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 SEPTEMBER 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
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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	SEPTEMBER 30, 1997 (UNAUDITED)	DECEMBER 31, 1996 (AUDITED)
CURRENT ASSETS:		
Cash and cash equivalents	$ 15,221	$ 21,507
Accounts receivable, net	20,029	23,064
Inventories	36,156	36,688
Prepaid expenses and other	381	1,503
Total current assets	71,787	82,762
PROPERTY AND EQUIPMENT, net	27,799	23,222
OTHER ASSETS, net	8,896	3,233
Total assets	$108,482	$109,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Floorplan notes payable	$ 34,650	$ 42,228
Current maturities of long-term debt	7,452	2,115
Advances outstanding under lines of credit	20	20
Trade accounts payable	4,113	5,157
Accrued expenses	9,332	8,566
Total current liabilities	55,567	58,086
DEFERRED INCOME TAX LIABILITY, net	1,269	1,027
LONG-TERM DEBT, net of current maturities	11,515	13,412
SHAREHOLDERS' EQUITY		
Rush Enterprises, Inc., common stock, par value $.01 per share; 25,000,000 shares authorized; 6,643,730 outstanding at September 30, 1997 and December 31, 1996	66	66
Additional paid-in-capital	33,342	33,342
Retained earnings	6,723	3,284
Total shareholders' equity	40,131	36,692
Total liabilities and shareholders' equity	$108,482	$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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
REVENUES:				
New and used truck sales	$ 75,545	65,427	$209,181	$186,751
Parts and service	20,934	16,414	56,280	48,359
Lease and rental	3,605	3,490	10,262	10,056
Finance and insurance	1,732	1,513	3,812	4,371
Other	329	288	1,294	986
Total revenues	102,145	87,132	280,829	250,523
COST OF PRODUCTS SOLD	85,473	72,926	236,521	209,870
GROSS PROFIT	16,672	14,206	44,308	40,653
SELLING, GENERAL AND ADMINISTRATIVE	12,732	10,595	35,229	30,283
DEPRECIATION AND AMORTIZATION	730	610	2,071	1,789
OPERATING INCOME	3,210	3,001	7,008	8,581
INTEREST EXPENSE	537	554	1,462	2,676
INCOME BEFORE INCOME TAXES	2,673	2,447	5,546	5,905
PROVISION FOR INCOME TAXES	1,015	910	2,107	1,310
NET INCOME	$ 1,658	$ 1,537	$ 3,439	$ 4,595
EARNINGS PER SHARE	$ 0.25	$ 0.23	$ 0.52	
WEIGHTED AVERAGE SHARES OUTSTANDING	6,645	6,640	6,645	

UNAUDITED PRO FORMA DATA:

Income before income taxes	$ 5,905
Pro forma adjustments to reflect federal and state income taxes	2,244
Pro forma income after provision for income taxes	$ 3,661
Pro forma income per share	$ 0.70
Weighted average shares outstanding used in the pro forma net income per share calculation	5,237

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)

	NINE MONTHS ENDED SEPTEMBER 30, 1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,439	$ 4,595
Adjustments to reconcile net income to cash provided by (used in) operations		
Depreciation and amortization	2,071	1,789
Gain on sale of property and equipment	(266)	--
Provision for deferred income tax expense	242	583
Change in accounts receivable	3,035	(138)
Change in inventories	2,672	(5,576)
Change in prepaid expenses and other current assets	1,122	(171)
Change in accounts payable	(1,044)	1,524
Change in accrued expenses	687	(3,090)
Net cash provided by (used in) operating activities	11,958	(484)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(7,548)	(6,200)
Proceeds from the sale of property and equipment	426	503
Acquisition of dealership	(7,915)	--
Changes in other assets	(130)	(233)
Net cash used in investing activities	(15,167)	(5,930)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of common stock	--	31,364
Proceeds from notes payable	6,063	2,984
Principal payments on notes payable	(1,562)	(3,617)
Draws (payments) on floor plan financing, net	(7,578)	5,370
Draws on line of credit, net	--	10
Dividends paid	--	(10,175)
Net cash (used in) provided by financing activities	(3,077)	25,936
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,286)	19,522
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,507	2,149
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 15,221	$ 21,671
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during year for interest	$ 1,469	$ 1,925
Cash paid during year for taxes	$ 1,523	$ --
Non-cash assignment of debt	$ 1,061	$ --

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 for the year ended December 31, 1996. 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 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 nine month period ended September 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 period.

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

On October 6, 1997, the Company acquired from C. Jim Stewart & Stevenson, Inc. the assets of its John Deere dealership in the Houston, Texas area. The transaction was valued at $25.1 million with the purchase price paid in a combination of cash and notes payable.

