

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2009**

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
(State or other jurisdiction of
incorporation or organization)

74-1733016
(I.R.S. Employer Identification No.)

555 I.H. 35 South, Suite 500
New Braunfels, Texas 78130
(Address of principal executive offices)
(Zip Code)

(830) 626-5200
(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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicated below is the number of shares outstanding of each of the issuer's classes of common stock, as of August 3, 2009.

| Title of Class | Number of Shares Outstanding |
|---------------------------------------|-------------------------------------|
| Class A Common Stock, \$.01 Par Value | 26,377,848 |
| Class B Common Stock, \$.01 Par Value | 10,685,894 |

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RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2009 AND DECEMBER 31, 2008
(In Thousands, Except Shares)

| | <u>June 30,</u> <u>2009</u> <u>(Unaudited)</u> | <u>December 31,</u> <u>2008</u> |
|--|--|------------------------------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 120,951 | \$ 146,411 |
| Investments | 7,575 | 7,575 |
| Accounts receivable, net | 49,098 | 55,274 |
| Inventories | 298,031 | 362,234 |
| Prepaid expenses and other | 2,350 | 3,369 |
| Deferred income taxes, net | 9,495 | 6,730 |
| Total current assets | 487,500 | 581,593 |
| Property and equipment, net | 335,832 | 332,147 |
| Goodwill, net | 141,066 | 141,904 |
| Other assets, net | 1,080 | 1,146 |
| Total assets | \$ 965,478 | \$ 1,056,790 |
| <u>Liabilities and shareholders' equity</u> | | |

| | | |
|---|-------------------|---------------------|
| Current liabilities: | | |
| Floor plan notes payable | \$ 218,680 | \$ 282,702 |
| Current maturities of long-term debt | 43,361 | 37,665 |
| Current maturities of capital lease obligations | 4,092 | 3,454 |
| Trade accounts payable | 23,424 | 31,530 |
| Accrued expenses | 37,457 | 49,125 |
| Total current liabilities | 327,014 | 404,476 |
| Long-term debt, net of current maturities | 151,902 | 172,011 |
| Capital lease obligations, net of current maturities | 14,751 | 11,366 |
| Deferred income taxes, net | 51,357 | 52,896 |
| Shareholders' equity: | | |
| Preferred stock, par value \$.01 per share; 1,000,000 shares authorized; 0 shares outstanding in 2009 and 2008 | — | — |
| Common stock, par value \$.01 per share; 60,000,000 class A shares and 20,000,000 class B shares authorized; 26,526,474 class A shares and 12,325,737 class B shares issued and 26,377,848 class A shares and 10,685,894 class B shares outstanding in 2009; 26,327,734 class A shares and 12,324,987 class B shares issued and 26,255,974 class A shares and 10,685,144 class B shares outstanding in 2008 | 387 | 386 |
| Additional paid-in capital | 186,888 | 183,818 |
| Treasury stock, at cost: 1,639,843 shares | (17,948) | (17,948) |
| Retained earnings | 251,127 | 249,785 |
| Total shareholders' equity | 420,454 | 416,041 |
| Total liabilities and shareholders' equity | \$ 965,478 | \$ 1,056,790 |

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

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

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------------------|--------------------------------|------------|------------------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | |
| New and used truck sales | \$ 187,154 | \$ 297,237 | \$ 383,142 | \$ 548,663 |
| Parts and service | 102,712 | 120,465 | 211,930 | 238,045 |
| Construction equipment sales | 5,481 | 18,960 | 12,484 | 35,899 |
| Lease and rental | 13,236 | 13,376 | 26,712 | 26,400 |
| Finance and insurance | 2,268 | 3,193 | 3,983 | 6,797 |
| Other | 1,277 | 1,487 | 2,963 | 2,772 |
| Total revenue | 312,128 | 454,718 | 641,214 | 858,576 |
| Cost of products sold: | | | | |
| New and used truck sales | 179,846 | 281,305 | 362,673 | 512,342 |
| Parts and service | 62,775 | 69,989 | 129,224 | 138,629 |
| Construction equipment sales | 5,200 | 17,192 | 11,382 | 32,372 |
| Lease and rental | 11,589 | 11,819 | 23,517 | 22,641 |
| Total cost of products sold | 259,410 | 380,305 | 526,796 | 705,984 |
| Gross profit | 52,718 | 74,413 | 114,418 | 152,592 |
| Selling, general and administrative | 50,378 | 59,012 | 102,429 | 115,957 |
| Depreciation and amortization | 4,813 | 3,927 | 8,791 | 7,802 |
| Operating (loss) income | (2,473) | 11,474 | 3,198 | 28,833 |
| Interest expense, net | 1,507 | 1,773 | 3,131 | 3,700 |
| Gain on sale of assets | 22 | 5 | 77 | 54 |
| (Loss) income before taxes | (3,958) | 9,706 | 144 | 25,187 |
| (Benefit) provision for income taxes | (2,437) | 3,639 | (1,198) | 9,445 |

| | | | | |
|---|-------------------|-----------------|-----------------|------------------|
| Net (loss) income | <u>\$ (1,521)</u> | <u>\$ 6,067</u> | <u>\$ 1,342</u> | <u>\$ 15,742</u> |
| (Loss) earnings per common share: | | | | |
| Basic | <u>\$ (.04)</u> | <u>\$.16</u> | <u>\$.04</u> | <u>\$.41</u> |
| Diluted | <u>\$ (.04)</u> | <u>\$.16</u> | <u>\$.04</u> | <u>\$.40</u> |
| Weighted average shares outstanding: | | | | |
| Basic | <u>37,039</u> | <u>38,458</u> | <u>37,015</u> | <u>38,415</u> |
| Diluted | <u>37,039</u> | <u>38,971</u> | <u>37,389</u> | <u>38,951</u> |

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

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RUSH ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

| | Six Months Ended | |
|--|-------------------------|-------------------|
| | June 30, | |
| | <u>2009</u> | <u>2008</u> |
| Cash flows from operating activities: | | |
| Net income | \$ 1,342 | \$ 15,742 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 20,824 | 18,602 |
| (Gain) on sale of property and equipment | (77) | (54) |
| Stock-based compensation expense related to stock options and employee stock purchases | 2,481 | 2,440 |
| Provision (benefit) for deferred income tax expense | (4,304) | 4,247 |
| Excess tax benefits from stock-based compensation | (206) | (677) |
| Change in accounts receivable, net | 6,176 | (1,988) |
| Change in inventories | 70,308 | 22,623 |
| Change in prepaid expenses and other, net | 1,019 | (568) |
| Change in trade accounts payable | (8,106) | (6,873) |
| Change in accrued expenses | (11,462) | (15,977) |
| Net cash provided by operating activities | <u>77,995</u> | <u>37,517</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | — | (355,575) |
| Proceeds from the sale of investments | — | 348,000 |
| Acquisition of property and equipment | (23,513) | (21,049) |
| Proceeds from the sale of property and equipment | 132 | 203 |
| Business acquisitions | — | (37,387) |
| Change in other assets | 5 | 32 |
| Net cash (used in) investing activities | <u>(23,376)</u> | <u>(65,776)</u> |
| Cash flows from financing activities: | | |
| Draws (payments) on floor plan notes payable, net | (64,022) | 8,387 |
| Proceeds from long-term debt | 6,137 | 11,740 |
| Principal payments on long-term debt | (20,550) | (19,590) |
| Principal payments on capital lease obligations | (2,217) | (2,559) |
| Debt issuance costs | (17) | (28) |
| Excess tax benefits from stock-based compensation | 206 | 677 |
| Proceeds from issuance of shares relating to employee stock options and employee stock purchases | 384 | 746 |
| Net cash (used in) financing activities | <u>(80,079)</u> | <u>(627)</u> |
| Net (decrease) in cash and cash equivalents | <u>(25,460)</u> | <u>(28,886)</u> |
| Cash and cash equivalents, beginning of period | <u>146,411</u> | <u>187,009</u> |
| Cash and cash equivalents, end of period | <u>\$ 120,951</u> | <u>\$ 158,123</u> |
| Supplemental disclosure of cash flow information: | | |
| Cash paid during the period for: | | |
| Interest | <u>\$ 7,234</u> | <u>\$ 8,116</u> |
| Income taxes, net of refunds | <u>\$ 3,500</u> | <u>\$ 4,912</u> |
| Noncash operating activities: | | |

| | | |
|--------------------------------------|----------|----------|
| Asset impairment (See Note 11) | \$ 4,920 | \$ — |
| Noncash investing activities: | | |
| Assets acquired under capital leases | \$ 6,240 | \$ 1,140 |

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

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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. All adjustments have been made to the accompanying interim consolidated financial statements, which, in the opinion of the Company’s management, are 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 (“GAAP”) 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, 2008. Results of operations for interim periods are not necessarily indicative of results that may be expected for any other interim periods or the full fiscal year.

The Company has reviewed and evaluated events and transactions which have occurred subsequent to June 30, 2009 through August 10, 2009, the date of issuance of these financial statements.

2 — Goodwill and Other Intangible Assets

The Company performs an annual impairment review of goodwill during the fourth quarter of each year, however, an interim evaluation of goodwill was required during the second quarter of 2009 due to General Motors’ decision to terminate production of medium-duty GMC trucks, which resulted in the winding-down of the Company’s medium-duty GMC truck franchises.

The goodwill allocation was based on the relative fair values of the medium-duty GMC truck franchises and the portion of the Company’s Truck Segment remaining. The Company’s Truck Segment recorded a non-cash charge of \$0.8 million related to the impairment of the goodwill of its medium-duty GMC truck franchises. See Note 11 for further discussion of the wind-down of the Company’s medium-duty GMC truck franchise agreements.

3 — Commitments and Contingencies

The Company is contingently liable to finance companies for certain notes initiated on behalf of such finance companies related to the sale of trucks and construction equipment. The majority of finance contracts are sold without recourse against the Company. For those finance contracts sold with recourse, the liability associated with a majority of such contracts is generally limited to 5% to 20% of the outstanding amount of each note initiated on behalf of the finance company. However, the Company has a finance program that accepts 100% liability, with some restrictions, for the outstanding amount of each note initiated on behalf of the finance company. In order for a contract to be accepted into this finance program, a customer must meet strict credit requirements or maintain a significant equity position in the truck being financed; consequently, less than 1% of the Company’s portfolio balance related to finance contracts sold by the Company are under this 100% liability finance program and the Company does not expect to finance a significant percentage of its truck sales under this 100% liability finance program in the future. The Company provides for an allowance for repossession losses and early repayment penalties that it may be liable for under finance contracts sold.

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.

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4 — Earnings Per Share

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

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|--|------------------------------------|--------------|----------------------------------|---------------|
| | 2009 | 2008 | 2009 | 2008 |
| Numerator: | | | | |
| Numerator for basic and diluted earnings per share, net (loss) income available to common shareholders | \$ (1,521,000) | \$ 6,067,000 | \$ 1,342,000 | \$ 15,742,000 |
| Denominator: | | | | |
| Denominator for basic earnings per share, adjusted weighted average shares outstanding | 37,038,835 | 38,457,698 | 37,015,257 | 38,415,421 |
| Effect of dilutive securities: | | | | |
| Employee and director stock options and restricted share awards | — | 513,663 | 374,184 | 535,403 |

| | | | | |
|--|------------|------------|------------|------------|
| Denominator for diluted earnings per share, adjusted weighted average shares outstanding and assumed conversions | 37,038,835 | 38,971,361 | 37,389,441 | 38,950,824 |
| Basic (loss) earnings per common share | \$ (.04) | \$.16 | \$.04 | \$.41 |
| Diluted (loss) earnings per common share and common share equivalents | \$ (.04) | \$.16 | \$.04 | \$.40 |

Options to purchase shares of common stock that were outstanding for the three months and six months ended June 30, 2009 and 2008 that were not included in the computation of diluted earnings per share because the effect would have been anti-dilutive are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------|---------|---------------------------|---------|
| | 2009 | 2008 | 2009 | 2008 |
| Options in the money and non-vested restricted share awards | 1,910,291(1) | — | — | — |
| Other options | 1,572,231 | 554,365 | 1,961,028 | 554,365 |
| Total anti-dilutive securities | 3,482,522 | 554,365 | 1,961,028 | 554,365 |

- (1) The Company cannot include potentially dilutive common shares in the computation of any diluted per-share amount when a loss from continuing operations exists. If the Company had not recorded a loss from continuing operations in the second quarter of 2009, 505,322 dilutive shares would have been included in diluted earnings per share.

