

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **February 23, 2007**

RUSH ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of incorporation)

0-20797
(Commission File Number)

74-1733016
(IRS Employer Identification No.)

555 IH-35 South, Suite 500, New Braunfels, Texas
(Address of principal executive offices)

78130
(Zip Code)

Registrant's telephone number, including area code: **(830) 626-5200**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

Item 1.01 Entry into a Material Definitive Agreement

On February 23, 2007, Rush Enterprises, Inc. (the "Company") entered into separate indemnity agreements (each an "Indemnity Agreement" and, collectively, the "Indemnity Agreements") with each the following individuals: Thomas A. Akin, Ronald J. Krause, Harold D. Marshall, Martin A. Naegelin, Jr., W. M. "Rusty" Rush, W. Marvin Rush, John D. Rock, and Derrek Weaver.

Each Indemnity Agreement conforms substantially to the Company's form Indemnity Agreement which, in general, provides that the Company will, subject to certain exceptions, maintain liability insurance for the director or officer so long as the director or officer serves as an agent of the Company and so long thereafter as the director or officer may be subject to any possible liability by reason of the fact that director or officer was an agent of the Company.

In addition, the form Indemnity Agreement provides that the Company will, to the extent permitted by applicable law, indemnify each director or officer against any and all expenses and liabilities of any type whatsoever (including, without limitation, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred in connection with the investigation, defense, or appeal of any criminal, civil, or administrative action brought against the director or officer by reason of his or her relationship with the Company. The form Indemnity Agreement provides for indemnification rights regarding third-party claims and proceedings brought by or in the right of the Company. In addition, the form Indemnity Agreement provides for the advancement of expenses incurred by the director or officer in connection with any proceeding covered by the agreement to the fullest extent permitted by Texas law.

The form Indemnity Agreement does not exclude any other rights to indemnification or advancement of expenses to which the director or officer may be entitled, including any rights arising under the Company's Articles of Incorporation or Bylaws, or the laws of the State of Texas.

The foregoing description of the form Indemnity Agreement is not complete and is qualified in its entirety by the actual terms of the form Indemnity Agreement, a copy of which is incorporated herein by reference and attached hereto as Exhibit 10.1.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 23, 2007, the Company entered into separate employment agreements (each an “Employment Agreement” and, collectively, the “Employment Agreements”) with each of Daryl J. Gorup, David C. Orf, and Martin A. Naegelin, Jr. (each an “Officer” and collectively, the “Officers”). The Employment Agreements provide for Mr. Gorup, Mr. Orf and Mr. Nagelin to receive a monthly base salary of \$22,000, \$21,681.76, and \$20,683.33, respectively, subject to periodic review and upward adjustment by the Board of Directors of the Company (the “Board”) in its sole discretion, and otherwise contain substantially similar terms as described below.

The Employment Agreement provides for each Officer to receive an annual performance bonus to be determined by the Board and to receive certain benefits available to all employees generally.

The Employment Agreement will terminate upon the Officer’s death, in which case the Company will pay the Officer his monthly base salary earned *pro rata* to the date of such termination. The Company may terminate the Employment Agreement upon the Officer’s long-term disability and pay the Officer his monthly base salary earned *pro rata* for services actually rendered prior to the date of such termination, except for any period during which the Officer received short-term or long-term disability benefits under employee benefits plans maintained by the Company. The Company may also terminate the Employment Agreement at any time for cause, as defined in the Employment Agreement, pay the Officer his base salary earned *pro rata* to the date of termination, and have no further obligation to the employee. The Employment Agreement may also be terminated without cause by the Company or by the Officer upon 12 months written notice. During such 12-month period, the Company will pay the Officer his monthly base salary and will have no further obligation to the Officer under the Employment Agreement. In lieu of continuing the Officer’s employment, the Company may elect, in its sole discretion, to terminate the Officer immediately and pay the Officer a lump sum equal to (a) the Officer’s monthly base salary (subject to standard deductions) for the month of termination earned *pro rata* to the date of such notification of termination, *plus* (b) 12 months of the Officer’s then effective monthly base salary, *plus* (c) an amount equal to a percentage of the bonus received by the Officer for the calendar year immediately preceding the date of termination, such percentage to be based upon the Officer’s number of years of continuous employment with the Company. In addition, the Officer will be entitled to continued health benefits for a 12-month period.

The Employment Agreement also contains customary non-competition, non-solicitation and confidentiality provisions.

The foregoing description of the Employment Agreements does not purport to be complete and is qualified in its entirety by the terms of the Employment Agreements, each of which is attached hereto as Exhibits 10.2, 10.3 and 10.4 and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Document Description</u>
10.1	Form of Indemnity Agreement
10.2	Employment Agreement, dated February 23, 3007, between Daryl J. Gorup and Rush Administrative Services, Inc.
10.3	Employment Agreement, dated February 23, 3007, between Martin A. Naegelin, Jr. and Rush Administrative Services, Inc.
10.4	Employment Agreement, dated February 23, 3007, between David C. Orf and Rush Administrative Services, Inc.

SIGNATURES

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

RUSH ENTERPRISES, INC.

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

Date: February 26, 2007

EXHIBIT INDEX

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**INDEMNITY AGREEMENT (THIS “AGREEMENT”)
DATED AS OF _____, 200____,
MADE BETWEEN RUSH ENTERPRISES, INC.,
A TEXAS CORPORATION (THE “COMPANY”),
AND _____
 (“INDEMNITEE”)**

WHEREAS, the Company is aware that competent and experienced persons are increasingly reluctant to serve as directors, officers or agents of corporations unless they are protected by comprehensive liability insurance or indemnification, as a result of increased exposure to litigation costs and risks resulting from their service to such corporations, and because the exposure frequently bears no reasonable relationship to the compensation of such directors, officers and other agents;

WHEREAS, the statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous, or conflicting, and therefore fail to provide such directors, officers and agents with adequate, reliable knowledge of legal risks to which they are exposed or information regarding the proper course of action to take;

WHEREAS, plaintiffs often seek damages in such large amounts and the costs of litigation may be so enormous (whether or not the case is meritorious) that the defense or settlement of such litigation is often beyond the personal resources of directors, officers and other agents;

WHEREAS, the Company believes that it is unfair for its directors, officers and agents and the directors, officers and agents of its subsidiaries to assume the risk of judgments and other expenses which may occur in cases in which the director, officer or agent received no personal profit and in cases where the director, officer or agent was not culpable;

WHEREAS, the Company recognizes that the issues in controversy in litigation against a director, officer or agent of a corporation such as the Company or any of its subsidiaries are often related to the knowledge, motives and intent of such director, officer or agent, that he or she is usually the only witness with knowledge of the essential facts and exculpatory circumstances regarding such matters, and that the long period of time that usually elapses before the trial or other disposition of such litigation often extends beyond the time that the director, officer or agent can reasonably recall such matters; and may extend beyond the normal time for retirement for such director, officer or agent with the result that he or she (after retirement) or (in the event of his or her death) his or her spouse, heirs, executors or administrators, may be faced with limited ability and undue hardship in maintaining an adequate defense, which may discourage such a director, officer or agent from serving in that position;

WHEREAS, based upon the experience of members of the Board of Directors as business managers, the Board of Directors of the Company (the “Board”) (i) has concluded that, to retain and attract talented and experienced individuals to serve as directors, officers and agents of the Company and its subsidiaries and to encourage such individuals to take the business risks necessary for the success of the Company and its subsidiaries, it is necessary for the Company to contractually indemnify its directors, officers and agents and the directors, officers and agents of its subsidiaries, and to assume for itself maximum liability for expenses and damages in

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connection with claims against such directors, officers and agents in connection with their service to the Company and its subsidiaries, and (ii) has further concluded that the failure to provide such contractual indemnification could result in great harm to the Company and its subsidiaries and the Company’s shareholders;

WHEREAS, Article 2.02-1 of the Texas Business Corporation Act, under which the Company is organized (“Article 2.02-1”), empowers the Company to indemnify its directors, officers, employees and agents by agreement and to indemnify persons who serve, at the request of the Company, as the directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by Article 2.02-1 is not exclusive;

WHEREAS, the Company desires and has requested Indemnitee to serve or continue to serve as a director, officer or agent of the Company or one or more subsidiaries of the Company free from undue concern for claims for damages arising out of or related to such services to the Company or one or more subsidiaries of the Company; and

WHEREAS, Indemnitee is willing to serve, or to continue to serve, the Company or one or more subsidiaries of the Company, provided that Indemnitee is furnished the indemnity provided for herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

SECTION 1. DEFINITIONS.

(a) **Agent.** For the purposes of this Agreement, “agent” of the Company means any person who (i) is or was a director, officer, employee or other agent of the Company or a subsidiary of the Company, (ii) is or was serving at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, (iii) was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Company or a subsidiary of the Company, or (iv) was a director, officer, employee or agent of another enterprise at the request of, for the convenience of, or to represent the interests of such predecessor corporation.

(b) **ERISA.** For the purposes of this Agreement, “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(c) **Expenses.** For purposes of this Agreement, “expenses” includes all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys’ fees and related disbursements, other out-of-pocket costs and reasonable compensation for time spent by the Indemnitee for which Indemnitee is not otherwise compensated by the Company or any third party) actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a proceeding or the establishment or enforcement of a right to indemnification under this Agreement or Article

(d) Proceeding. For the purposes of this Agreement, “proceeding” means any threatened, pending, or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether civil, criminal, administrative, investigative or any other type whatsoever in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was an agent of the Company, by reason of any action taken by Indemnitee while acting as an agent of the Company, or by reason of the fact that Indemnitee is or was serving at the request of the Company as an agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred of which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

(e) Subsidiary. For purposes of this Agreement, “subsidiary” means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries of the Company, or by one or more other subsidiaries of the Company.

SECTION 2. AGREEMENT TO SERVE.

Indemnitee agrees to serve or continue to serve as an agent of the Company, at its will (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of the Company, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws of the Company or any subsidiary of the Company or until such time as Indemnitee tenders Indemnitee’s resignation in writing; provided, however, that nothing contained in this Agreement is intended to create any right to continued employment by Indemnitee.

SECTION 3. LIABILITY INSURANCE.