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 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 nine months ended September 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
New and used truck sales	74.0%	75.1%	74.5%	74.6%
Parts and service	20.5	18.9	20.0	19.3
Lease and rental	3.5	4.0	3.7	4.0
Finance and insurance	1.7	1.7	1.4	1.7
Other	0.3	0.3	0.4	0.4
Total revenues	100.0	100.0	100.0	100.0
Cost of products sold	83.7	83.7	84.2	83.8
Gross profit	16.3	16.3	15.8	16.2
Selling, general and administrative expenses	12.5	12.2	12.5	12.1
Depreciation and amortization	0.7	0.7	0.7	0.7
Operating income	3.1	3.4	2.6	3.4
Interest expense	0.5	0.6	0.5	1.1
Income before income taxes	2.6	2.8	2.1	2.3
Provision for income taxes (1)	1.0	1.0	0.8	0.9
Net income (1)	1.6%	1.8%	1.3%	1.4%

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

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

Revenues

Revenues increased by approximately $15.0 million, or 17.2%, from $87.1 million to $102.1 million from the third quarter of 1996 to the third quarter of 1997. Sales of new and used trucks increased by approximately $10.1 million, or 15.5%, from $65.4 million to $75.5 million from the third quarter of 1996 to the third quarter of 1997. Unit sales of new and used trucks increased by 5.0% and 42.0%, respectively, from the third quarter of 1996 to the third quarter of 1997, while new truck average revenue per unit increased by 1.5% and used truck average revenue per unit increased by 3.7%. Average used truck prices increased due to a change in product mix..

Parts and service sales increased by approximately $4.5 million, or 27.5%, from $16.4 million to $20.9 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 16%.

Lease and rental revenues increased by approximately $100,000 or 3% from $3.5 million to $3.6 million from the third quarter of 1996 to the third quarter of 1997. The increase was due to growth of 9.9% and 5.8% at the Company's California and Texas locations, respectively, offset by a decrease of 5.0% at the Oklahoma location.

Finance and insurance revenues increased by approximately $219,000, or 14.5%, from $1.5 million to $1.7 million from the third quarter of 1996 to the third quarter of 1997. The majority of the increase resulted from increased sales of new and used trucks. Finance and insurance revenues have limited direct costs and, therefore, contribute a disproportionate share of operating profits.

Gross Profit

Gross profit increased by approximately $2.5 million, or 17.4%, from $14.2 million to $16.7 million from the third quarter of 1996 to the third quarter of 1997. Gross profit as a percentage of sales remained flat at 16.3% for both the third quarter of 1996 and 1997.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by approximately $2.1 million, from $10.6 million to $12.7 million, or 20.1%, from the third quarter of 1996 to the third quarter of 1997. The majority of the increase, or $1.1 million, was attributable to the inclusion of the Colorado locations. The remaining increase resulted from an increase in truck sales commissions, and infrastructure costs associated with the opening of the Pharr facility. Selling, general and administrative expenses as a percent of revenue were 12.1% for the third quarter of 1996 and 12.5% for the same quarter of 1997.

Interest Expense

Interest expense decreased by approximately $17,000 from $554,000 to $537,000, or 3.1%, from the third quarter of 1996 to the third quarter of 1997, primarily as the result of decreased levels of indebtedness.

Income before Income Taxes

Income before income taxes increased by $226,000, or 9.2% from $2.45 million to $2.67 million from the third quarter of 1996 to the third 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 $1,015,000 of income taxes during the third quarter of 1997. The Company has provided for taxes at a 38% effective rate.

NINE MONTHS ENDED SEPTEMBER 30, 1997 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 1996

Revenues

Revenues increased by approximately $30.3 million, or 12.1%, from $250.5 million to $280.8 million from the first nine months of 1996 to the first nine months of 1997. Sales of new and used trucks increased by approximately $22.4 million, or 12.0%, from $186.8 million to $209.2 million from the first nine months of 1996 to the first nine months of 1997. Unit sales of new and used trucks increased by 6.7% and 36.0%, respectively, from the first nine months of 1996 to the first nine months of 1997, while new and used truck average revenue per unit decreased by .75% and .15%. respectively. Average new truck prices and used truck prices decreased due to a change in product mix.

Parts and service sales increased by approximately $7.9 million, or 16.4%, from $48.4 million to $56.3 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 5.0%.

Lease and rental revenues increased by approximately $206,000, or 2.1% from $10.1 million to $10.3 million. The increase was due to growth of 12.1% at the Company's California operations, offset by a decreases of 2.5% and 5.7% at the Texas locations and the Oklahoma locations, respectively.

Finance and insurance revenues decreased by approximately $559,000, or 12.8%, from $4.4 million to $3.8 million from the first nine months of 1996 to the first nine 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 increased by approximately $3.7 million, or 9.0%, from $40.6 million to $44.3 million from the first nine months of 1996 to the first nine months of 1997. Gross profit as a percentage of sales decreased from 16.2% to 15.8% from the first nine months of 1996 to the first nine 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 $4.9 million, from $30.3 million to $35.2 million, or 16.3%, from the first nine months of 1996 to the first nine months of 1997. The increase includes $2.4 million, that is attributable to the Colorado locations. The remaining increase resulted from an increase in truck sales commissions, increases in salaries, and infrastructure costs associated with the opening of the Pharr facility. Selling, general and administrative expenses as a percent of revenue were 12.1% for the first nine months of 1996 and 12.5% for the first nine months of 1997.