5 — Stock Options and Restricted Stock Awards

Valuation and Expense Information under SFAS 123(R)

The Company accounts for stock-based compensation in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment,” (“SFAS 123(R)”), which requires the measurement and recognition of compensation expense for all share-based payment awards made to the Company’s employees and directors including employee stock options, restricted share awards and employee stock purchases related to the Employee Stock Purchase Plan based on estimated fair values. During the three months ended June 30, 2009, the Company granted restricted stock awards to directors as authorized by the Rush Enterprises, Inc. Amended and Restated 2006 Non-Employee Director Stock Plan. Stock-based compensation expense, calculated using the Black-Scholes option-pricing model and included in selling, general and administrative expense, was \$1.2 million for the three months ended June 30, 2009, and \$1.2 million for the three months ended June 30, 2008. Stock-based compensation expense, included in selling, general and administrative expense, for the six months ended June 30, 2009, was \$2.5 million and for the six months ended June 30, 2008, was \$2.4 million. As of June 30, 2009, there was \$5.0 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements to be recognized over a weighted-average period of 3.1 years.

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6 — Investments

The Company assesses its investments for impairment on a quarterly basis. If the investments are deemed to be impaired, the Company determines whether the impairment is temporary or other than temporary. If the impairment is deemed to be temporary, the Company records an unrealized loss in other comprehensive income. If the impairment is deemed other than temporary, the Company records the impairment in the Company’s consolidated statement of income.

The Company historically invested in interest-bearing short-term investments primarily consisting of investment-grade auction rate securities classified as available-for-sale and reported at fair value. These types of investments were designed to provide liquidity through an auction process that reset the applicable interest rates at predetermined periods ranging from 1 to 35 days. This reset mechanism was intended to allow existing investors to continue to own their respective interest in the auction rate security or to gain immediate liquidity by selling their interests at par.

As a result of the liquidity issues experienced in the global capital markets, auctions for investment grade securities held by the Company have failed. An auction fails when there is insufficient demand. However, a failed auction does not represent a default by the issuer. The auction rate securities continue to pay interest in accordance with the terms of the underlying security; however, liquidity will be limited until there is a successful auction or until such time as other markets for these investments develop. The Company believes that its auction rate securities will liquidate within the next twelve months and has classified them as a current asset on its consolidated balance sheet. The Company has the intent and ability to hold these auction rate securities until liquidity returns to the market. The Company does not believe that the lack of liquidity relating to its auction rate securities will have a material impact on its ability to fund operations.

As of June 30, 2009, the Company holds \$7.6 million of auction rate securities with underlying tax-exempt municipal bonds with stated maturities of 22 years. These bonds have credit wrap insurance and a credit rating of A by Standard & Poor’s.

The Company believes that the credit quality and fair value of the auction rate securities it holds has not been negatively impacted; therefore, no impairment charges have been recorded as of June 30, 2009. As of June 30, 2009, the Company has valued these investments at fair value, which approximates cost. The Company used observable inputs to determine fair value, including consideration of broker quotes, the overall quality of the underlying municipality, the credit quality of the insurance company, as well as successful subsequent auctions. Accordingly, the Company has considered this fair value to be a Level 2 valuation under SFAS No. 157, “Fair Value Measurement.” If the credit quality of these investments deteriorates, or adverse developments occur in the bond insurance market, the Company may be required to record an impairment charge on these investments in the future.

7 — Inventory

New and used truck and equipment inventory is reviewed quarterly and, if necessary, the Company makes adjustments to the value of specific units. The Company recorded a used truck inventory write-down of \$5.4 million during the quarter ended June 30, 2008 and \$1.1 million during the quarter ended

June 30, 2009, which was recorded as a charge to cost of goods sold. On both occasions, the Company adjusted its used truck inventory to its estimated market value, which it considers to be the net realizable value plus a reasonable profit percentage.

During the quarter ended June 30, 2009, the Company recorded a net inventory write-down of \$3.4 million on new medium-duty GMC trucks and a net write-down of \$0.6 million on its GMC parts inventory due to General Motors' decision to discontinue manufacturing GMC medium-duty trucks and to wind-down the Company's medium-duty GMC truck franchise agreements. See Note 11 for further discussion of the wind-down of the Company's medium-duty GMC truck franchise agreements.

8 — Segment Information

The Company currently has two reportable business segments: the Truck Segment and the Construction Equipment Segment. The Truck Segment operates a network of Rush Truck Centers that provides an integrated one-stop source for the trucking needs of its customers, including retail sales of new and used medium-duty and heavy-duty trucks; aftermarket 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 Construction Equipment Segment operates a full-service John Deere construction equipment dealership that serves the Houston, Texas metropolitan area. Construction Equipment Segment operations include the retail sale of new and used construction equipment, aftermarket parts and service facilities, and the financing of new and used construction equipment.

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The accounting policies of the segments are the same as those described in the summary of significant accounting policies in the annual report. The Company evaluates performance based on income before income taxes not including extraordinary items.

The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties; that is, at current market prices. There were no material intersegment sales during the quarters ended June 30, 2009 and 2008.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business unit requires different technology and marketing strategies. Business units were maintained through expansion and acquisitions. The following table contains summarized information about reportable segment profit or loss and segment assets for the periods ended June 30, 2009 and 2008 (in thousands):

| | <u>Truck Segment</u> | <u>Construction Equipment Segment</u> | <u>All Other</u> | <u>Totals</u> |
|---|--------------------------|---|------------------|---------------|
| <i>Three months ended June 30, 2009</i> | | | | |
| Revenues from external customers | \$ 298,266 | \$ 9,557 | \$ 4,305 | \$ 312,128 |
| Segment income before taxes | (3,838) | 276 | (396) | (3,958) |
| Segment assets | 907,990 | 29,950 | 27,538 | 965,478 |
| <i>Six months ended June 30, 2009</i> | | | | |
| Revenues from external customers | \$ 611,510 | \$ 21,152 | \$ 8,552 | \$ 641,214 |
| Segment income before taxes | (125) | 1,141 | (872) | 144 |
| <i>Three months ended June 30, 2008</i> | | | | |
| Revenues from external customers | \$ 425,165 | \$ 24,651 | \$ 4,902 | \$ 454,718 |
| Segment income before taxes | 8,147 | 1,850 | (291) | 9,706 |
| Segment assets | 989,906 | 27,874 | 28,247 | 1,046,027 |
| <i>Six months ended June 30, 2008</i> | | | | |
| Revenues from external customers | \$ 802,298 | \$ 47,069 | \$ 9,209 | \$ 858,576 |
| Segment income before taxes | 22,183 | 3,768 | (764) | 25,187 |

Revenues from segments below the quantitative thresholds requiring them to be reported separately are attributable to three operating segments of the Company. These segments include a tire company, an insurance agency, and a hunting lease operation. None of these segments has ever met any of the quantitative thresholds that would require them to be reported separately.

9 — Income Taxes

The Company accrued unrecognized income tax benefits totaling \$1.9 million as a component of accrued liabilities as of June 30, 2009 and December 31, 2008. The unrecognized tax benefits of \$1.9 million at June 30, 2009, if recognized, would impact the Company's effective tax rate. Included in this \$1.9 million accrual is accrued interest of \$185,000 related to unrecognized tax benefits. No amounts were accrued for penalties.

The Company does not anticipate a significant change in the amount of unrecognized tax benefits in the next 12 months. As of June 30, 2009, the tax years ended December 31, 2005, through 2008 remained subject to examination by tax authorities. The U.S. Internal Revenue Service is currently examining the Company's federal income tax return for the tax year 2005.

Prior to the application of alternative fuel vehicle tax credits, the Company provided for taxes at a 39.0% rate in the second quarter of 2009, compared to a rate of 37.5% in the second quarter of 2008. The tax rate in the second quarter of 2009 was offset \$0.9 million by tax credits for sales of alternative fuel vehicles to tax-exempt entities. For the remainder of 2009, the Company expects to provide for taxes at a rate of 39.0% prior to the application of alternative fuel vehicle tax

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credits. As a result, the Company's effective tax rate may vary significantly depending on the number of alternative fuel vehicles sold to tax-exempt entities in any given period.

10 — Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments at December 31, 2008:

The carrying value of current assets and current liabilities approximates the fair value due to the short maturity of these items.

The fair value of the Company's long-term debt is based on secondary market indicators. Since the Company's debt is not quoted, estimates are based on each obligation's characteristics, including remaining maturities, interest rate, credit rating, collateral, amortization schedule and liquidity. The carrying amount approximates fair value.

11 — Medium-Duty GMC Truck Franchises

During the second quarter of 2009, General Motors made the decision to terminate its medium-duty GMC truck production and wind-down the Company's medium-duty GMC truck franchises, which forced the Company to take a \$6.7 million pre-tax asset impairment charge. The impairment charge was offset by \$1.8 million in assistance from General Motors. This impairment charge resulted in a net charge to cost of sales of \$4.0 million, a net charge to SG&A expense of \$0.1 million and a charge to amortization expense of \$0.8 million. See Management's Discussion and Analysis of Financial Condition and Results of Operations for additional detail related to the wind-down of the Company's medium-duty GMC truck franchises.

12 — Recent Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position FAS 141(R)-1, "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination that Arise from Contingencies" ("FAS 141(R)-1"). FAS 141(R)-1 requires that assets acquired and liabilities assumed in a business combination that arise from contingencies be recognized at fair value, in accordance with FAS 157, "Fair Value Measurements," if the fair value can be determined during the measurement period. If the fair value of a pre-acquisition contingency cannot be determined during the measurement period, FAS 141(R)-1 requires that the contingency be recognized at the acquisition date in accordance with FASB Statement No. 5, "Accounting for Contingencies," and FASB Interpretation No. 14, "Reasonable Estimation of the Amount of a Loss," if it meets the criteria for recognition in that guidance. FAS 141(R)-1 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company does not expect the adoption of SFAS 141(R)-1 to have a significant impact on its consolidated results of operations and financial position, but will impact any business combinations that close in the future.

In May 2009, the FASB issued Statement of Financial Accounting Standard No. 165 ("SFAS No. 165"), "Subsequent Events." SFAS No. 165 establishes the standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. This Statement also requires the disclosure of the date through which subsequent events have been evaluated. The Company adopted this standard, as required, for the period ended June 30, 2009. Adoption of SFAS No. 165 did not have an impact on the Company's consolidated financial statements.

Effective April 1, 2009, the Company adopted FASB Staff Position FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments." This FASB Staff Position extends the disclosure requirements under SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," to interim financial statements. It also amends APB Opinion No. 28, "Interim Financial Reporting" to require those disclosures in summarized financial information at interim reporting periods. This FASB Staff Position only requires additional disclosure and did not have an impact on the Company's consolidated financial statements.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements contained in this Form 10-Q (or otherwise made by the Company or on the Company's behalf from time to time in other reports, filings with the Securities and Exchange Commission, news releases, conferences, website postings or otherwise) that are not statements of historical fact constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended (the "Exchange Act"), notwithstanding that such statements are not specifically identified. Forward-looking statements include statements about the Company's financial position, business strategy and plans and objectives of management of the Company for future operations. These forward-looking statements reflect the best judgments of the Company about the future events and trends based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. Use of the words "may," "should," "continue," "plan," "potential," "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 but are not the exclusive means of identifying such statements. Forward-looking statements reflect the current view of the Company with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those in such statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, those set forth under Item 1A—Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 as well as future growth rates and margins for certain of our products and services, future demand for our products and services, risks associated with the current recession and its impact on capital markets and liquidity, competitive factors, general economic conditions, cyclicity, market conditions in the new and used truck and equipment markets, 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, one-time events and other factors described herein and in the Company's 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 in any forward-looking statements. 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. All forward-looking statements speak only as the date on which they are made and the Company undertakes no duty to update or revise any 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.