(a) Maintenance of D&O Insurance. The Company hereby covenants and agrees that, so long as Indemnitee shall continue to serve as an agent of the Company and thereafter so long as Indemnitee shall be subject to any possible proceeding by reason of the fact that Indemnitee was an agent of the Company, the Company, subject to Section 3(c), shall promptly obtain and maintain in full force and effect directors’ and officers’ liability insurance (“D&O Insurance”) in reasonable amounts from established and reputable insurers.

(b) Rights and Benefits. In all policies of D&O Insurance, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits as are accorded to the most favorably insured of the Company’s directors, if Indemnitee is a director, or of the Company’s officers, if Indemnitee is not a director of the Company but is an officer, or of the Company’s key employees, if Indemnitee is not a director or officer.

(c) Limitation on Required Maintenance of D&O Insurance. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage

provided by such insurance is limited by exclusions so as to provide an insufficient benefit, or Indemnitee is covered by similar insurance maintained by a subsidiary of the Company or by another person pursuant to a contractual obligation owed to the Company or Indemnitee.

SECTION 4. MANDATORY INDEMNIFICATION.

Subject to Section 10 below, the Company shall indemnify Indemnitee as follows:

(a) Successful Defense. To the extent Indemnitee has been successful on the merits or otherwise in defense of any proceeding (including, without limitation, an action by or in the right of the Company) to which Indemnitee was a party by reason of the fact that Indemnitee is or was or had agreed to become an agent of the Company at any time, the Company shall indemnify Indemnitee against all expenses of any type whatsoever actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of such proceeding.

(b) Third-Party Actions. If Indemnitee was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that Indemnitee is or was or had agreed to become an agent of the Company, or by reason of anything done or not done by Indemnitee in any such capacity, the Company shall indemnify Indemnitee against any and all expenses and liabilities of any type whatsoever (including, without limitation, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding, provided Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and its shareholders, and, with respect to any criminal action or proceeding, had no reasonable cause to believe Indemnitee’s conduct was unlawful.

(c) Derivative Actions. If Indemnitee was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that Indemnitee is or was or had agreed to become an agent of the Company, or by reason of anything done or not done by Indemnitee in any such capacity, the Company shall indemnify Indemnitee against any amounts paid in settlement of any such proceeding and all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement, or appeal of such proceeding, provided Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and its shareholders. The Company shall indemnify Indemnitee against judgments, fines, ERISA excise taxes and penalties to the same extent and subject to the same conditions as described in the immediately preceding sentence. Notwithstanding the foregoing, no indemnification under this Section 4(c) shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged to be liable to the Company by a court of competent

jurisdiction unless (and only to the extent that) the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such amounts which the court shall deem proper.

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(d) Actions Where Indemnitee is Deceased. If Indemnitee was or is a party or is threatened to be made a party to any proceeding by reason of the fact that Indemnitee is or was or had agreed to become an agent of the Company, or by reason of anything done or not done by Indemnitee in any such capacity, and if prior to, during the pendency of or after completion of such proceeding Indemnitee becomes deceased, the Company shall indemnify Indemnitee's heirs, executors and administrators against any and all expenses and liabilities of any type whatsoever (including, without limitation, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) actually and reasonably incurred to the extent Indemnitee would have been entitled to indemnification pursuant to Section 4(a), 4(b) or 4(c) above were Indemnitee still alive.

(e) Actions Where Indemnitee is a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of the fact that Indemnitee is or was an agent of the Company, a witness in any proceeding to which Indemnitee is not a party, the Company shall indemnify Indemnitee against all expenses reasonably and actually incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

(f) Limit to Indemnity. Notwithstanding the foregoing, the Company shall not be obligated to indemnify Indemnitee for expenses or liabilities of any type whatsoever (including, without limitation, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) for which payment is actually made to Indemnitee under a valid and collectible policy of D&O Insurance, or under a valid and enforceable indemnity clause, bylaw or other agreement, except in respect of any excess beyond payment under such insurance, clause, bylaw or agreement.

(g) Good Faith Defined. For purposes of this Agreement, Indemnitee shall be deemed to have acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and its shareholders, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe Indemnitee's conduct was unlawful, if in either such case Indemnitee's action is based on the records or books of account of the Company or any of its subsidiaries, or on information supplied to Indemnitee by the officers of the Company or any of its subsidiaries in the course of Indemnitee's duties, or on the advice (which advice shall, in the case of any criminal act or proceeding, be in writing) of legal counsel for the Company or any of its subsidiaries, or on information or records given or reports made to the Company or any of its subsidiaries by an independent certified public accountant or by an appraiser or other expert selected by the Company or any of its subsidiaries. The provisions of this Section 4(g) shall not be deemed to be exclusive or to limit in any way the circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct required to entitle Indemnitee to indemnification hereunder. Further, the termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or its shareholders and, with respect to any criminal action or proceeding, had reasonable cause to believe that such Indemnitee's conduct was unlawful.

(h) No Imputation. The knowledge or actions or failure to act of any other director, officer, employee or agent of the Company or other enterprise, as applicable, shall not be

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imputed to Indemnitee for purposes of determining Indemnitee's entitlement to indemnification under this Agreement.

SECTION 5. PARTIAL INDEMNIFICATION.

If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, without limitation, judgments, fines, ERISA excise taxes and penalties, and amounts paid in settlement) incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is not entitled to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which the Indemnitee is entitled.

SECTION 6. MANDATORY ADVANCEMENT OF EXPENSES.

Subject to Section 10(a) below, the Company shall advance all expenses incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which Indemnitee is a party or is threatened to be made a party by reason of the fact that Indemnitee is or was or had agreed to become an agent of the Company. Such advances shall be made on an unsecured basis, shall be interest free and shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under this Agreement or otherwise; provided, however, that as a condition to the advancement of expenses with respect to a proceeding, the Company may require that Indemnitee provide a written affirmation of Indemnitee's good faith belief that Indemnitee has met the standard of conduct necessary for indemnification under Texas law and a written undertaking to repay such amounts advanced only if, and to the extent that, it shall be ultimately determined pursuant to Section 8 hereof that Indemnitee is not entitled to be indemnified hereunder by the Company with respect thereto. The advances to be made hereunder shall be paid by the Company to Indemnitee within 20 days following delivery of a written request therefor by Indemnitee to the Company.

SECTION 7. NOTICE AND OTHER INDEMNIFICATION PROCEDURES.

(a) Promptly after receipt by Indemnitee of notice of the commencement of, or the threat of commencement of, any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement, or threat of commencement, thereof, provided that any failure to so notify shall not relieve the Company from any liability it may have to Indemnitee hereunder except to the extent the Company is materially prejudiced thereby.

(b) If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7(a) hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) In the event the Company shall be obligated to pay the expenses of any proceeding against Indemnitee, the Company, if appropriate, shall be entitled to assume the

defense of such proceeding, with counsel reasonably satisfactory to Indemnitee, upon the delivery to Indemnitee of written notice of its election so to do. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding; provided, however, that (i) the Company shall not settle any proceeding (in whole or in part) which would impose any expense, liability or limitation on Indemnitee without Indemnitee's prior written consent, such consent not to be unreasonably withheld, (ii) Indemnitee shall have the right to employ separate counsel in any such proceeding at Indemnitee's expense and (iii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not, in fact, have employed counsel within a reasonable period of time to assume the defense of such proceeding, the fees and expenses of Indemnitee's separate counsel shall be at the expense of the Company.

SECTION 8. DETERMINATION OF RIGHT TO INDEMNIFICATION.

(a) To the extent Indemnitee has been successful on the merits or otherwise in the defense of any proceeding referred to in Section 4(a), 4(b), 4(c) or 4(d) of this Agreement or in the defense of any claim, issue or matter described therein, the Company shall indemnify Indemnitee against expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of such proceeding.

(b) Indemnitee shall be entitled to select the forum for determining, as described below, the validity of any claim by the Company that Indemnitee is not entitled to indemnification hereunder, which forum shall determine that Indemnitee is entitled to such indemnification unless the Company shall prove by clear and convincing evidence that (i) Indemnitee has not met the applicable standard of conduct required to entitle Indemnitee to such indemnification or that indemnification is otherwise not required pursuant to Section 4 or Section 10 hereof and (ii) the requirements of Section 8(a) have not been met. The forum shall determine that Indemnitee is entitled to enforce a claim for advancement of expenses pursuant to Section 6 hereof unless the Company shall prove by clear and convincing evidence that Indemnitee has not tendered the required undertaking to the Company. Indemnitee shall be entitled to select the forum from the following list:

- (i) a quorum of the Board consisting of directors who are not parties to the proceeding for which indemnification is being sought;
- (ii) the shareholders of the Company;
- (iii) legal counsel selected by Indemnitee, and reasonably approved by the Board, which counsel shall make such determination in a written opinion; or
- (iv) a panel of three arbitrators, one of whom is selected by the Company, another of whom is selected by Indemnitee and the last of whom is selected by the first two arbitrators so selected.

(c) As soon as practicable, and in no event later than 30 days after written notice of Indemnitee's choice of forum pursuant to Section 8(b) above, the Company shall, at its own expense, submit to the selected forum, in such manner as Indemnitee or Indemnitee's counsel may reasonably request, its claim that Indemnitee is not entitled to indemnification, and the Company shall act in the utmost good faith to assure Indemnitee a complete opportunity to defend against such claim.

(d) If the forum selected in Section 8(b) above determines that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 20 days after such determination.

(e) Any right to indemnification or advances granted by this Agreement to Indemnitee shall be enforceable by or on behalf of Indemnitee in the court in which that proceeding is or was pending or any other court of competent jurisdiction, if (i) the claim for indemnification or advances is denied, in whole or in part, (as further discussed in Section 9 below) or (ii) no disposition of such claim is made within 90 days of request therefor. Indemnitee shall be entitled to indemnification unless the Company shall prove by clear and convincing evidence that (i) Indemnitee has not met the applicable standard of conduct required to entitle Indemnitee to such indemnification or that indemnification is otherwise not required pursuant to Section 4 or Section 10 hereof and (ii) the requirements of Section 8(a) have not been met. Indemnitee shall be entitled to enforce a claim for expenses pursuant to Section 6 hereof unless the Company shall prove by clear and convincing evidence that Indemnitee has not tendered the required affirmation and undertaking to the Company. Neither the failure of the Company (including its Board of Directors or its shareholders) to have made a determination prior to the commencement of such enforcement action that indemnification of Indemnitee is proper in the circumstances nor an actual determination by the Company (including its Board of Directors or its shareholders) that such indemnification is improper shall be a defense to the action or create a presumption that the Indemnitee is not entitled to indemnification under this Agreement or otherwise.