Interest Expense

Interest expense decreased by approximately $1.2 million from $2.7 million to $1.5 million, or 45.4%, from the first nine months of 1996 to the first nine 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 $359,000, or 6.1% from $5.9 million to $5.5 million from the first nine months of 1996 to the first nine 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 $2.1 million of income taxes during the first nine 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 September 30, 1997, the Company had working capital of approximately $16.1 million, including, among other things, $15.2 million in cash and cash equivalents, $20.0 million in accounts receivable, $36.2 million in inventories, and $381,000 in prepaid expenses and other current assets, less $13.5 million of accounts payable and accrued expenses, $7.5 million of current maturities on long-term debt and $34.7 million outstanding under floor plan financing. The aggregate maximum borrowing limits under working capital lines of credit with various financial institutions 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.

For the first nine months of 1996, operating activities used $484,000 of cash. Net income of $4.6 million, an increase in accounts payable of $1.5 million and provisions for provisions for depreciation, amortization, and deferred taxes totaling $2.4 million more than offset increases in inventories of $5.6 million and a reduction in accrued liabilities of $3.1 million.

For the first nine months of 1997, operating activities provided $12.0 million of cash. Net income of $3.4 million, decreases in accounts receivable, inventories and other assets of $3.0 million, $2.7 million, and $1.1 respectively, and increases in depreciation and amortization and accrued expenses of $2.1 million and $687,000, respectively, more than offset a decrease in accounts payable of $1.1 million.

During the first nine months of 1996, the Company used $5.9 million for investing activities, primarily acquisitions of real estate related to the Oklahoma operations.

During the first nine months of 1997, the Company used $15.2 million for investing activities, primarily due to the acquisition of Denver Peterbilt, Inc., property and equipment additions related to the construction of the Pharr Peterbilt facility, and renovations of several existing facilities.

For the nine months of 1996, net cash provided by financing activities amounted to $25.9 million. Net proceeds from the initial public offering of $31.3 million, after direct expenses of the initial public offering of $781,000, draws on floorplan financing, and proceeds from other notes were partially offset by an increase of $10.2 million in dividends paid to the S corporation shareholder.

For the nine months of 1997, net cash used in financing activities amounted to $3.1 million. Payments on floor plan financing and notes payable of $7.6 million and $1.6 million, respectively, more than offset borrowings on notes payable of $6.1 million.

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 September 30, 1997, the Company had $34.7 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 September 30, 1996 and 1997, were approximately $49.0 million and $125 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

Not Applicable

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:	November 14, 1997	By:	/s/ W. Marvin Rush
		Name:	W. Marvin Rush
		Title:	Chairman and Chief Executive Officer (Principal Executive Officer)
Date:	November 14, 1997	By:	/s/ Martin A. Naegelin, Jr.
		Name:	Martin A. Naegelin, Jr.
		Title:	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT INDEX

11.1 Computation of pro forma earnings per share (filed herewith)

27.1 Financial data schedule (filed herewith)

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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
PRIMARY EARNINGS PER SHARE CALCULATION				
Net Income	$1,658	$1,537	$3,349	$4,595
Weighted average number of common shares outstanding	6,644	6,640	6,644	4,909
Common stock equivalents	1	--	1	--
Weighted average number of common shares and common stock equivalents outstanding	6,645	6,640	6,645	4,909
Earnings per share - Primary	$ 0.25	0.23	$ 0.52	$ 0.94
FULLY-DILUTED EARNINGS PER SHARE CALCULATION				
Net Income	$1,658	$1,537	$3,349	$4,595
Weighted average number of common shares outstanding	6,644	6,640	6,644	4,909
Common stock equivalents	13	--	13	--
Weighted average number of common shares and common stock equivalents outstanding	6,657	6,640	6,657	4,909
Earnings per share - Fully diluted (1)	$ 0.25	$ 0.23	$ 0.52	$ 0.94

(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

Pro forma income after provision for income taxes	$3,661
Weighted average shares of common stock outstanding	4,909
Pro forma shares issued at offering price to pay undistributed S corporation earnings	328
Pro forma weighted average shares outstanding	5,237
Pro forma income per share	$ 0.70

5

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

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DEC-31-1997
JAN-01-1997
SEP-30-1997
15,221
0
20,029
0
36,156
71,787
34,570
(6,771)
108,482
55,567
11,515
0
0
66
40,065
108,482
0
280,829
236,521
273,821
0
0
1,462
5,546
2,107
3,439
0
0
0
3,439
0.52
0.52