Note Regarding Trademarks Used in This Form 10-Q

Peterbilt® is a registered trademark of Peterbilt Motors Company. PACCAR® is a registered trademark of PACCAR, Inc. GMC® is a registered trademark of General Motors Corporation. Hino® is a registered trademark of Hino Motors, Ltd. UD® is a registered trademark of Nissan Diesel Motor Co., Ltd. Isuzu® is a registered trademark of Isuzu Motors Limited. John Deere® is a registered trademark of Deere & Company. Kenworth® is a registered trademark of PACCAR, Inc. doing business as Kenworth Truck Company. Volvo® is a registered trademark of Volvo Trademark Holding AB. Freightliner® is a registered trademark of Freightliner Corporation. Mack® is a registered trademark of Mack Trucks, Inc. Navistar® is a registered trademark of Navistar International Corporation. Caterpillar® is a registered trademark of Caterpillar, Inc. Cummins® is a registered trademark of Cummins Engine Company, Inc. PacLease® is a registered trademark of PACCAR Leasing Corporation. CitiCapital® is a registered trademark of Citicorp. Ford® is a registered trademark of Ford Motor Company. Cummins® is a registered trademark of Cummins Intellectual Property, Inc. Eaton is a registered trademark of Eaton Corporation. Arvin Meritor® is a registered trademark of Meritor Technology, Inc.® Case is a registered trademark of Case Corporation. Komatsu® is a registered trademark of Kabushiki Kaisha Komatsu Seisakusho Corporation Japan. The CIT Group® is a registered trademark of CIT Group Holdings, Inc. JPMorgan Chase® is a registered trademark of JP Morgan Chase & Co. SAP® is a registered trademark of SAP Aktiengesellschaft. International® is a registered trademark of Navistar International Transportation Corp. Blue Bird® is a registered trademark of Blue Bird Investment Corporation.

General

Rush Enterprises, Inc. was incorporated in Texas in 1965 and currently consists of two reportable segments: the Truck Segment and the Construction Equipment Segment. The Company conducts business through numerous subsidiaries, all of which it wholly owns, directly or indirectly. Its principal offices are located at 555 IH 35 South, New Braunfels, Texas 78130.

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The Company is a full-service, integrated retailer of premium transportation and construction equipment and related services. The Company's Rush Truck Centers sell vehicles manufactured by Peterbilt Motors Company (a division of PACCAR, Inc.), International, Volvo, GMC, Hino, UD, Ford, Isuzu and Blue Bird. The Company also operates two John Deere construction equipment dealerships at its Rush Equipment Centers in Southeast Texas. The newest construction equipment dealership opened in Rose City, Texas in July 2008. Through its strategically located network of Rush Truck Centers and its Rush Equipment Centers, the Company provides one-stop service for the needs of its customers, including retail sales of new and used trucks and construction equipment, aftermarket parts sales, service and repair facilities, and financing, leasing and rental, and insurance products.

The Company's Rush Truck Centers are principally located in high traffic areas throughout the southern United States. Since commencing operations as a Peterbilt heavy-duty truck dealer in 1966, the Company has grown to operate more than 50 Rush Truck Centers in Alabama, Arizona, California, Colorado, Florida, Georgia, New Mexico, North Carolina, Oklahoma, Tennessee and Texas.

Our business strategy consists of providing our customers with competitively priced products supported with timely and reliable service through our integrated dealer network. We intend to continue to implement our business strategy, reinforce customer loyalty and remain a market leader by continuing to develop our Rush Truck Centers and Rush Equipment Centers as we extend our geographic focus through strategic acquisitions of new locations and expansions of our existing facilities and product lines.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based on the Company's consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The Company believes the following accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by specific identification of new and used truck and construction equipment inventory and by the first-in, first-out method for tires, parts and accessories. An allowance is provided when it is anticipated that cost will exceed net realizable value.

Goodwill

The Company applies the provisions of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), in accounting for goodwill. SFAS 142 requires that goodwill and other intangible assets that have indefinite useful lives may not be amortized, but instead must be tested at least annually for impairment, and intangible assets that have finite useful lives should continue to be amortized over their useful lives. SFAS 142 also provides specific guidance for testing goodwill and other non-amortized intangible assets for impairment. SFAS 142 requires management to make certain estimates and assumptions in order to allocate goodwill to reporting units and to determine the fair value of a reporting unit's net assets and liabilities, including, among other things, an assessment of market condition, projected cash flows, interest rates and growth rates, which could significantly impact the reported value of goodwill and other intangible assets. SFAS 142 requires, in lieu of amortization, an annual impairment review of goodwill.

The Company performs an annual impairment review of goodwill during the fourth quarter of each year or when events or circumstances indicate a change may have occurred. An interim evaluation of goodwill was required during the second quarter of 2009 due to General Motors' decision to terminate

production of medium-duty GMC trucks, which resulted in the winding-down of the Company's medium-duty GMC truck franchises.

Revenue Recognition Policies

Income on the sale of a truck or a unit of construction equipment is recognized when the customer executes a purchase contract with us, the unit has been delivered to the customer and there are no significant uncertainties related to financing or collectibility. Lease and rental income is recognized over the period of the related lease or rental agreement. Parts and service revenue is recognized at the time the Company sells the parts to its customers or at the time the Company completes the service work order related to service provided to the customer's unit. Payments received on prepaid

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maintenance plans are deferred as a component of accrued expenses and recognized as income when the maintenance is performed.

Finance and Insurance Revenue Recognition

Finance income related to the sale of a unit is recognized when the finance contract is sold to a finance company. The Company arranges financing for customers through various retail funding sources and receives a commission from the lender equal to either the difference between the interest rates charged to customers over the predetermined interest rates set by the financing institution or a commission for the placement of contracts. The Company also receives commissions from the sale of various insurance products to customers. Revenue is recognized by the Company upon the sale of such finance and insurance contracts to the finance and insurance companies net of a provision for estimated repossession losses and interest charge-backs on finance contracts. The Company is not the obligor under any of these underlying contracts. In the case of finance contracts, a customer may prepay, or fail to pay, thereby terminating the underlying contract. If the customer terminates a retail finance contract or other insurance product prior to scheduled maturity, a portion of the commissions previously paid to the Company may be charged back to the Company depending on the terms of the relevant contracts. The estimate of ultimate charge-back exposure is based on the Company's historical charge-back expense arising from similar contracts, including the impact of refinance and default rates on retail finance contracts and cancellation rates on other insurance products. The actual amount of historical charge-backs has not been significantly different than the Company's estimates.

Insurance Accruals

The Company is partially self-insured for medical, workers compensation, and property and casualty insurance and calculates a reserve for those claims that have been incurred but not reported and for the remaining portion of those claims that have been reported. The Company uses information provided by third-party administrators to determine the reasonableness of the calculations it performs.

Accounting for Income Taxes

Significant management judgment is required to determine the provisions for income taxes and to determine whether deferred tax assets will be realized in full or in part. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. When it is more likely than not that all or some portion of specific deferred income tax assets will not be realized, a valuation allowance must be established for the amount of deferred income tax assets that are determined not to be realizable. The Company has a valuation allowance related to deferred tax assets in certain states. Accordingly, the facts and financial circumstances impacting state deferred income tax assets are reviewed quarterly and management's judgment is applied to determine the amount of valuation allowance required in any given period.

Additionally, despite the Company's belief that its tax return positions are consistent with applicable tax law, management believes that certain positions may be challenged by taxing authorities. Settlement of any challenge can result in no change, a complete disallowance, or some partial adjustment reached through negotiations.

The Company follows FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109," which requires that only income tax benefits that meet the "more likely than not" recognition threshold be recognized or continue to be recognized on its effective date. The Company's income tax expense includes the impact of reserve provisions and changes to reserves that it considers appropriate, as well as related interest. Unfavorable settlement of any particular issue would require use of the Company's cash and a charge to income tax expense. Favorable resolution would be recognized as a reduction to income tax expense at the time of resolution.

Stock-Based Compensation Expense

The Company applies the provisions of SFAS 123(R), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors including grants of employee stock options and employee stock purchases under the Employee Stock Purchase Plan based on estimated fair values.

The Company uses the Black-Scholes option-pricing model to estimate the fair value of share-based payment awards on the date of grant. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's Consolidated Statement of Income.

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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, 2009 and 2008.

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, | |
|-------------------------------------|--------------------------------|-------|------------------------------|-------|
| | 2009 | 2008 | 2009 | 2008 |
| New and used truck sales | 60.0% | 65.4% | 59.8% | 63.9% |
| Parts and service | 32.9 | 26.5 | 33.0 | 27.7 |
| Construction equipment sales | 1.8 | 4.2 | 1.9 | 4.2 |
| Lease and rental | 4.2 | 2.9 | 4.2 | 3.1 |
| Finance and insurance | 0.7 | 0.7 | 0.6 | 0.8 |
| Other | 0.4 | 0.3 | 0.5 | 0.3 |
| Total revenues | 100.0 | 100.0 | 100.0 | 100.0 |
| Cost of products sold | 83.1 | 83.6 | 82.2 | 82.3 |
| Gross profit | 16.9 | 16.4 | 17.8 | 17.7 |
| Selling, general and administrative | 16.1 | 13.0 | 16.0 | 13.5 |
| Depreciation and amortization | 1.5 | 0.9 | 1.3 | 0.9 |
| Operating income | (0.7) | 2.5 | 0.5 | 3.3 |
| Interest expense, net | 0.5 | 0.4 | 0.5 | 0.4 |
| Gain on sale of assets | 0.0 | 0.0 | 0.0 | 0.0 |
| Income before income taxes | (1.2) | 2.1 | 0.0 | 2.9 |
| Provision for income taxes | (0.8) | 0.8 | (0.2) | 1.1 |
| Net Income | (0.4)% | 1.3% | 0.2% | 1.8% |

The following table sets forth the unit sales and revenue for new heavy-duty, new medium-duty and used trucks and the absorption rate for the periods indicated (revenue in millions):

| | Three Months Ended June 30, | | % Change | Six Months Ended June 30, | | % Change |
|----------------------------|--------------------------------|----------|-------------|------------------------------|----------|-------------|
| | 2009 | 2008 | | 2009 | 2008 | |
| Truck unit sales: | | | | | | |
| New heavy-duty trucks | 954 | 1,665 | (42.7)% | 1,986 | 2,931 | (32.2)% |
| New medium-duty trucks | 638 | 979 | (34.8)% | 1,392 | 1,951 | (28.7)% |
| Total new truck unit sales | 1,592 | 2,644 | (39.8)% | 3,378 | 4,882 | (30.8)% |
| Used truck unit sales | 776 | 795 | (2.4)% | 1,353 | 1,695 | (20.2)% |
| Truck revenue: | | | | | | |
| New heavy-duty trucks | \$ 116.3 | \$ 200.9 | (42.1)% | \$ 240.3 | \$ 353.2 | (32.0)% |
| New medium-duty trucks | 40.7 | 57.1 | (28.7)% | 89.5 | 112.3 | (20.3)% |
| Total new truck revenue | \$ 157.0 | \$ 258.0 | (39.1)% | \$ 329.8 | \$ 465.5 | (29.2)% |
| Used truck revenue | \$ 29.8 | \$ 38.4 | (22.4)% | \$ 52.5 | \$ 81.0 | (35.2)% |
| Other revenue:(1) | \$ 0.3 | \$ 0.8 | (62.5)% | \$ 0.8 | \$ 2.2 | (63.6)% |
| Absorption rate: | 95.2% | 105.4% | (9.7)% | 96.2% | 105.1% | (8.5)% |

(1) Includes sales of truck bodies, trailers and other new equipment.