(f) Notwithstanding any other provision in this Agreement to the contrary, the Company shall indemnify Indemnitee against all expenses incurred by Indemnitee in connection with any hearing or proceeding under this Section 8 involving Indemnitee and against all expenses incurred by Indemnitee in connection with any other proceeding between the Company and Indemnitee involving the interpretation or enforcement of the rights of

Indemnitee under this Agreement, unless a court of competent jurisdiction finds that each of the claims or defenses of Indemnitee in any such proceeding was frivolous or made in bad faith.

SECTION 9. RIGHTS TO ADJUDICATION OF ADVERSE DETERMINATION, ETC.

(a) Adjudication or Arbitration. Indemnitee shall be entitled to an adjudication (by a court of competent jurisdiction or, at Indemnitee's option, through an arbitration conducted by a panel of three arbitrators (selected in the same manner presented in Section 8(b)(iv)) pursuant to the Commercial Arbitration Rules of the American Arbitration Association) of any determination pursuant to Section 8 that Indemnitee is not entitled to indemnification under this Agreement. Any such adjudication shall be conducted in all respects as a *de novo* trial or arbitration on the merits, and any prior adverse determination shall not be referenced to or introduced into

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evidence, create a presumption that Indemnitee is not entitled to indemnification or advancement of expenses, be a defense or otherwise adversely affect Indemnitee. In any such judicial proceeding or arbitration, the provisions of Section 8(e) (including the presumption in favor of Indemnitee and the burdens on the Company) shall apply.

(b) Indemnitee shall also be entitled to an adjudication (by a court of competent jurisdiction or, at Indemnitee's option, through an arbitration as described above) of any other disputes under this Agreement.

(c) If a determination shall have been made pursuant to Section 8 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 9, absent a misstatement of a material fact in the information provided by Indemnitee pursuant to Section 7 or Section 8 or an omission of a material fact necessary in order to make the information provided not misleading.

(d) In connection with any judicial proceeding or arbitration commenced pursuant to this Section 9, the Company shall not oppose Indemnitee's right to seek such adjudication, shall be precluded from asserting that the procedures and presumptions of this Agreement are not valid, binding or enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

SECTION 10. EXCEPTIONS.

Any other provision herein to the contrary notwithstanding:

(a) Claims Initiated by the Indemnitee. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense, unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the Texas Business Corporation Act or (iv) the proceeding is brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under Article 2.02-1.

(b) Lack of Good Faith. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee for any expenses incurred by Indemnitee with respect to any proceeding instituted by the Indemnitee to enforce or interpret this Agreement if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous.

(c) Unauthorized Settlements. The Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement (without the authorization of the Company) of a proceeding unless Indemnitee in making such settlement acted reasonably and in good faith.

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SECTION 11. MISCELLANEOUS.

(a) Non-exclusivity. The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may have under any provision of law, the direction (howsoever embodied) of any court of competent jurisdiction, the Company's Articles of Incorporation or Bylaws, the vote of the Company's shareholders or disinterested directors, other agreements, or otherwise, both as to action in Indemnitee's official capacity and to action in another capacity while occupying Indemnitee's position as an agent of the Company, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of Indemnitee.

(b) Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all the rights of recovery of Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

(c) Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee or on Indemnitee's behalf, whether for liabilities and/or expenses in connection with any proceeding or other expenses relating to an indemnifiable event or transaction under this Agreement, in such proportion as is deemed fair and reasonable in light of all the circumstances of such action, suit or other proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) or transaction(s) giving rise to such action, suit or other proceeding, and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

(d) Survival of Rights.

(i) All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible claim or proceeding.

(ii) The Company shall require any successor to the Company or to all or substantially all the business or assets of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise, and through a single transaction or a series of transactions), expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent permitted by law, including those circumstances in which indemnification would otherwise be discretionary.

(f) Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held to be invalid, illegal or unenforceable and to give effect to Section 8 hereof.

(g) Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

(h) Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand and received for by the party addressee or (ii) if mailed by certified or registered mail, with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown opposite such party's signature to this Agreement or as subsequently modified by written notice.

(i) Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of Texas as applied to contracts between Texas residents entered into and to be performed entirely within Texas.

(j) Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Texas for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Texas.

(k) Entire Agreement. Subject to Section 11(a) hereof, this Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered herein. This Section 11(k) shall not be construed to limit any other rights Indemnitee may have under the Company's Articles of Incorporation, the Company's Bylaws, applicable law or otherwise.

(l) Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND HEREBY, the parties hereto have entered into this Indemnity Agreement effective as of the date first above written.

ADDRESSES:

555 IH 35 South
New Braunfels, Texas 78130

THE COMPANY:

RUSH ENTERPRISES, INC.

By: _____
Name: _____
Title: _____

INDEMNITEE:

[Name]



DISPUTES RELATING TO THIS AGREEMENT ARE REQUIRED TO BE SETTLED PURSUANT TO CERTAIN DISPUTE RESOLUTION PROCEDURES AS PROVIDED IN ARTICLE 7 AND APPENDIX A OF THIS AGREEMENT.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into effective as of the 23rd day of February, 2007, between Daryl J. Gorup ("Employee"), and Rush Administrative Services, Inc., a Delaware corporation (the "Company"), whose principal executive offices are located in New Braunfels, Texas.

WHEREAS, the Company desires to employ Employee, and Employee desires to be employed by the Company, on terms hereinafter set forth;

NOW, THEREFORE, in consideration for the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DUTIES

1.1 Employment. During the term of this Agreement, the Company agrees to employ Employee, and Employee accepts such employment, on the terms and conditions set forth in this Agreement.

1.2 Extent of Service. During the term of this Agreement, Employee shall devote his or her full-time business time, energy and skill to the affairs of the Company and its affiliated companies, and Employee shall not be engaged in any other business or consulting activities pursued for gain, profit or other pecuniary advantage. The foregoing shall not prevent Employee from making monetary investments in businesses, provided that such investments do not involve any services on the part of Employee in the operation or affairs of such businesses.

1.3 Duties. Employee's duties hereunder shall include such duties as may be prescribed from time to time by Employee's supervisors or the Board of Directors of the Company (the "Board"). Employee shall also perform, without additional compensation, such duties for the Company's affiliated companies.

1.4 Access to and Use of Proprietary Information. Employee recognizes and the Company agrees that, to assist Employee in the performance of his or her duties hereunder, Employee will be provided access to and limited use of proprietary and confidential information of the Company. Employee further recognizes that, as a part of his or her employment with the Company, Employee will benefit from and Employee's qualifications will be enhanced by additional training, education and experience which will be provided to Employee by the Company directly and/or as a result of work projects assigned by the Company in which proprietary and confidential information of the Company is utilized by Employee.

ARTICLE 2

TERM OF EMPLOYMENT

The term of this Agreement shall commence on the date hereof and continue until terminated pursuant to Article 4 hereof.

ARTICLE 3

COMPENSATION

3.1 Monthly Base Salary. As compensation for services rendered under this Agreement, Employee shall be entitled to receive from the Company a monthly base salary (before standard deductions) equal to \$22,000, subject to periodic review and upward adjustment by the Board in its sole discretion (downward adjustment shall not be permitted). Employee's monthly base salary shall be payable at regular intervals (at least semi-monthly) in accordance with the prevailing practice and policy of the Company.

3.2 Discretionary Performance Bonus. As additional compensation for services rendered under this Agreement, Employee shall also be eligible to receive a discretionary performance bonus if, as and when declared by the Board in its sole discretion.

3.3 Benefits. Employee shall, in addition to the compensation provided for herein, be entitled to the following additional benefits:

(a) Medical, Health and Disability Benefits. Employee shall be entitled to receive all medical, health and disability benefits that may, from time to time, be provided by the Company to all employees of the Company as a group.

(b) Other Benefits. Employee shall also be entitled to receive any other benefits that may, from time to time, be provided by the Company to all employees of Company as a group.

(c) Vacation. Employee shall be entitled to an annual vacation as determined in accordance with the prevailing practice and policy of the Company.

(d) Holidays. Employee shall be entitled to holidays in accordance with the prevailing practice and policy of the Company.

(e) Reimbursement of Expenses. The Company shall reimburse Employee for all expenses reasonably incurred by Employee in conjunction with the rendering of services at the Company's request, provided that such expenses are incurred in accordance with the prevailing practice and policy of the Company and are properly deductible by the Company for federal income tax purposes. As a condition to such reimbursement, Employee shall submit an itemized accounting of such expenses in reasonable detail, including receipts where required under federal income tax laws.

(f) Annual Physical. Employee shall be entitled to receive an annual physical, which shall be paid for by the Company on Employee's behalf.

ARTICLE 4
TERMINATION

4.1 Termination With Notice. This Agreement may be terminated by the Company or Employee, without cause, upon 12 months' prior written notice thereof given by one party to the other party. In the event of termination pursuant to this Section 4.1, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. Notwithstanding the foregoing, in lieu of continuing the employment of Employee for a period of 12 months after notice of termination is given under this Section 4.1, the Company may, in its sole discretion, elect to terminate this Agreement immediately and pay Employee a lump-sum equal to (a) Employee's monthly base salary (subject to standard deductions) for the month of termination earned *pro rata* to the date of such notification of termination, *plus* (b) 12 months of Employee's then effective base salary (subject to standard deductions), *plus* (c) an amount equal to (subject to standard deductions) a percentage of the bonus received by Employee in connection with services rendered during the calendar year immediately preceding the date of termination (without regard to the year in which actual payment of such bonus is made), with such percentage being (i) 0% if Employee has been employed by the Company on a continuous basis for less than three years, (ii) 16.67% if the Employee has been employed by the Company on a continuous basis for at least three years but less than four years, (iii) 33.34% if Employee has been employed by the Company on a continuous basis for at least four years but less than five years, and (iv) 50% if Employee has been employed by the Company on a continuous basis for five or more years. Continuous service as described in the previous sentence shall include all continuous service to the Company, whether provided before or after the date of this Agreement, as determined in the sole discretion of the Company. In addition, Employee shall be entitled to continue to be covered under the Company's group health insurance program pursuant to benefit continuation as prescribed in the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Such COBRA benefits shall commence on the date of termination and the Company shall pay, on Employee's behalf, any and all costs associated with extending such group health benefits under COBRA for a period of 12 months following the termination date. Upon payment of the foregoing, the Company shall have no further obligations to Employee hereunder.

