares and 8,059,915 class B shares outstanding in 2006 | 251 | 247 |
| Additional paid-in capital | 168,267 | 162,603 |
| Retained earnings | 137,214 | 110,770 |
| Total shareholders' equity | 305,732 | 273,620 |
| Total liabilities and shareholders' equity | \$ 958,717 | \$ 840,234 |

RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Per Share Amounts)
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|------------------|------------------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| REVENUES: | | | | |
| New and used truck sales | \$ 423,717 | \$ 343,940 | \$ 787,064 | \$ 642,871 |
| Parts and service | 112,449 | 91,990 | 217,316 | 174,999 |
| Construction equipment sales | 15,706 | 11,743 | 30,140 | 19,719 |
| Lease and rental | 10,239 | 8,387 | 19,619 | 16,090 |
| Finance and insurance | 5,005 | 4,073 | 9,070 | 7,236 |
| Other | 2,122 | 1,684 | 3,914 | 2,945 |
| Total revenues | 569,238 | 461,817 | 1,067,123 | 863,860 |
| COST OF PRODUCTS SOLD: | | | | |
| New and used truck sales | 393,298 | 320,481 | 727,470 | 598,851 |
| Parts and service | 66,068 | 53,173 | 128,347 | 103,179 |
| Construction equipment sales | 14,008 | 10,077 | 26,706 | 17,095 |
| Lease and rental | 7,898 | 6,336 | 15,034 | 12,038 |
| Total cost of products sold | 481,272 | 390,067 | 897,557 | 731,163 |
| GROSS PROFIT | 87,966 | 71,750 | 169,566 | 132,697 |
| SELLING, GENERAL AND ADMINISTRATIVE | 57,572 | 47,698 | 114,228 | 91,306 |
| DEPRECIATION AND AMORTIZATION | 3,106 | 2,590 | 6,014 | 5,003 |
| OPERATING INCOME | 27,288 | 21,462 | 49,324 | 36,388 |
| INTEREST EXPENSE, NET | 3,518 | 3,217 | 7,064 | 5,711 |
| GAIN ON SALE OF ASSETS | 17 | 22 | 50 | 85 |
| INCOME BEFORE INCOME TAXES | 23,787 | 18,267 | 42,310 | 30,762 |
| PROVISION FOR INCOME TAXES | 8,920 | 7,032 | 15,866 | 11,843 |
| NET INCOME | \$ 14,867 | \$ 11,235 | \$ 26,444 | \$ 18,919 |
| EARNINGS PER COMMON SHARE — BASIC | | | | |
| Net income | <u>\$.59</u> | <u>\$.47</u> | <u>\$ 1.06</u> | <u>\$.79</u> |
| EARNINGS PER COMMON SHARE — DILUTED | | | | |
| Net income | <u>\$.59</u> | <u>\$.45</u> | <u>\$ 1.05</u> | <u>\$.76</u> |
| Weighted average shares outstanding: | | | | |
| Basic | <u>24,998</u> | <u>24,064</u> | <u>24,853</u> | <u>23,998</u> |
| Diluted | <u>25,215</u> | <u>24,855</u> | <u>25,174</u> | <u>24,826</u> |