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Key Performance Indicator

Absorption Rate

Management uses many performance metrics to evaluate the performance of its dealerships, but considers its “absorption rate” to be of critical importance. Absorption rate is calculated by dividing the gross profit from the parts, service and body shop departments by the overhead expenses of all of a dealership’s departments, except for the selling expenses of the new and used truck departments and carrying costs of new and used truck inventory. When 100% absorption is achieved, then gross profit from the sale of a truck, after sales commissions and inventory carrying costs, directly impacts operating profit. In 1999, the Company’s truck dealerships’ absorption rate was approximately 80%. The Company has made a concerted effort to increase its absorption rate since 1999. The Company’s truck dealerships achieved a 105.4% absorption rate for the second quarter of 2008, and 95.2% absorption rate for the second quarter in 2009.

Three Months Ended June 30, 2009, Compared to Three Months Ended June 30, 2008

As expected, continued weak truck and aftermarket sales caused the second quarter to be the most challenging operating period since this downturn began in 2007.

During the second quarter of 2009, General Motors made the decision to terminate its medium-duty GMC truck production and wind-down the Company’s medium-duty GMC truck franchises, which forced the Company to take a \$6.7 million pre-tax asset impairment charge. The impairment charge was offset by \$1.8 million in assistance from General Motors, which was recorded as a receivable from General Motors. This impairment charge resulted in a net charge to cost of sales of \$4.0 million, a net charge to SG&A expense of \$0.1 million and a charge to amortization expense of \$0.8 million. The Company

was the largest medium-duty GMC truck dealership group in the country with 15 franchise locations in six states and the loss these truck franchises will likely have some negative impact on our future financial performance.

Medium-duty GMC truck sales, service and parts revenues totaled approximately \$35.4 million in 2008, and \$16.4 million in the first six months of 2009. The Company will continue to provide parts and service to its existing GMC customers. The Company represents multiple medium-duty brands that currently compete with GMC across our dealership network. The Company believes that the loss of the medium-duty GMC truck line will be partially offset by sales of competitive medium-duty products.

The extended recession continued to impact the Company's Rush Truck Centers' parts, service and body shop operations throughout the second quarter of 2009 as revenues decreased 16.6% and gross profit decreased 21.4%, compared to the second quarter of 2008. Despite the 21.4% decline in gross profit, our absorption rate only declined 10.2%, from 105.4% in the second quarter of 2008 to 95.2% in the second quarter of 2009 due to continued expense management.

Decreased freight tonnage and overall weakness continued into almost every market the Company serves. Freight-intensive automotive, construction and oil and gas industries remain particularly depressed during the second quarter of 2009. Many customers continue to have excess capacity which allows them to delay maintenance on the trucks they already own and delay purchases of new trucks.

A.C.T. Research Co., LLC ("A.C.T. Research"), a truck industry data and forecasting service provider, currently predicts U.S. retail sales of Class 8 trucks of approximately 93,000 units in 2009, a 33.5% decline from the number of units sold in 2008. With U.S. Class 8 retail sales forecast now below 100,000 units, the Company expects this will continue to be one of the weakest new Class 8 truck markets since 1983.

A.C.T. Research currently predicts U.S. retail sales of Class 4, 5, 6, and 7 medium-duty trucks of approximately 112,000 units in 2009, a 35.4% decline from the number of units sold in 2008. The medium-duty truck market will remain weak until general economic conditions in the U.S. begin to improve.

The Company's overall parts, service and body shop sales decreased 14.7% in the second quarter of 2009 compared to the second quarter of 2008. We anticipate parts, service and body shop sales to remain weak until general economic conditions improve.

In the second quarter of 2009, the Company's construction equipment segment revenue decreased by 61.2% compared to the second quarter of 2008. This decrease is attributable to the weakening construction equipment market in the Houston area. Current industry forecasts suggest that construction equipment sales will decline approximately 50% in the Company's area of responsibility during 2009 due to lower housing starts, decreased oil and gas activity and general economic conditions.

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The ongoing weakness in the economy and tight credit markets continue to impact consumer confidence and spending, which have a direct impact on freight demand and, ultimately, our financial performance. Overall economic uncertainty continues to make it difficult for the Company to forecast future results of operations.

Revenues

Revenues decreased \$142.6 million, or 31.4%, in the second quarter of 2009, compared to the second quarter of 2008. Sales of new and used trucks decreased \$110.0 million, or 37.0%, in the second quarter of 2009, compared to the second quarter of 2008. Uncertain economic conditions, the weak freight environment, slowing construction markets and tight credit markets contributed to decreased demand for trucks and construction equipment and aftermarket service in the second quarter of 2009. The Company does not believe that demand for trucks will increase until general economic conditions begin to improve and credit is made available on reasonable terms to a wider range of buyers.

The Company sold 954 heavy-duty units in the second quarter of 2009, a 42.7% decrease compared to 1,665 heavy-duty trucks in the second quarter of 2008. According to A.C.T. Research, the U.S. Class 8 truck market decreased 40.0% in the second quarter of 2009, compared to the second quarter of 2008. The Company's share of the U.S. Class 8 truck sales market was approximately 3.9% in 2008. The Company expects its share to range between 3.9% and 4.2% of the U.S. Class 8 truck market in 2009, which would result in the sale of approximately 3,600 to 4,000 Class 8 trucks based on A.C.T. Research's current U.S. retail sales estimates of 93,000 units.

The Company sold 638 medium-duty trucks, including 83 buses, in the second quarter of 2009, a 34.8% decrease compared to 979 medium-duty trucks in the second quarter of 2008. In June 2008, the Company acquired certain assets of Capital Bus Sales and Service of Texas, Inc., which included a Blue Bird bus franchise for the majority of the state of Texas. A.C.T. Research estimates that unit sales of Class 4 through 7 trucks in the U.S. decreased approximately 50% in the second quarter of 2009, compared to the second quarter of 2008. In 2008, the Company achieved a 2.1% share of the Class 4 through 7 truck sales market in the U.S. The Company expects its share to range between 2.3% and 2.5% of the U.S. Class 4 through 7 truck sales market in 2009. This market share percentage would result in the sale of approximately 2,600 to 2,800 of Class 4 through 7 trucks in 2009 based on A.C.T. Research's current U.S. retail sales estimates of 112,000 units.

The Company sold 776 used trucks in the second quarter of 2009, a 2.4% decrease compared to 795 used trucks in the second quarter of 2008. For 2009, used truck sales volumes and prices will be primarily driven by general economic conditions and the availability of credit, which collectively have had a severe impact on this market since 2008. The Company expects to sell approximately 2,500 to 2,700 used trucks in 2009.

Parts and service sales decreased \$17.8 million, or 14.7%, in the second quarter of 2009, compared to the second quarter of 2008. Same store parts and service sales decreased \$19.9 million, or 19.8%, in the second quarter of 2009, compared to the second quarter of 2008, primarily due to weakening economic conditions. Parts and service sales have continually decreased since the Fall of 2008, and the Company expects parts and service sales to remain weak through the third quarter of 2009.

Sales of new and used construction equipment decreased \$13.5 million, or 71.1%, in the second quarter of 2009, compared to the second quarter of 2008. This decrease was largely attributable to the weakening construction market in the Houston area. John Deere's rolling twelve month average market share in the Houston area construction equipment market decreased to 16.8% as of June 30, 2009 from a rolling twelve month average of 22.0% as of

June 30, 2008. In 2009, the Company expects new construction equipment unit sales in our area of responsibility to decrease approximately 40% to 50%, compared to 2008.

Truck lease and rental revenues decreased \$0.2 million, or 1.0%, in the second quarter of 2009 compared to the second quarter of 2008. The Company expects lease and rental revenue to increase approximately 2% to 5% in 2009 compared to 2008.

Finance and insurance revenues decreased \$0.9 million, or 29.0%, in the second quarter of 2009 compared to the second quarter of 2008. The decrease in finance and insurance revenue is a direct result of the decline in truck sales and the tight credit market. The Company expects finance and insurance revenue to fluctuate proportionately with the new Class 8 truck market in 2009. Finance and insurance revenues have limited direct costs and, therefore, contribute a disproportionate share of the Company's operating profits.

Other income decreased \$0.2 million, or 14.1% in the second quarter of 2009 compared to the second quarter of 2008. Other income consists primarily of the gain on sale realized on trucks from the lease and rental fleet, commissions

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earned from John Deere for direct manufacturer sales into our area of responsibility, document fees related to truck sales and purchase discounts.

Gross Profit

Gross profit decreased \$21.7 million, or 29.2%, in the second quarter of 2009, compared to the second quarter of 2008. Gross profit as a percentage of sales increased to 16.9% in the second quarter of 2009 from 16.4% in the second quarter of 2008. This slight increase is primarily a result of a change in our product sales mix. Truck sales, a lower margin revenue item, decreased as a percentage of total revenue to 60.0% in the second quarter of 2009 from 65.4% in the second quarter of 2008. Parts and service revenue, a higher margin revenue item, increased as a percentage of total revenue to 32.9% in the second quarter of 2009 from 26.5% in the second quarter of 2008.

Gross margins on Class 8 truck sales decreased to 5.1% in the second quarter of 2009, from 7.6% in the second quarter of 2008. Gross margins on Class 8 truck sales were negatively impacted by decreased demand for new trucks and a change in our product sales mix that included decreased sales of trucks in inventory, which are a higher margin revenue item. In 2009, the Company expects overall gross margins from Class 8 truck sales of approximately 5.0% to 7.0%.

Gross margins on medium-duty truck sales decreased to (1.6%) in the second quarter of 2009, from 5.2% in the second quarter of 2008. The decrease in gross margin during the second quarter of 2009 is largely attributable to the new GMC medium-duty truck inventory write-down caused by General Motors' decision to stop manufacturing GMC medium-duty trucks and to wind-down the Company's GMC medium-duty truck franchise agreements. For the remainder of 2009, the Company expects overall gross margins from medium-duty truck sales of approximately 5.0% to 7.0%.

Gross margins on used truck sales increased to 6.7% in the second quarter of 2009, from (6.1%) in the second quarter of 2008. The decrease in gross margins in the second quarter of 2008 was the result of a \$5.4 million write-down of used truck inventory, which was necessary because of decreased demand for used trucks as a result of worsening general economic conditions, decreased freight demand, and the tight credit market. Excluding the write-down of used truck inventory, gross margins on used truck sales in the second quarter of 2008 were 7.3%. The Company expects margins on used trucks will be in the range of approximately 5.5% to 7.5% during 2009, but this will largely depend upon general economic conditions and the availability of credit.

Gross margins from the Company's parts, service and body shop operations decreased to 38.9% in the second quarter of 2009, from 41.9% in the second quarter of 2008. Gross profit for the parts, service and body shop departments decreased to \$39.9 million in the second quarter of 2009 from \$50.5 million in the second quarter of 2008. The Company expects gross margins on parts, service and body shop operations of approximately 39.0% to 41.0% during 2009.

Gross margins on new and used construction equipment sales decreased to 4.1% in the second quarter of 2009 from 9.3% in the second quarter of 2008. This decrease in gross margin is primarily attributable to a dramatic decrease in demand for construction equipment and change in our product sales mix. The Company expects 2009 gross margins to remain in a range of approximately 5.0% to 10.0% as the Company continues efforts to increase its market share.

Gross margins from truck lease and rental sales increased to 12.4% in the second quarter of 2009, from approximately 11.6% in the second quarter of 2008. This slight increase in the gross margin from lease and rental sales is primarily due to the increased utilization of trucks and crane-mounted trucks in our rental fleet. The Company expects gross margins from lease and rental sales of approximately 11.0% to 16.0% during 2009. The Company's policy is to depreciate its lease and rental fleet using a straight line method over the customer's contractual lease term. The lease unit is depreciated to a residual value that approximates fair value at the expiration of the lease term. This policy results in the Company realizing reasonable gross margins while the unit is in service and a corresponding gain or loss on sale when the unit is sold at the end of the lease term.