4.2 Termination For Cause. This Agreement may be terminated by the Company for "Cause" (hereinafter defined) upon written notice thereof given by the Company to Employee. In the event of termination pursuant to this Section 4.2, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. The term "Cause" shall include, without limitation, the following, as determined by the Board in its sole judgment: (i) Employee breaches any of the terms of this Agreement; (ii) Employee is convicted of a felony; (iii) Employee fails, after at least one warning, to perform duties assigned under this Agreement (other than a failure due to death or physical or mental disability); (iv) Employee intentionally engages in conduct which is demonstrably and materially injurious to the

Company; (v) Employee commits fraud or theft of personal or Company property from Company premises; (vi) Employee falsifies Company documents or records; (vii) Employee engages in acts of gross carelessness or willful negligence to endanger life or property on Company premises; (viii) Employee uses, distributes or is under the influence of illegal drugs, alcohol or any other intoxicant on Company premises; (ix) Employee possesses or stores hand guns on Company premises; or (x) Employee intentionally violates state, federal or local laws and regulations.

4.3 Termination Upon Death or Disability. In the event that Employee dies, this Agreement shall terminate upon Employee's death. Likewise, if Employee becomes unable to perform the essential functions of his or her duties hereunder, with or without reasonable accommodation, on account of illness, disability or other reason whatsoever for a period of more than 180 consecutive or nonconsecutive days in any 12-month period, the Company may, upon notice to Employee, terminate this Agreement. In the event of termination pursuant to this Section 4.3, Employee (or his or her legal representatives) shall be entitled only to his or her monthly base salary earned *pro rata* for services actually rendered prior to the date of such termination; *provided, however*, Employee shall not be entitled to his or her monthly base salary for any period with respect to which Employee has received short-term or long-term disability benefits under employee benefit plans maintained from time to time by the Company.

4.4 Survival of Provisions. The covenants and provisions of Articles 5, 6 and 7 hereof shall survive any termination of this Agreement and continue for the periods indicated, regardless of how such termination may be brought about.

ARTICLE 5
PROPRIETARY PROPERTY; CONFIDENTIAL INFORMATION

5.1 Proprietary Property; Confidential Information. Employee acknowledges that in and as a result of Employee's employment hereunder, Employee will be making use of, acquiring and/or adding to confidential information and proprietary property of a special and unique nature and value relating to such matters as the Company's trade secrets, systems, procedures, manuals, confidential reports and lists of customers ("Confidential Information"). As a material inducement to the Company to enter into this Agreement and to pay to Employee the compensation and benefits stated herein, the Employee covenants and agrees that Employee shall not, at any time during or following the term of Employee's employment, directly or indirectly, divulge or disclose for any purpose whatsoever any Confidential Information or proprietary information of the Company. Upon termination of this Agreement, regardless of how such termination may be brought about, Employee shall deliver to the Company any and all documents, instruments, notes, papers or other expressions or embodiments of confidential information which are in Employee's possession or control.

5.2 Publicity. During the term of this Agreement and for a period of ten years thereafter, Employee shall not, directly or indirectly, originate or participate in the origination of any publicity, news release or other public announcements, written or oral, whether to the public press or otherwise, relating to this Agreement, to any amendment hereto, to Employee's employment hereunder or to the Company, without the prior written approval of the Company.

ARTICLE 6
RESTRICTIVE COVENANTS

6.1 Non-Competition. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby covenants and agrees that during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, as proprietor, partner, stockholder, director, officer, employee, consultant, joint venturer, investor or in any other capacity, engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control, of any entity which engages in one of the Company's major geographical or commercial markets in the business of selling, servicing, renting, leasing, insuring or financing new or used Class 3 through 8 trucks or any other business activity in which the Company participates during Employee's employment with the Company; *provided, however*, the foregoing shall not, in any event, prohibit Employee from purchasing and holding as an investment not more than 1% of any class of publicly traded securities of any entity which conducts a business in competition with the business of the Company, so long as Employee does not participate in any way in the management, operation or control of such entity. It is further recognized and agreed that, even though an activity may not be restricted under the foregoing provision, Employee shall not during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, provide any services to any person or entity which may be used against, or in conflict with the interests of, the Company or its customers or clients.

6.2 Judicial Reformation. Employee acknowledges that, given the nature of the Company's business, the covenants contained in Section 6.1 establish reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is reasonably necessary to protect and preserve the goodwill of the Company's business and to protect its legitimate business interests. If, however, Section 6.1 is determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too long a period of time or over too large a geographic area or by reason of it being too extensive in any other respect or for any other reason, it will be interpreted to extend only over the longest period of time for which it may be enforceable and/or over the largest geographic area as to which it may be enforceable and/or to the maximum extent in all other aspects as to which it may be enforceable, all as determined by such court.

6.3 Customer Lists; Non-Solicitation. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby further covenants and agrees that for a period of 12 months following the termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, (a) use or make known to any person or entity

the names or addresses of any clients or customers of the Company or any other information pertaining to them, (b) call on, solicit, take away or attempt to call on, solicit or take away any clients or customers of the Company on whom Employee called or with whom he or she became acquainted during his or her employment with the Company, nor (c) recruit, hire or attempt to recruit or hire any employees of the Company.

ARTICLE 7 ARBITRATION

Except for the provisions of Articles 5 and 6 of this Agreement dealing with proprietary property, confidential information and restrictive covenants, with respect to which the Company expressly reserves the right to petition a court directly for injunctive and other relief, any claim, dispute or controversy of any nature whatsoever, including but not limited to tort claims or contract disputes between the parties to this Agreement or their respective heirs, executors, administrators, legal representatives, successors and assigns, as applicable, arising out of or related to Employee's employment or the terms and conditions of this Agreement, including the implementation, applicability or interpretation thereof, shall be resolved in accordance with the dispute resolution procedures set forth in Appendix A attached hereto and made a part hereof.

ARTICLE 8 MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, mailed by certified mail (return receipt requested) or sent by an overnight delivery service with tracking procedures or by facsimile to the parties at the following addresses or at such other addresses as shall be specified by the parties by like notice: If to Employee, at the address set forth below his or her name on the signature page hereof; and if to the Company, at 555 I.H. 35 North, New Braunfels, Texas 78130, Attention: Chairman of the Board and Chief Executive Officer.

8.2 Equitable Relief. In the event of a breach or a threatened breach by Employee of any of the provisions contained in Article 5 or 6 of this Agreement, Employee acknowledges that the Company will suffer irreparable injury not fully compensable by money damages and, therefore, will not have an adequate remedy available at law. Accordingly, the Company shall be entitled to obtain such injunctive relief or other equitable remedy from any court of competent jurisdiction as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition to and without prejudice to any other rights that the Company may have under this Agreement, at law or in equity, including, without limitation, the right to sue for damages.

8.3 No Rights in Contracts. Employee acknowledges and agrees that he or she shall not have any rights in or to any contracts entered into with clients or customers of the Company in connection with services provided by Employee hereunder (including those in which Employee may be specifically named with the Company), unless otherwise agreed to in writing by the Company.

8.4 Assignment. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. Employee's rights under this Agreement are not assignable and any attempted assignment thereof shall be null and void.

8.5 Governing Law; Venue. This Agreement shall be subject to and governed by the laws of the State of Texas. Non-exclusive venue for any action permitted hereunder shall be proper in San Antonio, Bexar County, Texas, and Employee hereby consents to such venue.

8.6 Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties and supersedes all other agreements between the parties which may relate to the subject matter contained in this Agreement. This Agreement may not be amended or modified except by an agreement in writing which refers to this Agreement and is signed by both parties.

8.7 Headings. The headings of sections and subsections of this Agreement are for convenience only and shall not in any way affect the interpretation of any provision of this Agreement or of the Agreement itself.

8.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.9 Waiver. The waiver by any party of a breach of any provision hereof shall not be deemed to constitute the waiver of any prior or subsequent breach of the same provision or any other provisions hereof. Further, the failure of any party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement unless such party expressly waives such provision pursuant to a written instrument which refers to this Agreement and is signed by such party.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

RUSH ADMINISTRATIVE SERVICES, INC.

By: /s/ W. Marvin Rush
W. Marvin Rush,
Chief Executive Officer

EMPLOYEE:

/s/ Daryl J. Gorup
Daryl J. Gorup

APPENDIX A

DISPUTE RESOLUTION PROCEDURES

Re: Employment Agreement dated February 23, 2007 (including any amendments, the "Agreement"), between Rush Administrative Services, Inc., a Delaware corporation (the "Company"), and Daryl J. Gorup ("Employee"). Unless otherwise defined in this Appendix A, terms defined in the Agreement and used herein shall have the meanings set forth therein.

A. Negotiations. If any claim, dispute or controversy described in Article 7 of the Agreement (collectively, the "Dispute") arises, either party may, by written notice to the party, have the Dispute referred to the persons designated below for attempted resolution by good faith negotiations within 45 days after such written notice is received. Such designated persons are as follows:

1. Company. The Chairman of the Board and Chief Executive Officer or his designee; and
2. Employee. Employee or his or her designee.

Any settlement reached by the parties under this paragraph A shall not be binding until reduced to writing and signed by both parties. When reduced to writing, such settlement agreement shall supersede all other agreements, written or oral, to the extent such agreements specifically pertain to the matters so settled. If the above-designated persons are unable to resolve such dispute within such 45-day period, either party may invoke the provisions of paragraph B below.

B. Arbitration. All Disputes shall be settled by negotiation among the parties as described in paragraph A above or, if such negotiation is unsuccessful, by binding arbitration in accordance with procedures set forth in paragraphs C and D below.

C. Notice. Notice of demand for binding arbitration by one party shall be given in writing to the other party pursuant to the Agreement. In no event may a notice of demand of any kind be filed more than one (1) year after the date the Dispute is first asserted in writing to the other party pursuant to paragraph A above, and if such demand is not timely filed, the Dispute referenced in the notice given pursuant to paragraph A above shall be deemed released, waived, barred and unenforceable for all time, and barred as if by statute of limitations.

D. Binding Arbitration. Upon filing of a notice of demand for binding arbitration by either party, arbitration shall be commenced and conducted as follows:

1. Arbitrators. All Disputes and related matters in question shall be referred to and decided and settled by a panel of three arbitrators, one selected by the Company, one selected by Employee and the third selected by the two arbitrators so selected. Selection of the arbitrators to be

selected the Company and Employee shall be made within ten (10) business days after the date of giving of a notice of demand for arbitration, and the two

arbitrators so appointed shall appoint the third within 10 business days following their appointment.

2. Cost of Arbitration. The cost of arbitration proceedings, including without limitation the arbitrators' compensation and expenses, hearing room charges, court reporter transcript charges etc., shall be borne by the parties equally or otherwise as the arbitrators may determine. The arbitrators may award the prevailing party its reasonable attorneys' fees and costs incurred in connection with the arbitration. The arbitrators are specifically instructed to award attorneys' fees for instances of abuse in the discovery process.

3. Location of Proceedings. The arbitration proceedings shall be held in San Antonio, Texas, unless the parties agree otherwise.

4. Pre-hearing Discovery. The parties shall have the right to conduct and enforce pre-hearing discovery in accordance with the then current Federal Rules of Civil Procedure, subject to these limitations:

(a) Each party may serve no more than one set of interrogatories limited to 30 questions, including sub-parts;

(b) Each party may depose the other party's expert witnesses who will be called to testify at the hearing, plus two fact witnesses without regard to whether they will be called to testify (each party will be entitled to a total of no more than 24 hours of deposition time of the other party's witnesses), provided however, that the arbitrators may provide for additional depositions upon showing of good cause; and

(c) Document discovery and other discovery shall be under the control of and enforceable by the arbitrators.

5. Discovery disputes. All discovery disputes shall be decided by the arbitrators. The arbitrators are empowered;

(a) to issue subpoenas to compel pre-hearing document or deposition discovery;

(b) to enforce the discovery rights and obligations of the parties; and

(c) to otherwise to control the scheduling and conduct of the proceedings.

Notwithstanding any contrary foregoing provisions, the arbitrators shall have the power and authority to, and to the fullest extent practicable shall, abbreviate arbitration discovery in a manner which is fair to all parties in order to expedite the conclusion of each alternative dispute resolution proceeding.

6. Pre-hearing Conference. Within fifteen (15) days after selection of the third arbitrator, or as soon thereafter as is mutually convenient to the arbitrators, the arbitrators shall hold a pre-hearing conference to establish schedules for completion of discovery, for exchange of exhibit and witness lists, for arbitration briefs and for the hearing, and to decide procedural matters and address all other questions that may be presented.

7. Hearing Procedures. The hearing shall be conducted to preserve its privacy and to allow reasonable procedural due process. Rules of evidence need not be strictly followed, and the hearing shall be streamlined as follows:

(a) Documents shall be self-authenticating, subject to valid objection by the opposing party;

(b) Expert reports, witness biographies, depositions and affidavits may be utilized, subject to the opponent's right of a live cross-examination of the witness in person;

(c) Charts, graphs and summaries shall be utilized to present voluminous data, provided (i) that the underlying data is made available to the opposing party thirty (30) days prior to the hearing, and (ii) that the preparer of each chart, graph or summary is available for explanation and live cross-examination in person;

(d) The hearing should be held on consecutive business days without interruption to the maximum extent practicable; and

(e) The arbitrators shall establish all other procedural rules for the conduct of the arbitration in accordance with the rules of arbitration of the Center for Public Resources.

8. Governing Law. This arbitration provision shall be governed by, and all rights and obligations specifically enforceable under and pursuant to, the Federal Arbitration Act (9 U.S.C. Sections 1-14.)

9. Consolidation. No arbitration shall include, by consolidation, joinder or in any other manner, any additional person not a party to the Agreement, except by written consent of both parties containing a specific reference to these provisions.

10. Award. The arbitrators are empowered to render an award of general compensatory damages and equitable relief (including, without limitations, injunctive relief), but are not empowered to award exemplary, special or punitive damages. The award rendered by the arbitrators (a) shall be final, (b) shall not constitute a basis for collateral estoppel as to any issue and (c) shall not be subject to vacation or modification.

11. Confidentiality. The parties hereto will maintain the substance of any proceedings hereunder in confidence and the arbitrators, prior to any proceedings

hereunder, will sign an agreement whereby the arbitrators agree to keep the substance of any proceedings hereunder in confidence.

**DISPUTES RELATING TO THIS AGREEMENT ARE REQUIRED TO BE SETTLED PURSUANT TO CERTAIN
DISPUTE RESOLUTION PROCEDURES AS PROVIDED IN ARTICLE 7 AND APPENDIX A OF THIS
AGREEMENT.**

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into effective as of the 23rd day of February, 2007, between Martin A. Naegelin, Jr. ("Employee"), and Rush Administrative Services, Inc., a Delaware corporation (the "Company"), whose principal executive offices are located in New Braunfels, Texas.

WHEREAS, the Company desires to employ Employee, and Employee desires to be employed by the Company, on terms hereinafter set forth;

NOW, THEREFORE, in consideration for the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DUTIES

1.1 Employment. During the term of this Agreement, the Company agrees to employ Employee, and Employee accepts such employment, on the terms and conditions set forth in this Agreement.

1.2 Extent of Service. During the term of this Agreement, Employee shall devote his or her full-time business time, energy and skill to the affairs of the Company and its affiliated companies, and Employee shall not be engaged in any other business or consulting activities pursued for gain, profit or other pecuniary advantage. The foregoing shall not prevent Employee from making monetary investments in businesses, provided that such investments do not involve any services on the part of Employee in the operation or affairs of such businesses.

1.3 Duties. Employee's duties hereunder shall include such duties as may be prescribed from time to time by Employee's supervisors or the Board of Directors of the Company (the "Board"). Employee shall also perform, without additional compensation, such duties for the Company's affiliated companies.

1.4 Access to and Use of Proprietary Information. Employee recognizes and the Company agrees that, to assist Employee in the performance of his or her duties hereunder, Employee will be provided access to and limited use of proprietary and confidential information of the Company. Employee further recognizes that, as a part of his or her employment with the Company, Employee will benefit from and Employee's qualifications will be enhanced by additional training, education and experience which will be provided to Employee by the Company directly and/or as a result of work projects assigned by the Company in which proprietary and confidential information of the Company is utilized by Employee.

ARTICLE 2

TERM OF EMPLOYMENT

The term of this Agreement shall commence on the date hereof and continue until terminated pursuant to Article 4 hereof.

ARTICLE 3

COMPENSATION

3.1 Monthly Base Salary. As compensation for services rendered under this Agreement, Employee shall be entitled to receive from the Company a monthly base salary (before standard deductions) equal to \$20,683.33, subject to periodic review and upward adjustment by the Board in its sole discretion (downward adjustment shall not be permitted). Employee's monthly base salary shall be payable at regular intervals (at least semi-monthly) in accordance with the prevailing practice and policy of the Company.

3.2 Discretionary Performance Bonus. As additional compensation for services rendered under this Agreement, Employee shall also be eligible to receive a discretionary performance bonus if, as and when declared by the Board in its sole discretion.

3.3 Benefits. Employee shall, in addition to the compensation provided for herein, be entitled to the following additional benefits:

(a) Medical, Health and Disability Benefits. Employee shall be entitled to receive all medical, health and disability benefits that may, from time to time, be provided by the Company to all employees of the Company as a group.

(b) Other Benefits. Employee shall also be entitled to receive any other benefits that may, from time to time, be provided by the Company to all employees of Company as a group.

(c) Vacation. Employee shall be entitled to an annual vacation as determined in accordance with the prevailing practice and policy of the Company.

(d) Holidays. Employee shall be entitled to holidays in accordance with the prevailing practice and policy of the Company.

(e) Reimbursement of Expenses. The Company shall reimburse Employee for all expenses reasonably incurred by Employee in conjunction with the rendering of services at the Company's request, provided that such expenses are incurred in accordance with the prevailing practice and policy of the Company and are properly deductible by the Company for federal income tax purposes. As a condition to such reimbursement, Employee shall submit an itemized accounting of such expenses in reasonable detail, including receipts where required under federal income tax laws.

(f) Annual Physical. Employee shall be entitled to receive an annual physical, which shall be paid for by the Company on Employee's behalf.

ARTICLE 4
TERMINATION

4.1 Termination With Notice. This Agreement may be terminated by the Company or Employee, without cause, upon 12 months' prior written notice thereof given by one party to the other party. In the event of termination pursuant to this Section 4.1, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. Notwithstanding the foregoing, in lieu of continuing the employment of Employee for a period of 12 months after notice of termination is given under this Section 4.1, the Company may, in its sole discretion, elect to terminate this Agreement immediately and pay Employee a lump-sum equal to (a) Employee's monthly base salary (subject to standard deductions) for the month of termination earned *pro rata* to the date of such notification of termination, *plus* (b) 12 months of Employee's then effective base salary (subject to standard deductions), *plus* (c) an amount equal to (subject to standard deductions) a percentage of the bonus received by Employee in connection with services rendered during the calendar year immediately preceding the date of termination (without regard to the year in which actual payment of such bonus is made), with such percentage being (i) 0% if Employee has been employed by the Company on a continuous basis for less than three years, (ii) 16.67% if the Employee has been employed by the Company on a continuous basis for at least three years but less than four years, (iii) 33.34% if Employee has been employed by the Company on a continuous basis for at least four years but less than five years, and (iv) 50% if Employee has been employed by the Company on a continuous basis for five or more years. Continuous service as described in the previous sentence shall include all continuous service to the Company, whether provided before or after the date of this Agreement, as determined in the sole discretion of the Company. In addition, Employee shall be entitled to continue to be covered under the Company's group health insurance program pursuant to benefit continuation as prescribed in the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Such COBRA benefits shall commence on the date of termination and the Company shall pay, on Employee's behalf, any and all costs associated with extending such group health benefits under COBRA for a period of 12 months following the termination date. Upon payment of the foregoing, the Company shall have no further obligations to Employee hereunder.