Finance and insurance revenues and other income, as described above, have limited direct costs and, therefore, contribute a disproportionate share of gross profit.

Selling, General and Administrative Expenses

Selling, General and Administrative ("SG&A") expenses decreased \$8.6 million, or 14.6%, in the second quarter of 2009, compared to the second quarter of 2008. SG&A expenses as a percentage of sales increased to 16.1% in the second quarter of 2009, from 13.0% in the second quarter of 2008. SG&A expenses as a percentage of sales have historically ranged from 10.0% to 15.0%. In general, when new and used truck revenue decreases as a percentage of revenue, SG&A expenses as a percentage of revenue will be at, or exceed, the higher end of this range. In the second quarter of 2009, the selling

portion of SG&A expenses, which consists primarily of commissions on truck and construction equipment sales, decreased 30.6% and the general and administrative portion of SG&A decreased 13.0% compared to the second quarter of 2008. In 2009, the Company expects the selling portion of SG&A expenses to be approximately 25% to 28% of new and used truck gross profit. The selling portion of SG&A varies based on the gross profit derived from truck sales. The Company took action throughout 2008 and in the first quarter of 2009 to reduce overhead expenses to a level more appropriate to serve the current market. The Company will continue to adjust the general and administrative portion of SG&A in accordance with market conditions.

Interest Expense, Net

Net interest expense decreased \$0.3 million, or 15.0%, in the second quarter of 2009 compared to the second quarter of 2008. If floor plan interest rates remain at current levels, the Company expects net interest expense in 2009 to decrease approximately 10.0% compared to 2008.

Income Before Income Taxes

Income before income taxes decreased \$13.7 million, or 140.8%, in the second quarter of 2009 compared to the second quarter of 2008, as a result of the factors described above. The Company believes that income before income taxes in 2009 will decrease compared to 2008 based on the factors described above.

Income Taxes

Income taxes decreased \$6.1 million, or 167.0%, in the second quarter of 2009, compared to the second quarter of 2008. Prior to the application of alternative fuel vehicle tax credits, the Company provided for taxes at a 39.0% rate in the second quarter of 2009, compared to a rate of 37.5% in the second quarter of 2008. The tax rate in the second quarter of 2009 was offset \$0.9 million by tax credits for sales of alternative fuel vehicles to tax-exempt entities. For the remainder of 2009, the Company expects to provide for taxes at a rate of 39.0% prior to the application of alternative fuel vehicle tax credits. As a result, the Company's effective tax rate may vary significantly depending on the number of alternative fuel vehicles sold to tax-exempt entities in any given period. These transactions will increase the Company's SG&A expense because the Company passes a majority of these credits on to these tax-exempt entities in the form of a discretionary rebate. As a result, the Company's effective tax rate may vary significantly depending on the number of alternative fuel vehicles sold to tax-exempt entities.

Six Months Ended June 30, 2009, Compared to Six Months Ended June 30, 2008

Unless otherwise stated below, the Company's variance explanations and future expectations with regard to the items discussed in this section are set forth in the discussion of the "Three Months Ended June 30, 2009, Compared to Three Months Ended June 30, 2008."

Revenues decreased \$217.4 million, or 25.3%, in the first six months of 2009, compared to the first six months of 2008. Sales of new and used trucks decreased \$165.5 million, or 30.2%, in the first six months of 2009, compared to the first six months of 2008.

The Company sold 1,986 heavy-duty units in the first six months of 2009, a 32.2% decrease compared to 2,931 heavy-duty trucks in the first six months of 2008. According to A.C.T. Research, the U.S. Class 8 truck market decreased 36.0% in the first six months of 2009, compared to the first six months of 2008.

The Company sold 1,392 medium-duty trucks, including 211 buses, in the first six months of 2009, a 28.7% decrease compared to 1,951 medium-duty trucks in the first six months of 2008. A.C.T. Research estimates that unit sales of Class 4 through 7 trucks in the U.S decreased approximately 47.0% in the first six months of 2009, compared to the first six months of 2008.

The Company sold 1,353 used trucks in the first six months of 2009, a 20.2% decrease compared to 1,695 used trucks in the first six months of 2008.

Parts and service sales decreased \$26.1 million, or 11.0%, in the first six months of 2009, compared to the first six months of 2008.

Sales of new and used construction equipment decreased \$23.4 million, or 65.2%, in the first six months of 2009, compared to the first six months of 2008.

Truck lease and rental revenues increased \$0.3 million, or 1.2%, in the first six months of 2009, compared to the first six months of 2008.

Finance and insurance revenues decreased \$2.8 million, or 41.4%, in the first six months of 2009, compared to the first six months of 2008.

Other income slightly increased \$0.2 million, or 6.9%, in the first six months of 2009, compared to the first six months of 2008. Other income consists of the gain on sale realized on trucks from the lease and rental fleet, commissions earned from John Deere for direct manufacturer sales into our area of responsibility, document fees related to truck sales and purchase discounts.

Gross Profit

Gross profit decreased \$38.2 million, or 25.0%, in the first six months of 2009, compared to the first six months of 2008. Gross profit as a percentage of sales remained flat at 17.8% in the first six months of 2009 and the first six months of 2008.

Gross margins on Class 8 truck sales decreased to 6.1% in the first six months of 2009, from 8.3% in the first six months of 2008.

Gross margins on medium-duty truck sales decreased to 2.8% in the first six months of 2009, from 5.6% in the first six months of 2008.

Gross margins on used truck sales increased to 6.3% in the first six months of 2009, from 0.6% in the first six months of 2008. The decrease in gross margins in the first six months of 2008 was the result of a \$5.4 million write-down of used truck inventory. Excluding the write-down of used truck inventory, gross margins on used truck sales were 7.3% in the first six months of 2008.

Gross margins from the Company's parts, service and body shop operations decreased to 39.0% in the first six months of 2009, from 41.8% in the first six months of 2008. Gross profit for the parts, service and body shop departments was \$82.7 million in the first six months of 2009, compared to \$99.4 million in the first six months of 2008.

Gross margins on new and used construction equipment sales were 8.8% in the first six months of 2009, compared to 9.8% in the first six months of 2008.

Gross margins from truck lease and rental sales decreased to 12.0% in the first six months of 2009, from approximately 14.2% in the first six months of 2008.

Finance and insurance revenues and other income, as described above, has limited direct costs and, therefore, contributes a disproportionate share of gross profit.

Selling, General and Administrative Expenses

SG&A expenses decreased \$13.5 million, or 11.7%, in the first six months of 2009, compared to the first six months of 2008. SG&A expenses as a percentage of sales was 16.0% in the first six months of 2009 and 13.5% in the first six months of 2008.

Interest Expense, Net

Net interest expense decreased \$0.6 million, or 15.4%, in the first six months of 2009, compared to the first six months of 2008.

Income before Income Taxes

Income before income taxes decreased \$25.0 million, or 99.4%, in the first six months of 2009, compared to the first six months of 2008.

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Provision for Income Taxes

Income taxes decreased \$10.6 million, or 112.7%, in the first six months of 2009, compared to the first six months of 2008. The Company provided for taxes at a 39.0% rate in the first six months of 2009, compared to a rate of 37.5% in the first six months of 2008. The tax rate in the first six months of 2009 was offset \$1.3 million by tax credits for sales of alternative fuel vehicles to tax-exempt entities.

Liquidity and Capital Resources

The Company's short-term cash requirements are primarily for working capital, inventory financing, the improvement and expansion of existing facilities, the implementation of SAP enterprise software and dealership management system, and the construction of new facilities. Historically, these cash requirements have been met through the retention of profits and borrowings under our floor plan arrangements. As of June 30, 2009, the Company had working capital of approximately \$160.5 million, including \$121.0 million in cash available to fund our operations. The Company believes that these funds are sufficient to meet its short-term and long-term cash requirements.

The Company may request working capital advances in the minimum amount of \$100,000 under its Amended and Restated Wholesale Security Agreement with GE Capital, its primary truck lender. However, such working capital advances may not cause the total indebtedness owed GE Capital to exceed an amount equal to the wholesale advances made against the then current inventory less any payment reductions then due. There were no working capital advances outstanding under this agreement at June 30, 2009.

The Company has a secured line of credit that provides for a maximum borrowing of \$8.0 million. There were no advances outstanding under this secured line of credit at June 30, 2009, however, \$6.1 million was pledged to secure various letters of credit related to self-insurance products, leaving \$1.9 million available for future borrowings as of June 30, 2009.

The Company's long-term real estate debt agreements require the Company to satisfy various financial ratios such as the debt to worth ratio and the fixed charge coverage ratio. The Company's floor plan financing agreement with GE Capital does not contain financial covenants. At June 30, 2009, the Company was in compliance with all debt covenants. The Company does not anticipate any breach of the covenants in the foreseeable future.

Titan Technology Partners is currently implementing SAP enterprise software and a new SAP dealership management system for the Company. The total cost of the SAP software and implementation is estimated to be approximately \$32.0 million. As of June 30, 2009, the Company had cumulative expenditures of \$24.5 million related to the SAP project. The Company expects to spend approximately \$4.0 million to \$4.5 million related to the SAP project during the remainder of 2009.

The Company is currently constructing a new facility for its Rush Truck Center location in Oklahoma City, Oklahoma at an estimated cost of \$12.0 million. As of June 30, 2009, the Company had expenditures of \$8.6 million related to the construction of the new facility.

The Company also expects to make capital expenditures for recurring items such as computers, shop tools and equipment and vehicles of approximately \$8.0 million during 2009. As of June 30, 2009, the Company had expenditures of approximately \$2.7 million related to these recurring items.

On July 22, 2008, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase, from time to time, up to an aggregate of \$20,000,000 of its shares of Class A common stock and/or Class B common stock. Repurchases will be made at times and in amounts as the Company deems appropriate and will be made through open market transactions, privately negotiated transactions and other lawful means.

The manner, timing and amount of any repurchases will be determined by the Company based on an evaluation of market conditions, stock price and other factors, including those related to the ownership requirements of its dealership agreements with manufacturers it represents. The stock repurchase program has no expiration date and may be suspended or discontinued at any time. While the stock repurchase program does not obligate the Company to acquire any particular amount or class of common stock, the Company anticipates that it will be repurchasing primarily shares of its Class B common stock. As of June 30, 2009, the Company has repurchased 1,639,843 shares of its Class B common stock at a cost of \$17.9 million, none of which occurred during the second quarter of 2009.

The Company currently anticipates funding its capital expenditures relating to the SAP software and implementation, construction of new Rush Truck Centers, recurring expenses and any stock repurchases through its operating

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cash flow. The Company expects to finance 80% of the appraised value of newly constructed Rush Truck Centers upon completion, which will increase the Company's cash and cash equivalents by that amount.

The Company has no other material commitments for capital expenditures as of June 30, 2009, except that the Company will continue to purchase vehicles for its lease and rental division and authorize capital expenditures for improvement and expansion of its dealership facilities based on market opportunities. The Company expects to purchase trucks worth approximately \$30.0 million for its leasing operations in 2009, depending on customer demand, which it will finance.

Cash Flows

Cash and cash equivalents decreased by \$25.5 million during the six months ended June 30, 2009, and decreased by \$28.9 million during the six months ended June 30, 2008. The major components of these changes are discussed below.

Cash Flows from Operating Activities

Cash flows from operating activities include net income adjusted for non-cash items and the effects of changes in working capital. During the first six months of 2009, operating activities resulted in net cash provided by operations of \$78.0 million. Cash provided by operating activities was primarily impacted by the decrease in inventories which was offset by the decrease in accounts payable and accrued expenses. During the first six months of 2008, operating activities resulted in net cash provided by operations of \$37.5 million.