4.2 Termination For Cause. This Agreement may be terminated by the Company for "Cause" (hereinafter defined) upon written notice thereof given by the Company to Employee. In the event of termination pursuant to this Section 4.2, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. The term "Cause" shall include, without limitation, the following, as determined by the Board in its sole judgment: (i) Employee breaches any of the terms of this Agreement; (ii) Employee is convicted of a felony; (iii) Employee fails, after at least one warning, to perform duties assigned under this Agreement (other than a failure due to death or physical or mental disability); (iv) Employee intentionally engages in conduct which is demonstrably and materially injurious to the

Company; (v) Employee commits fraud or theft of personal or Company property from Company premises; (vi) Employee falsifies Company documents or records; (vii) Employee engages in acts of gross carelessness or willful negligence to endanger life or property on Company premises; (viii) Employee uses, distributes or is under the influence of illegal drugs, alcohol or any other intoxicant on Company premises; (ix) Employee possesses or stores hand guns on Company premises; or (x) Employee intentionally violates state, federal or local laws and regulations.

4.3 Termination Upon Death or Disability. In the event that Employee dies, this Agreement shall terminate upon Employee's death. Likewise, if Employee becomes unable to perform the essential functions of his or her duties hereunder, with or without reasonable accommodation, on account of illness, disability or other reason whatsoever for a period of more than 180 consecutive or nonconsecutive days in any 12-month period, the Company may, upon notice to Employee, terminate this Agreement. In the event of termination pursuant to this Section 4.3, Employee (or his or her legal representatives) shall be entitled only to his or her monthly base salary earned *pro rata* for services actually rendered prior to the date of such termination; *provided, however*, Employee shall not be entitled to his or her monthly base salary for any period with respect to which Employee has received short-term or long-term disability benefits under employee benefit plans maintained from time to time by the Company.

4.4 Survival of Provisions. The covenants and provisions of Articles 5, 6 and 7 hereof shall survive any termination of this Agreement and continue for the periods indicated, regardless of how such termination may be brought about.

ARTICLE 5
PROPRIETARY PROPERTY; CONFIDENTIAL INFORMATION

5.1 Proprietary Property; Confidential Information. Employee acknowledges that in and as a result of Employee's employment hereunder, Employee will be making use of, acquiring and/or adding to confidential information and proprietary property of a special and unique nature and value relating to such matters as the Company's trade secrets, systems, procedures, manuals, confidential reports and lists of customers ("Confidential Information"). As a material inducement to the Company to enter into this Agreement and to pay to Employee the compensation and benefits stated herein, the Employee covenants and agrees that Employee shall not, at any time during or following the term of Employee's employment, directly or indirectly, divulge or disclose for any purpose whatsoever any Confidential Information or proprietary information of the Company. Upon termination of this Agreement, regardless of how such termination may be brought about, Employee shall deliver to the Company any and all documents, instruments, notes, papers or other expressions or embodiments of confidential information which are in Employee's possession or control.

5.2 Publicity. During the term of this Agreement and for a period of ten years thereafter, Employee shall not, directly or indirectly, originate or participate in the origination of any publicity, news release or other public announcements, written or oral, whether to the public press or otherwise, relating to this Agreement, to any amendment hereto, to Employee's employment hereunder or to the Company, without the prior written approval of the Company.

ARTICLE 6
RESTRICTIVE COVENANTS

6.1 Non-Competition. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby covenants and agrees that during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, as proprietor, partner, stockholder, director, officer, employee, consultant, joint venturer, investor or in any other capacity, engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control, of any entity which engages in one of the Company's major geographical or commercial markets in the business of selling, servicing, renting, leasing, insuring or financing new or used Class 3 through 8 trucks or any other business activity in which the Company participates during Employee's employment with the Company; *provided, however*, the foregoing shall not, in any event, prohibit Employee from purchasing and holding as an investment not more than 1% of any class of publicly traded securities of any entity which conducts a business in competition with the business of the Company, so long as Employee does not participate in any way in the management, operation or control of such entity. It is further recognized and agreed that, even though an activity may not be restricted under the foregoing provision, Employee shall not during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, provide any services to any person or entity which may be used against, or in conflict with the interests of, the Company or its customers or clients.

6.2 Judicial Reformation. Employee acknowledges that, given the nature of the Company's business, the covenants contained in Section 6.1 establish reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is reasonably necessary to protect and preserve the goodwill of the Company's business and to protect its legitimate business interests. If, however, Section 6.1 is determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too long a period of time or over too large a geographic area or by reason of it being too extensive in any other respect or for any other reason, it will be interpreted to extend only over the longest period of time for which it may be enforceable and/or over the largest geographic area as to which it may be enforceable and/or to the maximum extent in all other aspects as to which it may be enforceable, all as determined by such court.

6.3 Customer Lists; Non-Solicitation. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby further covenants and agrees that for a period of 12 months following the termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, (a) use or make known to any person or entity

the names or addresses of any clients or customers of the Company or any other information pertaining to them, (b) call on, solicit, take away or attempt to call on, solicit or take away any clients or customers of the Company on whom Employee called or with whom he or she became acquainted during his or her employment with the Company, nor (c) recruit, hire or attempt to recruit or hire any employees of the Company.

ARTICLE 7 ARBITRATION

Except for the provisions of Articles 5 and 6 of this Agreement dealing with proprietary property, confidential information and restrictive covenants, with respect to which the Company expressly reserves the right to petition a court directly for injunctive and other relief, any claim, dispute or controversy of any nature whatsoever, including but not limited to tort claims or contract disputes between the parties to this Agreement or their respective heirs, executors, administrators, legal representatives, successors and assigns, as applicable, arising out of or related to Employee's employment or the terms and conditions of this Agreement, including the implementation, applicability or interpretation thereof, shall be resolved in accordance with the dispute resolution procedures set forth in Appendix A attached hereto and made a part hereof.

ARTICLE 8 MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, mailed by certified mail (return receipt requested) or sent by an overnight delivery service with tracking procedures or by facsimile to the parties at the following addresses or at such other addresses as shall be specified by the parties by like notice: If to Employee, at the address set forth below his or her name on the signature page hereof; and if to the Company, at 555 I.H. 35 North, New Braunfels, Texas 78130, Attention: Chairman of the Board and Chief Executive Officer.

8.2 Equitable Relief. In the event of a breach or a threatened breach by Employee of any of the provisions contained in Article 5 or 6 of this Agreement, Employee acknowledges that the Company will suffer irreparable injury not fully compensable by money damages and, therefore, will not have an adequate remedy available at law. Accordingly, the Company shall be entitled to obtain such injunctive relief or other equitable remedy from any court of competent jurisdiction as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition to and without prejudice to any other rights that the Company may have under this Agreement, at law or in equity, including, without limitation, the right to sue for damages.

8.3 No Rights in Contracts. Employee acknowledges and agrees that he or she shall not have any rights in or to any contracts entered into with clients or customers of the Company in connection with services provided by Employee hereunder (including those in which Employee may be specifically named with the Company), unless otherwise agreed to in writing by the Company.

8.4 Assignment. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. Employee's rights under this Agreement are not assignable and any attempted assignment thereof shall be null and void.

8.5 Governing Law; Venue. This Agreement shall be subject to and governed by the laws of the State of Texas. Non-exclusive venue for any action permitted hereunder shall be proper in San Antonio, Bexar County, Texas, and Employee hereby consents to such venue.

8.6 Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties and supersedes all other agreements between the parties which may relate to the subject matter contained in this Agreement. This Agreement may not be amended or modified except by an agreement in writing which refers to this Agreement and is signed by both parties.

8.7 Headings. The headings of sections and subsections of this Agreement are for convenience only and shall not in any way affect the interpretation of any provision of this Agreement or of the Agreement itself.

8.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.9 Waiver. The waiver by any party of a breach of any provision hereof shall not be deemed to constitute the waiver of any prior or subsequent breach of the same provision or any other provisions hereof. Further, the failure of any party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement unless such party expressly waives such provision pursuant to a written instrument which refers to this Agreement and is signed by such party.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

RUSH ADMINISTRATIVE SERVICES, INC.

By: /s/ W. Marvin Rush
W. Marvin Rush,
Chief Executive Officer

EMPLOYEE:

/s/ Martin A. Naegelin, Jr.
Martin A. Naegelin, Jr.

APPENDIX A

DISPUTE RESOLUTION PROCEDURES

Re: Employment Agreement dated February 23, 2007 (including any amendments, the “Agreement”), between Rush Administrative Services, Inc., a Delaware corporation (the “Company”), and Martin A. Naegelin, Jr. (“Employee”). Unless otherwise defined in this Appendix A, terms defined in the Agreement and used herein shall have the meanings set forth therein.

A. Negotiations. If any claim, dispute or controversy described in Article 7 of the Agreement (collectively, the “Dispute”) arises, either party may, by written notice to the party, have the Dispute referred to the persons designated below for attempted resolution by good faith negotiations within 45 days after such written notice is received. Such designated persons are as follows:

1. Company. The Chairman of the Board and Chief Executive Officer or his designee; and
2. Employee. Employee or his or her designee.

Any settlement reached by the parties under this paragraph A shall not be binding until reduced to writing and signed by both parties. When reduced to writing, such settlement agreement shall supersede all other agreements, written or oral, to the extent such agreements specifically pertain to the matters so settled. If the above-designated persons are unable to resolve such dispute within such 45-day period, either party may invoke the provisions of paragraph B below.

B. Arbitration. All Disputes shall be settled by negotiation among the parties as described in paragraph A above or, if such negotiation is unsuccessful, by binding arbitration in accordance with procedures set forth in paragraphs C and D below.

C. Notice. Notice of demand for binding arbitration by one party shall be given in writing to the other party pursuant to the Agreement. In no event may a notice of demand of any kind be filed more than one (1) year after the date the Dispute is first asserted in writing to the other party pursuant to paragraph A above, and if such demand is not timely filed, the Dispute referenced in the notice given pursuant to paragraph A above shall be deemed released, waived, barred and unenforceable for all time, and barred as if by statute of limitations.