Cash flows from operating activities as adjusted for all draws and (payments) on floor plan notes ("Adjusted Cash Flows from Operating Activities") was \$14.0 million for the six months ended June 30, 2009, and \$45.9 million for the six months ended June 30, 2008. Generally, all vehicle and construction equipment dealers finance the purchase of vehicles and construction equipment with floor plan borrowings, and our agreements with our floor plan providers require us to repay amounts borrowed for the purchase of such vehicles and equipment immediately after they are sold. As a result, changes in floor plan notes payable are directly linked to changes in vehicle and construction equipment inventory. However, as reflected in our consolidated statements of cash flows, changes in inventory are recorded as cash flows from operating activities, and draws and (payments) on floor plan notes are recorded as cash flows from financing activities.

Management believes that information about Adjusted Cash Flows from Operating Activities provides investors with a relevant measure of liquidity and a useful basis for assessing the Company's ability to fund its activities and obligations from operating activities. Floor plan notes payable is classified as a current liability and, therefore, is included in the working capital amounts discussed above.

Adjusted Cash Flows from Operating Activities is a non-GAAP financial measure and should be considered in addition to, and not as a substitute for, cash flows from operating activities as reported in our consolidated statements of cash flows in accordance with U.S. GAAP. Additionally, this measure may vary among other companies; thus, Adjusted Cash Flows from Operating Activities as presented herein may not be comparable to similarly titled non-GAAP financial measures of other companies. Set forth below is a reconciliation of cash flow from operating activities as reported in our consolidated statement of cash flows, as if all changes in floor plan notes payable were classified as an operating activity (in thousands).

| | Six Months Ended June 30, | |
|--|------------------------------|------------------|
| | 2009 | 2008 |
| Net cash provided by operating activities (GAAP) | \$ 77,995 | \$ 37,517 |
| (Draws) payments on floor plan notes payable | (64,022) | 8,387 |
| Adjusted Cash Flows from Operating Activities (Non-GAAP) | <u>\$ 13,973</u> | <u>\$ 45,904</u> |

Cash Flows from Investing Activities

Cash flows used in investing activities consist primarily of cash used for capital expenditures. During the first six months of 2009, cash used in investing activities was \$23.4 million. Capital expenditures consisted of purchases of property and equipment, improvements to our existing dealership facilities and construction of our new facility in Oklahoma City, Oklahoma of \$23.5 million. Property and equipment purchases during the first six months of 2009 consisted of \$6.0 million for additional units for the rental and leasing operations, which was directly offset by borrowings of long-term debt. The Company expects to purchase trucks worth approximately \$30.0 million for its leasing operations in 2009, depending on customer demand, all of which will be financed. During 2009, the Company expects to make capital expenditures for

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recurring items such as computers, shop equipment and vehicles of approximately \$8.0 million in addition to \$7.0 million to \$8.0 million for the SAP software implementation described above.

During the first six months of 2008, cash used in investing activities was \$65.8 million. The Company purchased investments of \$355.6 million which was offset by proceeds from the sale of these investments of \$325.3 million. See Note 6 of Notes to Consolidated Financial Statements for an explanation of these investments. Capital expenditures consisted of purchases of property and equipment, and improvements to our existing dealership facilities of \$21.0 million. Property and equipment purchases during the first six months of 2008 consisted of \$6.2 million for additional units for the rental and leasing operations, which was directly offset by borrowings of long-term debt.

Cash Flows from Financing Activities

Cash flows from financing activities include borrowings and repayments of long-term debt and net proceeds of floor plan notes payable. Cash used in financing activities was \$80.1 million during the first six months of 2009. The Company had borrowings of long-term debt of \$6.1 million and repayments of long-term debt of \$20.6 million during the first six months of 2009. The Company had net payments of floor plan notes payable of \$64.0 million during the first six months of 2009. The borrowings of long-term debt were primarily related to units for the rental and leasing operations.

Cash used in financing activities was \$0.6 million during the first six months of 2008. The Company had borrowings of long-term debt of \$11.7 million and repayments of long-term debt of \$19.6 million during the first six months of 2008. The Company had net draws of floor plan notes payable of \$8.4 million during the first six months of 2008. The borrowings of long-term debt were primarily related to refinancing of real estate and financing of lease and rental fleet.

Substantially all of the Company's truck purchases are made on terms requiring payment within 15 days or less from the date the trucks are invoiced from the factory. Effective August 1, 2007, the Company entered into an Amended and Restated Wholesale Security Agreement with GE Capital. Interest under the floor plan financing agreement is payable monthly and the rate varies from LIBOR plus 1.15% to LIBOR plus 1.50% depending on the average aggregate month-end balance of debt. The Company finances substantially all of the purchase price of its new truck inventory, and the loan value of its used truck inventory under the floor plan financing agreement with GE Capital, under which GE Capital pays the manufacturer directly with respect to new trucks. The Company makes monthly interest payments to GE Capital on the amount financed, but is not required to commence loan principal repayments on any vehicle until such vehicle has been floor planned for 12 months or is sold. The floor plan financing agreement allows for prepayments and working capital advances with monthly adjustments to the interest due on outstanding advances. On June 30, 2009, the Company had approximately \$203.7 million outstanding under its floor plan financing agreement with GE Capital.

Substantially all of the Company's new construction equipment purchases are financed by John Deere and JPMorgan Chase ("Chase"). The agreement with John Deere provides an interest free financing period after which time the amount financed is required to be paid in full. When construction equipment is sold prior to the expiration of the interest free finance period, the Company is required to repay the principal within approximately ten days of the sale. If the construction equipment financed by John Deere is not sold within the interest free finance period, it is transferred to the Chase floor plan arrangement. The Company makes principal payments for sold new and used construction equipment to Chase on the 15th day of each month. New and used construction equipment is financed to a maximum of book value under a floor plan arrangement with Chase. The Company makes monthly interest payments on the amount financed and is required to commence loan principal repayments on construction equipment as book value is reduced. Principal payments for sold used construction equipment are made to Chase no later than the 15th day of each month following the sale. The loans are collateralized by a lien on the construction equipment. As of June 30, 2009, the Company's floor plan arrangement with Chase permitted the financing of up to \$20.0 million in construction equipment. On June 30, 2009, the Company had \$1.7 million outstanding under its floor plan financing arrangements with John Deere and \$13.3 million outstanding under its floor plan financing arrangement with Chase.

Backlog

On June 30, 2009, the Company's backlog of truck orders was approximately \$116.6 million as compared to a backlog of truck orders of approximately \$220.9 million on June 30, 2008. The Company includes only confirmed orders in its backlog. The delivery time for a custom-ordered truck varies depending on the truck specifications and demand for the particular model ordered; however, due to the decreased demand for trucks, delivery times for heavy-duty trucks have decreased significantly from delivery times during periods of peak demand. As a result, purchasers of heavy-duty trucks currently do not need to place orders several months in advance. The Company sells the majority of its new trucks by customer special order, with the remainder sold out of inventory. Orders from a number of the Company's major fleet customers are included in the Company's backlog as of June 30, 2009.

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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 diverse geographic locations of our dealerships and the Company's diverse customer base, including regional and national fleets, local municipalities, corporations and owner operators. However, truck parts and service operations historically have experienced higher sales volumes in the second and third quarters.

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 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.

Cyclical

The Company's business is dependent on a number of factors relating to general economic conditions, including fuel prices, interest rate fluctuations, economic recessions, environmental and other government regulations and customer business cycles. Unit sales of new trucks have historically been subject to substantial cyclical variation based on these general economic conditions. According to data published by A.C.T. Research, in recent years total domestic retail sales of new Class 8 trucks have ranged from a low of approximately 140,000 in 2001 and 2008 to a high of approximately 291,000 in 2006. Through

geographic expansion, concentration on higher margin parts and service operations and diversification of its customer base, the Company believes it can reduce the negative impact on the Company's earnings of cyclical trends affecting the heavy-duty truck industry.

Environmental Standards and Other Governmental Regulations

Our operations are subject to numerous federal, state and local laws and regulations, including laws and regulations designed to protect the environment by regulating the discharge of materials into the environment. EPA emission guidelines have traditionally had a major impact on our operations.

EPA emissions guidelines regarding nitrous oxides are scheduled to go into effect for all diesel engines built subsequent to January 1, 2010. Based on current economic and market conditions, the Company does not expect a strong pre-buy of Class 8 trucks to occur in 2009. The magnitude of any pre-buy will be largely dependent upon general economic conditions in the U.S. through the remainder of 2009.

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ITEM 3. Quantitative and Qualitative Disclosures about Market Risk.

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

The Company is exposed to some market risk through interest rates related to our floor plan financing agreements, variable rate debt and discount rates related to finance sales. Floor plan borrowings are based on LIBOR and are used to meet working capital needs. As of June 30, 2009, the Company had floor plan borrowings of approximately \$218.7 million. Assuming an increase or decrease in LIBOR of 100 basis points, annual interest expense could correspondingly increase or decrease by approximately \$2.2 million. The Company 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 in the month following the date of the financing. 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.

The Company is also exposed to some market risk through interest rates related to the investment of our current cash and cash equivalents which totaled \$121.0 million on June 30, 2009. These funds are generally invested as a prepayment against our floor plan financing debt or in variable interest rate instruments in accordance with the Company's investment policy. As such instruments mature and the funds are reinvested, we are exposed to changes in market interest rates. This risk is mitigated by management's ongoing evaluation of the best investment rates available for current and noncurrent high quality investments. If market interest rates were to decrease immediately and uniformly to yield 0%, the Company's annual earnings on cash and cash equivalents could correspondingly decrease by approximately \$255,000.

In the past, the Company invested in interest-bearing short-term investments consisting of investment-grade auction rate securities classified as available-for-sale. As a result of the recent liquidity issues experienced in the global credit and capital markets, auctions for investment grade securities held by the Company have failed. The auction rate securities continue to pay interest in accordance with the terms of the underlying security; however, liquidity will be limited until there is a successful auction or until such time as other markets for these investments develop.

As of June 30, 2009, the Company holds \$7.6 million of auction rate securities with underlying tax-exempt municipal bonds with stated maturities of 22 years. Given the current market conditions in the auction rate securities market, if the Company determines that the fair value of these securities has temporarily decreased by 10%, the Company's equity could correspondingly decrease by approximately \$0.8 million. If it is determined that the fair value of these securities is other-than-temporarily impaired by 10%, the Company could record a loss on its Consolidated Statements of Income of approximately \$0.8 million. For further discussion of the risks related to our auction rate securities, see Note 6 — Investments of the Notes to Consolidated Financial Statements and Item 1A — Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 Annual Report").

The Company has not used derivative financial instruments in our investment portfolio.

ITEM 4. Controls and Procedures.

The Company, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of June 30, 2009 to provide reasonable assurance that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to Company management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There has been no change in the Company's internal control over financial reporting that occurred during the three months ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

From time to time, we are involved in litigation arising out of the Company's operations in the ordinary course of business. We maintain liability insurance, including product liability coverage, in amounts deemed adequate by management. To date, aggregate costs to us for claims, including product liability actions, have not been material. However, an uninsured or partially insured claim, or claim for which indemnification is not available, could have a

material adverse effect on the Company's financial condition or results of operations. We believe that there are no claims or litigation pending, the outcome of which could 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 financial condition or results of operations for the fiscal period in which such resolution occurred.

ITEM 1A. Risk Factors.

While we attempt to identify, manage and mitigate risks and uncertainties associated with our business to the extent practical under the circumstances, some level of risk and uncertainty will always be present. Item 1A of the 2008 Annual Report describes some of the risks and uncertainties associated with our business that have the potential to materially affect our business, financial condition or results of operations.

There has been no material change in our risk factors disclosed in the 2008 Annual Report.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company did not make any unregistered sales of equity securities during the second quarter of 2009, nor did it repurchase any shares of its Class A Common Stock or Class B Common Stock during the second quarter of 2009.

ITEM 3. Defaults Upon Senior Securities.