D. Binding Arbitration. Upon filing of a notice of demand for binding arbitration by either party, arbitration shall be commenced and conducted as follows:

1. Arbitrators. All Disputes and related matters in question shall be referred to and decided and settled by a panel of three arbitrators, one selected by the Company, one selected by Employee and the third selected by the two arbitrators so selected. Selection of the arbitrators to be selected by the Company and Employee shall be made within ten (10) business days after the date of giving of a notice of demand for arbitration, and the two

arbitrators so appointed shall appoint the third within 10 business days following their appointment.

2. Cost of Arbitration. The cost of arbitration proceedings, including without limitation the arbitrators' compensation and expenses, hearing room charges, court reporter transcript charges etc., shall be borne by the parties equally or otherwise as the arbitrators may determine. The arbitrators may award the prevailing party its reasonable attorneys' fees and costs incurred in connection with the arbitration. The arbitrators are specifically instructed to award attorneys' fees for instances of abuse in the discovery process.

3. Location of Proceedings. The arbitration proceedings shall be held in San Antonio, Texas, unless the parties agree otherwise.

4. Pre-hearing Discovery. The parties shall have the right to conduct and enforce pre-hearing discovery in accordance with the then current Federal Rules of Civil Procedure, subject to these limitations:

(a) Each party may serve no more than one set of interrogatories limited to 30 questions, including sub-parts;

(b) Each party may depose the other party's expert witnesses who will be called to testify at the hearing, plus two fact witnesses without regard to whether they will be called to testify (each party will be entitled to a total of no more than 24 hours of deposition time of the other party's witnesses), provided however, that the arbitrators may provide for additional depositions upon showing of good cause; and

(c) Document discovery and other discovery shall be under the control of and enforceable by the arbitrators.

5. Discovery disputes. All discovery disputes shall be decided by the arbitrators. The arbitrators are empowered;

(a) to issue subpoenas to compel pre-hearing document or deposition discovery;

(b) to enforce the discovery rights and obligations of the parties; and

(c) to otherwise to control the scheduling and conduct of the proceedings.

Notwithstanding any contrary foregoing provisions, the arbitrators shall have the power and authority to, and to the fullest extent practicable shall, abbreviate arbitration discovery in a manner which is fair to all parties in order to expedite the conclusion of each alternative dispute resolution proceeding.

6. Pre-hearing Conference. Within fifteen (15) days after selection of the third arbitrator, or as soon thereafter as is mutually convenient to the arbitrators, the arbitrators shall hold a pre-hearing conference to establish schedules for completion of discovery, for exchange of exhibit and witness lists, for arbitration briefs and for the hearing, and to decide procedural matters and address all other questions that may be presented.

7. Hearing Procedures. The hearing shall be conducted to preserve its privacy and to allow reasonable procedural due process. Rules of evidence need not be strictly followed, and the hearing shall be streamlined as follows:

(a) Documents shall be self-authenticating, subject to valid objection by the opposing party;

(b) Expert reports, witness biographies, depositions and affidavits may be utilized, subject to the opponent's right of a live cross-examination of the witness in person;

(c) Charts, graphs and summaries shall be utilized to present voluminous data, provided (i) that the underlying data is made available to the opposing party thirty (30) days prior to the hearing, and (ii) that the preparer of each chart, graph or summary is available for explanation and live cross-examination in person;

(d) The hearing should be held on consecutive business days without interruption to the maximum extent practicable; and

(e) The arbitrators shall establish all other procedural rules for the conduct of the arbitration in accordance with the rules of arbitration of the Center for Public Resources.

8. Governing Law. This arbitration provision shall be governed by, and all rights and obligations specifically enforceable under and pursuant to, the Federal Arbitration Act (9 U.S.C. Sections 1-14.)

9. Consolidation. No arbitration shall include, by consolidation, joinder or in any other manner, any additional person not a party to the Agreement, except by written consent of both parties containing a specific reference to these provisions.

10. Award. The arbitrators are empowered to render an award of general compensatory damages and equitable relief (including, without limitations, injunctive relief), but are not empowered to award exemplary, special or punitive damages. The award rendered by the arbitrators (a) shall be final, (b) shall not constitute a basis for collateral estoppel as to any issue and (c) shall not be subject to vacation or modification.

11. Confidentiality. The parties hereto will maintain the substance of any proceedings hereunder in confidence and the arbitrators, prior to any proceedings

hereunder, will sign an agreement whereby the arbitrators agree to keep the substance of any proceedings hereunder in confidence.

DISPUTES RELATING TO THIS AGREEMENT ARE REQUIRED TO BE SETTLED PURSUANT TO CERTAIN DISPUTE RESOLUTION PROCEDURES AS PROVIDED IN ARTICLE 7 AND APPENDIX A OF THIS AGREEMENT.

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is entered into effective as of the 23rd day of February, 2007, between David C. Orf ("Employee"), and Rush Administrative Services, Inc., a Delaware corporation (the "Company"), whose principal executive offices are located in New Braunfels, Texas.

WHEREAS, the Company desires to employ Employee, and Employee desires to be employed by the Company, on terms hereinafter set forth;

NOW, THEREFORE, in consideration for the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
DUTIES

1.1 Employment. During the term of this Agreement, the Company agrees to employ Employee, and Employee accepts such employment, on the terms and conditions set forth in this Agreement.

1.2 Extent of Service. During the term of this Agreement, Employee shall devote his or her full-time business time, energy and skill to the affairs of the Company and its affiliated companies, and Employee shall not be engaged in any other business or consulting activities pursued for gain, profit or other pecuniary advantage. The foregoing shall not prevent Employee from making monetary investments in businesses, provided that such investments do not involve any services on the part of Employee in the operation or affairs of such businesses.

1.3 Duties. Employee's duties hereunder shall include such duties as may be prescribed from time to time by Employee's supervisors or the Board of Directors of the Company (the "Board"). Employee shall also perform, without additional compensation, such duties for the Company's affiliated companies.

1.4 Access to and Use of Proprietary Information. Employee recognizes and the Company agrees that, to assist Employee in the performance of his or her duties hereunder, Employee will be provided access to and limited use of proprietary and confidential information of the Company. Employee further recognizes that, as a part of his or her employment with the Company, Employee will benefit from and Employee's qualifications will be enhanced by additional training, education and experience which will be provided to Employee by the Company directly and/or as a result of work projects assigned by the Company in which proprietary and confidential information of the Company is utilized by Employee.

ARTICLE 2
TERM OF EMPLOYMENT

The term of this Agreement shall commence on the date hereof and continue until terminated pursuant to Article 4 hereof.

ARTICLE 3
COMPENSATION

3.1 Monthly Base Salary. As compensation for services rendered under this Agreement, Employee shall be entitled to receive from the Company a monthly base salary (before standard deductions) equal to \$21,681.76, subject to periodic review and upward adjustment by the Board in its sole discretion (downward adjustment shall not be permitted). Employee's monthly base salary shall be payable at regular intervals (at least semi-monthly) in accordance with the prevailing practice and policy of the Company.

3.2 Discretionary Performance Bonus. As additional compensation for services rendered under this Agreement, Employee shall also be eligible to receive a discretionary performance bonus if, as and when declared by the Board in its sole discretion.

3.3 Benefits. Employee shall, in addition to the compensation provided for herein, be entitled to the following additional benefits:

(a) Medical, Health and Disability Benefits. Employee shall be entitled to receive all medical, health and disability benefits that may, from time to time, be provided by the Company to all employees of the Company as a group.

(b) Other Benefits. Employee shall also be entitled to receive any other benefits that may, from time to time, be provided by the Company to all employees of Company as a group.

(c) Vacation. Employee shall be entitled to an annual vacation as determined in accordance with the prevailing practice and policy of the Company.

(d) Holidays. Employee shall be entitled to holidays in accordance with the prevailing practice and policy of the Company.

(e) Reimbursement of Expenses. The Company shall reimburse Employee for all expenses reasonably incurred by Employee in conjunction with the rendering of services at the Company's request, provided that such expenses are incurred in accordance with the prevailing practice and policy of the Company and are properly deductible by the Company for federal income tax purposes. As a condition to such reimbursement, Employee shall submit an itemized accounting of such expenses in reasonable detail, including receipts where required under federal income tax laws.

(f) Annual Physical. Employee shall be entitled to receive an annual physical, which shall be paid for by the Company on Employee's behalf.

ARTICLE 4
TERMINATION

4.1 Termination With Notice. This Agreement may be terminated by the Company or Employee, without cause, upon 12 months' prior written notice thereof given by one party to the other party. In the event of termination pursuant to this Section 4.1, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. Notwithstanding the foregoing, in lieu of continuing the employment of Employee for a period of 12 months after notice of termination is given under this Section 4.1, the Company may, in its sole discretion, elect to terminate this Agreement immediately and pay Employee a lump-sum equal to (a) Employee's monthly base salary (subject to standard deductions) for the month of termination earned *pro rata* to the date of such notification of termination, *plus* (b) 12 months of Employee's then effective base salary (subject to standard deductions), *plus* (c) an amount equal to (subject to standard deductions) a percentage of the bonus received by Employee in connection with services rendered during the calendar year immediately preceding the date of termination (without regard to the year in which actual payment of such bonus is made), with such percentage being (i) 0% if Employee has been employed by the Company on a continuous basis for less than three years, (ii) 16.67% if the Employee has been employed by the Company on a continuous basis for at least three years but less than four years, (iii) 33.34% if Employee has been employed by the Company on a continuous basis for at least four years but less than five years, and (iv) 50% if Employee has been employed by the Company on a continuous basis for five or more years. Continuous service as described in the previous sentence shall include all continuous service to the Company, whether provided before or after the date of this Agreement, as determined in the sole discretion of the Company. In addition, Employee shall be entitled to continue to be covered under the Company's group health insurance program pursuant to benefit continuation as prescribed in the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). Such COBRA benefits shall commence on the date of termination and the Company shall pay, on Employee's behalf, any and all costs associated with extending such group health benefits under COBRA for a period of 12 months following the termination date. Upon payment of the foregoing, the Company shall have no further obligations to Employee hereunder.