Not Applicable

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

The following matters were voted upon at the Annual Meeting of Shareholders held on May 19, 2009 (the "2009 Annual Meeting"), and received the votes set forth below:

- All of the following persons nominated were reelected to serve as directors and received the number of votes set forth opposite their respective names:

| Name | Number of Votes FOR | Number of Votes WITHHELD |
|-----------------------|------------------------|-----------------------------|
| W. Marvin Rush | 10,769,048 | 400,532 |
| W.M. "Rusty" Rush | 10,769,041 | 400,538 |
| Ronald J. Krause | 9,108,992 | 2,060,587 |
| James C. Underwood | 9,135,172 | 2,034,407 |
| Harold D. Marshall | 9,134,559 | 2,035,020 |
| Thomas A. Akin | 9,134,701 | 2,034,878 |
| Gerald R. Szczepanski | 10,978,805 | 190,774 |

- A proposal to ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the 2009 fiscal year received 11,141,403 votes FOR and 24,803 votes AGAINST, with 3,373 abstentions.

The two proposals submitted at the 2009 Annual Meeting received more than the number of favorable votes required for approval, and were therefore duly and validly approved by the Company's shareholders.

ITEM 5. Other Information.

Effective August 7, 2009, the Company's Board of Directors approved an amendment and restatement of the Company's Amended and Restated Bylaws (as amended and restated, the "Restated Bylaws"). The Restated Bylaws were adopted to clarify that the voting standard for the election of directors is a plurality voting standard, which has been the Company's historical voting standard in elections of directors and is the default standard for the election of directors under Texas law. In particular, the amendment clarifies Section 2.6 by providing that directors are to be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present. Because this Quarterly Report on Form 10-Q is being filed within four days from the effective date of the Restated Bylaws, the amendment and restatement is being disclosed hereunder rather than under Item 5.03 of a Current Report on Form 8-K.

The foregoing description of the Restated Bylaws is qualified in its entirety by reference to the Restated Bylaws, a copy of which is filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

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ITEM 6. Exhibits.

| Exhibit Number | Exhibit Title |
|-------------------|--|
| 3.1 | Restated Articles of Incorporation of Rush Enterprises, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (File No. 000-20797) for the quarter ended June 30, 2008) |

| | |
|--------|---|
| 3.2* | Rush Enterprises, Inc. Amended and Restated Bylaws |
| 31.1* | Certification of CEO pursuant to Rules 13a-14(a) and 15d-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification of CFO pursuant to Rules 13a-14(a) and 15d-14(a) adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of CFO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

* filed herewith
** furnished herewith

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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 thereunto duly authorized.

RUSH ENTERPRISES, INC.

Date: August 10, 2009

By: /S/ W.M. "RUSTY" RUSH
W.M. "Rusty" Rush
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 10, 2009

By: /S/ STEVEN L. KELLER
Steven L. Keller
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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EXHIBIT INDEX

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|----------------|---|
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* filed herewith
** furnished herewith

**AMENDED AND RESTATED BYLAWS
OF
RUSH ENTERPRISES, INC.**

Effective as of August 7, 2009

ARTICLE I

OFFICES

1.1 The principal office of the corporation shall be located in New Braunfels, Texas.

1.2 The corporation may also have offices at such other places both within and without the State of Texas as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II

MEETINGS OF SHAREHOLDERS

2.1 Meetings of shareholders for any purpose may be held at such time and place within or without the State of Texas as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

2.2 The annual meeting of shareholders shall be held annually at such date and time as shall be designated from time to time by the board of directors and stated in the notice of meeting.

2.3 Special meetings of the shareholders for any purpose or purposes may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning one-tenth of all the shares entitled to vote at the meetings. Subject to Section 2.11, a request for a special meeting shall state the purpose or purposes of the proposed meeting, and business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

2.4 Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

2.5 The holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, a quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or

represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting, provided a quorum shall be present or represented thereat, any business may be transacted which might have been transacted if the meeting had been held in accordance with the original notice thereof.

2.6 Directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present. With respect to any other question brought before a meeting at which a quorum is present, the vote of the holders of a majority of the shares entitled to vote and present in person or represented by proxy shall decide such question, unless the question is one upon which a different vote is required by law or by the articles of incorporation.

2.7 Each outstanding share shall have such voting power on each matter submitted to a vote at a meeting of shareholders as set forth in the Articles of Incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

2.8 Any action required or which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof.

ADVANCE NOTICE OF DIRECTOR NOMINATIONS AND SHAREHOLDER PROPOSALS

2.9 Shareholders may nominate one or more persons for election as directors at any annual meeting of shareholders or propose other business to be brought before the annual meeting of shareholders, or both, only if (a) such business is a proper matter for shareholder action, (b) the shareholder gives timely notice in proper written form of such shareholder's intention to make such nomination(s) or to propose such business, and (c) the shareholder is a shareholder of record of the corporation at the time of giving such notice and is entitled to vote at the annual meeting. The provisions of this Article II shall be the exclusive means for a shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the corporation's proxy materials) at an annual meeting of shareholders.

2.10 Without qualification, for director nominations or any other business to be properly brought before an annual meeting of shareholders, a shareholder notice shall be delivered to and received by the secretary at the principal executive offices of the corporation not later than the close of business on the 90th day, and not earlier than the close of business on the 120th day, prior to the first anniversary of the preceding year's annual meeting of shareholders; provided, however, that in the event that the date of the annual meeting has changed by more than thirty (30) days from the date of the previous year's annual meeting, notice by the shareholder to be timely must be so delivered and received not earlier than the close of business on the 120th day prior to

such annual meeting and not later than the close of business on the later of (a) the 90th day prior to such annual meeting, and (b) the 10th day following the date on which public announcement of the date of such meeting is first made by the corporation. In no

event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period for the giving of a shareholder notice as described above. For purposes of this Article II, "public announcement" shall mean disclosure in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service, in a document publicly filed by the corporation with the Securities and Exchange Commission, or in a notice pursuant to the applicable rules of an exchange on which the corporation's securities are listed. To be in proper written form, the shareholder notice must comply with Section 2.12 below.

2.11 Only such business shall be conducted at a special meeting of shareholders as shall have been brought before the meeting pursuant to the notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of shareholders at which directors are to be elected pursuant to the notice of meeting (a) by or at the direction of the Board of Directors or (b) by any shareholder of the corporation who (1) is a shareholder of record at the time of giving such notice (2) is entitled to vote at the meeting, and (3) provides timely notice as to such nomination in the proper written form. In the event the corporation calls a special meeting of shareholders for the purpose of electing one or more directors to the Board of Directors, any shareholder meeting the requirements of the previous sentence may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if the shareholder notice with respect to any nomination (including the completed and signed questionnaire and representation and agreement required by Section 2.15 below) shall be delivered to the secretary at the principal executive offices of the corporation not earlier than the close of business on the 90th day prior to the date of such special meeting and not later than the close of business on the later of (a) the 70th day prior to the date of such special meeting, and (b) if the first public announcement of the date of such special meeting is less than 80 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of any nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period for the giving of a shareholder notice as described above.

2.12 To be in proper written form, a shareholder notice (whether given pursuant to Section 2.3 above, Sections 2.9 and 2.10 above with respect to annual meetings or Section 2.11 above with respect to special meetings) to the secretary must be in writing and:

(a) set forth, as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the director nomination or proposal of other business is made (i) the name and address of such shareholder, as they appear on the corporation's books, and of such beneficial owner, (ii) (1) the class and number of shares of the corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, (2) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class of shares of the corporation or with a value derived in whole or in part from the value of any class of shares of the corporation, whether or not such instrument or right shall be subject to settlement in the underlying class of capital stock of the corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder or beneficial owner and any other direct or indirect economic interest held or owned beneficially by such shareholder

or beneficial owner to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation, (3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder or beneficial owner has a right to vote any shares of any security of the corporation, (4) any short interest in any security of the corporation (for purposes of this Section 2.12, a person shall be deemed to have a short interest in a security if such person, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (5) any rights to dividends on the shares of the corporation owned beneficially by such shareholder or beneficial owner that are separated or separable from the underlying shares of the corporation, (6) any proportionate interest in shares of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder or beneficial owner is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, and (7) any performance-related fees (other than an asset-based fee) that such shareholder or beneficial owner is entitled to based on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice including, without limitation, any such interests held by members of such shareholder's or beneficial owner's immediate family sharing the same household (which information shall be updated and supplemented by such shareholder and beneficial owner (A) as of the record date, (B) ten days before the meeting, and (C) immediately prior to the commencement of the meeting), and (iii) any other information relating to such shareholder and beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(b) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, set forth (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such shareholder and beneficial owner, if any, in such business and (ii) a description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder;

(c) if the notice relates to the nomination of a director or directors, (i) set forth with respect to each nominee, (1) all information relating to such nominee that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder (including such nominee's written consent to being named in a proxy statement as a nominee and to serving as a director of the corporation if elected) and (2) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K (or any successor rule) if the shareholder making the nomination and any

beneficial owner on whose behalf the nomination is made, or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for purposes of such rule and the nominee were a director or executive officer of such registrant, and (ii) with respect to each nominee, include a completed, dated and signed written questionnaire and written representation and agreement and any other information required by Section 2.15 below.

2.13 Notwithstanding anything in the first sentence of Section 2.10 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement by the corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least 90 days prior to the first anniversary of the preceding year’s annual meeting, a shareholder notice required by Section 2.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

2.14 General.

(a) Only such persons who are nominated as directors in accordance with the procedures set forth in Sections 2.9, 2.10, 2.11, 2.12, 2.13, 2.14 and 2.15 shall be eligible to be elected at an annual or special meeting of shareholders to serve as directors and only such other business shall be conducted at an annual or special meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in Sections 2.9, 2.10, 2.11, 2.12, 2.13 and 2.14. Except as otherwise provided by law, the Articles of Incorporation or these Bylaws, the person presiding over the meeting shall have the power and duty to determine whether a director nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in Sections 2.9, 2.10, 2.11, 2.12, 2.13, 2.14 and 2.15 and, if any proposed director nomination or other business is not in compliance with Sections 2.9, 2.10, 2.11, 2.12, 2.13, 2.14 and 2.15, to declare that such defective nomination or other proposal shall be disregarded.

(b) Notwithstanding the foregoing provisions of Sections 2.9, 2.10, 2.11, 2.12, 2.13 and 2.14, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to nominations of one or more persons for election as directors or proposals of other business to be brought before an annual or special meeting of shareholders. Nothing in Sections 2.9, 2.10, 2.11, 2.12, 2.13, 2.14 and 2.15 shall be deemed to affect any rights of (i) shareholders to request inclusion of proposals in the corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act, or (ii) the holders of any series of Preferred Stock if and to the extent provided for under law, the Articles of Incorporation or these Bylaws.

2.15 To be eligible to be a nominee for election as a director of the corporation, the nominee must deliver (in accordance with the time periods prescribed for delivery of notice under Sections 2.10, 2.11 and 2.13) to the secretary at the principal executive offices of the corporation a written questionnaire with respect to the background and qualification of such nominee and the background of any other person or entity on whose behalf the nomination is being made (which form of questionnaire shall be provided by the secretary upon written

request) and a written representation and agreement (in the form provided by the secretary upon written request) that such nominee (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such nominee, if elected as a director of the corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been previously disclosed in writing to the corporation or (ii) any Voting Commitment that could limit or interfere with such nominee’s ability to comply, if elected as a director of the corporation, with such nominee’s fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been previously disclosed in writing to the corporation, and (c) in such nominee’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation. The corporation may also require such nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such nominee to serve as an independent director of the corporation or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such nominee.

ARTICLE III

DIRECTORS

3.1 The number of directors which shall constitute the whole board of directors shall be not less than one. Such number of directors shall from time to time be fixed and determined by the directors and shall be set forth in the notice of any meeting of shareholders held for the purpose of electing directors. The directors shall be elected at the annual meeting of shareholders, except as provided in Section 3.2, and each director elected shall hold office until his successor shall be elected and qualify. Directors need not be residents of Texas or shareholders of the corporation.

3.2 Any vacancy occurring in the board of directors may be filled by a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

3.3 The number of directors may be increased or decreased from time to time as provided in these bylaws but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual or special meeting of shareholders.

3.4 Any director may be removed either for or without cause at any special meeting of shareholders duly called and held for such purpose.

3.5 Meetings of the board of directors, regular or special, may be held either within or without the State of Texas.

3.6 The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event that the shareholders fail to fix the time and place of such first meeting, it shall be held without notice immediately following the annual meeting of shareholders, and at the same place, unless by the unanimous consent of the directors then elected and serving such time or place shall be changed.

3.7 Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

3.8 Special meetings of the board of directors may be called by the chairman of the board of directors or the president and shall be called by the secretary on the written request of two directors. Notice of each special meeting of the board of directors shall be given to each director at least 24 hours before the time of the meeting.

3.9 Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as may be otherwise provided by law or by the articles of incorporation or by the bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

3.10 At all meetings of the board of directors a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, unless otherwise specifically provided by law, the articles of incorporation or the bylaws. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.11 The board of directors, by resolution passed by a majority of the full board, may from time to time designate a member or members of the board to constitute committees, including an executive committee, which shall in each case consist of one or more directors and shall have and may exercise such powers, as the board may determine and specify in the respective resolutions appointing them. A majority of all the members of any such committee may determine its action and fix the time and place of its meetings, unless the board of directors shall otherwise provide. The board of directors shall have power at any time to change the number, subject as aforesaid, and members of any such committee, to fill vacancies and to discharge any such committee.

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3.12 Any action required or permitted to be taken at a meeting of the board of directors or any committee may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the board of directors or committee, as the case may be.

3.13 Members of the board of directors or members of any committee designated by the board may participate in and hold a meeting of such board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.14 By resolution of the board of directors, the directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

NOTICES

4.1 Any notice to directors or shareholders shall be in writing and shall be delivered personally or mailed to the directors or shareholders at their respective addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be deposited in the United States mail, postage prepaid. Notice to directors may also be given by telegram.

4.2 Whenever any notice is required to be given under the provisions of the statutes or of the articles of incorporation or of these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE V

OFFICERS

5.1 The officers of the corporation shall include a president and a secretary. The board of directors may appoint such other officers and agents as it deems necessary or advisable, including, without limitation, a chief executive officer, a chairman of the board, a vice chairman of the board, a treasurer, one or more vice presidents (which may be designated executive vice presidents or senior vice presidents), and one or more assistant vice presidents, assistant secretaries and assistant treasurers. Any two or more offices may be held by the same person. Each officer shall exercise such powers and perform such duties as provided hereinafter or as determined by the board of directors. No officer shall execute, acknowledge, verify or countersign any instrument on behalf of the corporation in more than one capacity, if such instrument is required by law, by these bylaws or by any act of the corporation to be executed,

acknowledged, verified or countersigned by two or more officers. The chairman and vice chairman of the board shall be elected from among the directors. With the foregoing exceptions, none of the other officers need be a director, and none of the officers need be a shareholder of the corporation.

5.2 The officers of the corporation shall be elected annually by the board of directors at its first regular meeting held after the annual meeting of shareholders or as soon thereafter as conveniently possible. Each officer shall hold office until his successor shall have been chosen and shall have qualified or until his death or the effective date of his resignation or removal, or until he shall cease to be a director in the case of the chairman and vice chairman.

5.3 Any officer or agent elected or appointed by the board of directors may be removed without cause by the affirmative vote of a majority of the board of directors whenever, in its judgment, the best interests of the corporation shall be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Any officer may resign at any time by giving written notice to the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise, may be filled by the board of directors for the unexpired portion of the term.

5.5 The salaries of all officers and agents of the corporation shall be fixed by the board of directors or pursuant to its direction; and no officer shall be prevented from receiving such salary by reason of his also being a director.

5.6 The chairman of the board (if such officer is appointed by the board of directors) shall preside at all meetings of the board of directors or of the shareholders of the corporation. In the chairman's absence, such duties shall be attended to by the vice chairman of the board (if such officer is appointed by the board of directors). The chairman shall formulate and submit to the board of directors or the executive committee matters of general policy for the corporation and shall perform such other duties as usually appertain to the office or as may be prescribed by the board of directors or the executive committee.

5.7 The chief executive officer (if such officer is appointed by the board of directors) shall, subject to the control of the board of directors, supervise and control the business and affairs of the corporation, and shall see that all orders and resolutions of the board of directors and the executive committee are carried into effect. He shall have all powers and duties of supervision and management usually vested in the general manager of a corporation, including the power to appoint and remove subordinate officers, agents and employees, except those elected or appointed by the board of directors. In the absence of the chairman of the board or the vice chairman of the board (if such officer is appointed by the board of directors), the chief executive officer shall preside at all meetings of the board of directors and of the shareholders. He may also preside at any such meeting attended by the chairman or vice chairman of the board if he is so designated by the chairman, or in the chairman's absence, by the vice chairman. The

chief executive officer shall keep the board of directors and the executive committee fully informed and shall consult with them concerning the business of the corporation. He shall also perform such other duties as may be prescribed by the shareholders, the board of directors or the executive committee.

5.8 If no chief executive officer is appointed by the board of directors, the president shall be the chief executive officer of the corporation. Subject to the control of the board of directors and the chief executive officer (if such officer is appointed by the board of directors), the president shall in general supervise and control the business and affairs of the corporation. In the absence of the chairman of the board, the vice chairman of the board and the chief executive officer (if such officers are appointed by the board of directors), the president shall preside at all meetings of the board of directors and of the shareholders. He may also preside at any such meeting attended by the chairman or vice chairman of the board or the chief executive officer if he is so designated by the chairman, or in the chairman's absence, by the vice chairman, or in the vice chairman's absence, by the chief executive officer. Subject to the control of the chief executive officer (if such officer is appointed by the board of directors), the president shall have the power to appoint and remove subordinate officers, agents and employees, except those elected or appointed by the board of directors. The president shall keep the board of directors and the executive committee fully informed and shall consult with them concerning the business of the corporation. He may sign with the secretary or any other officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these bylaws or by the board of directors to some other officer or agent of the corporation, or shall be required by law to be otherwise executed. He shall vote, or give a proxy to any other officer of the corporation to vote, all shares of stock of any other corporation standing in the name of the corporation and in general he shall perform all other duties normally incident to the office of president and such other duties as may be prescribed by the shareholders, the board of directors or the executive committee.

5.9 If one or more vice presidents are appointed by the board of directors, in the absence of the president, or in the event of his inability or refusal to act, the executive vice president (or in the event there shall be no vice president designated executive vice president, any vice president designated by the board of directors) shall perform the duties and exercise the powers of the president. Any vice president may sign, with the secretary or assistant secretary, certificates for shares of the corporation. The vice presidents shall perform such other duties as from time to time may be assigned to them by the president, the board of directors or the executive committee.

5.10 The secretary shall (a) keep the minutes of the meetings of the shareholders, the board of directors and committees of directors; (b) see that all notices are duly given in accordance with the provisions of these bylaws and as required by law; (c) be custodian of the corporate records and of the seal of the corporation, and see that the seal of the corporation or a facsimile thereof is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; (d) keep or cause to be kept a register of the post office address of each shareholder which shall be furnished by such shareholder; (e) sign

with the president, or an executive vice president or vice president, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in all duties normally incident to the office of secretary and such other duties as from time to time may be assigned to him by the president, the board of directors or the executive committee.

5.11 If a treasurer is appointed by the board of directors, the board of directors may require that the treasurer give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine. He shall (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever and deposit all such moneys in the name of the corporation in the corporation's banks, trust companies or other depositories; (b) prepare, or cause to be prepared, for submission at each regular meeting of the board of directors, at each annual meeting of the shareholders, and at such other times as may be required by the board of directors, the president or the executive committee, a statement of financial condition of the corporation in such detail as may be required; and (c) in general, perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president, the board of directors or the executive committee.

5.12 The assistant secretaries and assistant treasurers (if such officers are appointed by the board of directors) shall, in general, perform such duties as shall be assigned to them by the secretary or the treasurer, respectively, or by the president, the board of directors or the executive committee. The assistant secretaries and assistant treasurers shall, in the absence of the secretary or treasurer, respectively, perform all functions and duties which such absent officers may delegate, but such delegation shall not relieve the absent officer from the responsibilities and liabilities of his office. The assistant secretaries may sign, with the president or a vice president, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the board of directors. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine.

ARTICLE VI

CERTIFICATES REPRESENTING SHARES

6.1 The shares of the corporation shall be represented by certificates or may be uncertificated. Any shares of the corporation represented by certificates shall be signed by the president or a vice president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

6.2 Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner of the uncertificated shares a written notice that sets forth all of the information required by Article 2.19 of the Texas Business Corporation Act.

6.3 The signatures of the president or vice president and the secretary or assistant secretary upon any certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the

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corporation. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

6.4 The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing the issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient and may require such indemnities as it deems adequate to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

6.5 Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate may be issued to the person entitled thereto and the old certificate canceled and the transaction recorded upon the books of the corporation.

6.6 Notwithstanding anything to the contrary in these bylaws, the corporation shall not be required to issue a new certificate, or any certificate at all, if the corporation has determined that such shares shall be uncertificated.

CLOSING OF TRANSFER BOOKS

6.7 For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall be applied to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

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REGISTERED SHAREHOLDERS

6.8 The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Texas.

LIST OF SHAREHOLDERS

6.9 The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE VII

GENERAL PROVISIONS

DIVIDENDS

7.1 Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors, in its discretion, at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in the corporation's own shares, subject to any provisions of the articles of incorporation.

7.2 Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund for meeting contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

7.3 All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

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FISCAL YEAR

7.4 The fiscal year of the corporation shall be fixed by resolution of the board of directors.

7.5 The corporate seal shall be in such form as may be prescribed by the board of directors. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

BOOKS AND RECORDS

7.6 The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its shareholders and board of directors, and shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of the shares held by each.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Article 2.02-1 of the Texas Business Corporation Act (the "Article") permits the corporation to indemnify its present and former directors and officers to the extent and under the circumstances set forth therein. In addition, in some instances, indemnification is required by the Article. The corporation hereby elects to and does hereby indemnify the following persons to the fullest extent permitted or required by the Article promptly upon request of any such person making a request for indemnity hereunder: (a) any person who is or was a director or officer of the corporation; (b) any person who while a director or officer of the corporation, is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise; and (c) any person who is not or was not a director or officer of the corporation but who is or was serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise. Such obligation to so indemnify and to so make such determinations may be specifically enforced by resort to any court of competent jurisdiction. Further, the corporation shall pay or reimburse the reasonable expenses of such persons covered hereby in advance of the final disposition of any proceeding to the fullest extent permitted by the Article and subject to the conditions thereof. If the Texas Business Corporation Act or any other applicable Texas statute is hereafter amended to authorize a corporation to further indemnify the above described persons, the corporation shall, in addition to the indemnification provided herein, indemnify such persons to the fullest extent permitted or required under such amended act or statute. Any repeal or modification of this Article VIII by the directors or shareholders of the corporation shall be prospective only, and shall not adversely affect any indemnity obligation existing hereunder at the time of such repeal or modification.

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ARTICLE IX

AMENDMENTS

These bylaws may be altered, amended, or repealed or new bylaws may be adopted by a majority of the whole board of directors at any regular or special meeting.

CERTIFICATION

I, W.M. "Rusty" Rush, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rush Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

By: /S/ W.M. "RUSTY" RUSH
W.M. "Rusty" Rush
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Steven L. Keller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rush Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

By: /S/ STEVEN L. KELLER
Steven L. Keller
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Rush Enterprises, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W.M. "Rusty" Rush, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /S/ W.M. "RUSTY" RUSH
Name: W.M. "Rusty" Rush
Title: President and Chief Executive Officer
Date: August 10, 2009

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this quarterly report of Rush Enterprises, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven L. Keller, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /S/ STEVEN L. KELLER
Name: Steven L. Keller
Title: Vice President and Chief Financial Officer
Date: August 10, 2009

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