4.2 Termination For Cause. This Agreement may be terminated by the Company for "Cause" (hereinafter defined) upon written notice thereof given by the Company to Employee. In the event of termination pursuant to this Section 4.2, the Company shall pay Employee his or her monthly base salary (subject to standard deductions) earned *pro rata* to the date of such termination and the Company shall have no further obligations to Employee hereunder. The term "Cause" shall include, without limitation, the following, as determined by the Board in its sole judgment: (i) Employee breaches any of the terms of this Agreement; (ii) Employee is convicted of a felony; (iii) Employee fails, after at least one warning, to perform duties assigned under this Agreement (other than a failure due to death or physical or mental disability); (iv) Employee intentionally engages in conduct which is demonstrably and materially injurious to the

Company; (v) Employee commits fraud or theft of personal or Company property from Company premises; (vi) Employee falsifies Company documents or records; (vii) Employee engages in acts of gross carelessness or willful negligence to endanger life or property on Company premises; (viii) Employee uses, distributes or is under the influence of illegal drugs, alcohol or any other intoxicant on Company premises; (ix) Employee possesses or stores hand guns on Company premises; or (x) Employee intentionally violates state, federal or local laws and regulations.

4.3 Termination Upon Death or Disability. In the event that Employee dies, this Agreement shall terminate upon Employee's death. Likewise, if Employee becomes unable to perform the essential functions of his or her duties hereunder, with or without reasonable accommodation, on account of illness, disability or other reason whatsoever for a period of more than 180 consecutive or nonconsecutive days in any 12-month period, the Company may, upon notice to Employee, terminate this Agreement. In the event of termination pursuant to this Section 4.3, Employee (or his or her legal representatives) shall be entitled only to his or her monthly base salary earned *pro rata* for services actually rendered prior to the date of such termination; *provided, however*, Employee shall not be entitled to his or her monthly base salary for any period with respect to which Employee has received short-term or long-term disability benefits under employee benefit plans maintained from time to time by the Company.

4.4 Survival of Provisions. The covenants and provisions of Articles 5, 6 and 7 hereof shall survive any termination of this Agreement and continue for the periods indicated, regardless of how such termination may be brought about.

ARTICLE 5
PROPRIETARY PROPERTY; CONFIDENTIAL INFORMATION

5.1 Proprietary Property; Confidential Information. Employee acknowledges that in and as a result of Employee's employment hereunder, Employee will be making use of, acquiring and/or adding to confidential information and proprietary property of a special and unique nature and value relating to such matters as the Company's trade secrets, systems, procedures, manuals, confidential reports and lists of customers ("Confidential Information"). As a material inducement to the Company to enter into this Agreement and to pay to Employee the compensation and benefits stated herein, the Employee covenants and agrees that Employee shall not, at any time during or following the term of Employee's employment, directly or indirectly, divulge or disclose for any purpose whatsoever any Confidential Information or proprietary information of the Company. Upon termination of this Agreement, regardless of how such termination may be brought about, Employee shall deliver to the Company any and all documents, instruments, notes, papers or other expressions or embodiments of confidential information which are in Employee's possession or control.

5.2 Publicity. During the term of this Agreement and for a period of ten years thereafter, Employee shall not, directly or indirectly, originate or participate in the origination of any publicity, news release or other public announcements, written or oral, whether to the public press or otherwise, relating to this Agreement, to any amendment hereto, to Employee's employment hereunder or to the Company, without the prior written approval of the Company.

ARTICLE 6
RESTRICTIVE COVENANTS

6.1 Non-Competition. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby covenants and agrees that during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, as proprietor, partner, stockholder, director, officer, employee, consultant, joint venturer, investor or in any other capacity, engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control, of any entity which engages in one of the Company's major geographical or commercial markets in the business of selling, servicing, renting, leasing, insuring or financing new or used Class 3 through 8 trucks or any other business activity in which the Company participates during Employee's employment with the Company; *provided, however*, the foregoing shall not, in any event, prohibit Employee from purchasing and holding as an investment not more than 1% of any class of publicly traded securities of any entity which conducts a business in competition with the business of the Company, so long as Employee does not participate in any way in the management, operation or control of such entity. It is further recognized and agreed that, even though an activity may not be restricted under the foregoing provision, Employee shall not during the term of this Agreement and for a period of 12 months following termination of this Agreement, regardless of how such termination may be brought about, provide any services to any person or entity which may be used against, or in conflict with the interests of, the Company or its customers or clients.

6.2 Judicial Reformation. Employee acknowledges that, given the nature of the Company's business, the covenants contained in Section 6.1 establish reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is reasonably necessary to protect and preserve the goodwill of the Company's business and to protect its legitimate business interests. If, however, Section 6.1 is determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too long a period of time or over too large a geographic area or by reason of it being too extensive in any other respect or for any other reason, it will be interpreted to extend only over the longest period of time for which it may be enforceable and/or over the largest geographic area as to which it may be enforceable and/or to the maximum extent in all other aspects as to which it may be enforceable, all as determined by such court.

6.3 Customer Lists; Non-Solicitation. In consideration of the benefits of this Agreement, including Employee's access to and limited use of proprietary and confidential information of the Company, as well as training, education and experience provided to Employee by the Company directly and/or as a result of work projects assigned by the Company with respect thereto, Employee hereby further covenants and agrees that for a period of 12 months following the termination of this Agreement, regardless of how such termination may be brought about, Employee shall not, directly or indirectly, (a) use or make known to any person or entity

the names or addresses of any clients or customers of the Company or any other information pertaining to them, (b) call on, solicit, take away or attempt to call on, solicit or take away any clients or customers of the Company on whom Employee called or with whom he or she became acquainted during his or her employment with the Company, nor (c) recruit, hire or attempt to recruit or hire any employees of the Company.

ARTICLE 7 ARBITRATION

Except for the provisions of Articles 5 and 6 of this Agreement dealing with proprietary property, confidential information and restrictive covenants, with respect to which the Company expressly reserves the right to petition a court directly for injunctive and other relief, any claim, dispute or controversy of any nature whatsoever, including but not limited to tort claims or contract disputes between the parties to this Agreement or their respective heirs, executors, administrators, legal representatives, successors and assigns, as applicable, arising out of or related to Employee's employment or the terms and conditions of this Agreement, including the implementation, applicability or interpretation thereof, shall be resolved in accordance with the dispute resolution procedures set forth in Appendix A attached hereto and made a part hereof.

ARTICLE 8 MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, mailed by certified mail (return receipt requested) or sent by an overnight delivery service with tracking procedures or by facsimile to the parties at the following addresses or at such other addresses as shall be specified by the parties by like notice: If to Employee, at the address set forth below his or her name on the signature page hereof; and if to the Company, at 555 I.H. 35 North, New Braunfels, Texas 78130, Attention: Chairman of the Board and Chief Executive Officer.

8.2 Equitable Relief. In the event of a breach or a threatened breach by Employee of any of the provisions contained in Article 5 or 6 of this Agreement, Employee acknowledges that the Company will suffer irreparable injury not fully compensable by money damages and, therefore, will not have an adequate remedy available at law. Accordingly, the Company shall be entitled to obtain such injunctive relief or other equitable remedy from any court of competent jurisdiction as may be necessary or appropriate to prevent or curtail any such breach, threatened or actual. The foregoing shall be in addition to and without prejudice to any other rights that the Company may have under this Agreement, at law or in equity, including, without limitation, the right to sue for damages.

8.3 No Rights in Contracts. Employee acknowledges and agrees that he or she shall not have any rights in or to any contracts entered into with clients or customers of the Company in connection with services provided by Employee hereunder (including those in which Employee may be specifically named with the Company), unless otherwise agreed to in writing by the Company.

8.4 Assignment. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. Employee's rights under this Agreement are not assignable and any attempted assignment thereof shall be null and void.

8.5 Governing Law; Venue. This Agreement shall be subject to and governed by the laws of the State of Texas. Non-exclusive venue for any action permitted hereunder shall be proper in San Antonio, Bexar County, Texas, and Employee hereby consents to such venue.

8.6 Entire Agreement; Amendments. This Agreement constitutes the entire agreement between the parties and supersedes all other agreements between the parties which may relate to the subject matter contained in this Agreement. This Agreement may not be amended or modified except by an agreement in writing which refers to this Agreement and is signed by both parties.

8.7 Headings. The headings of sections and subsections of this Agreement are for convenience only and shall not in any way affect the interpretation of any provision of this Agreement or of the Agreement itself.

8.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. If any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

8.9 Waiver. The waiver by any party of a breach of any provision hereof shall not be deemed to constitute the waiver of any prior or subsequent breach of the same provision or any other provisions hereof. Further, the failure of any party to insist upon strict adherence to any term of this Agreement on one or more occasions shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement unless such party expressly waives such provision pursuant to a written instrument which refers to this Agreement and is signed by such party.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

RUSH ADMINISTRATIVE SERVICES, INC.

By: /s/ W. Marvin Rush
W. Marvin Rush,
Chief Executive Officer

EMPLOYEE:

/s/ David C. Orf
David C. Orf

APPENDIX A

DISPUTE RESOLUTION PROCEDURES

Re: Employment Agreement dated February 23, 2007 (including any amendments, the "Agreement"), between Rush Administrative Services, Inc., a Delaware corporation (the "Company"), and David C. Orf ("Employee"). Unless otherwise defined in this Appendix A, terms defined in the Agreement and used herein shall have the meanings set forth therein.

A. Negotiations. If any claim, dispute or controversy described in Article 7 of the Agreement (collectively, the "Dispute") arises, either party may, by written notice to the party, have the Dispute referred to the persons designated below for attempted resolution by good faith negotiations within 45 days after such written notice is received. Such designated persons are as follows:

1. Company. The Chairman of the Board and Chief Executive Officer or his designee; and
2. Employee. Employee or his or her designee.

Any settlement reached by the parties under this paragraph A shall not be binding until reduced to writing and signed by both parties. When reduced to writing, such settlement agreement shall supersede all other agreements, written or oral, to the extent such agreements specifically pertain to the matters so settled. If the above-designated persons are unable to resolve such dispute within such 45-day period, either party may invoke the provisions of paragraph B below.

B. Arbitration. All Disputes shall be settled by negotiation among the parties as described in paragraph A above or, if such negotiation is unsuccessful, by binding arbitration in accordance with procedures set forth in paragraphs C and D below.

C. Notice. Notice of demand for binding arbitration by one party shall be given in writing to the other party pursuant to the Agreement. In no event may a notice of demand of any kind be filed more than one (1) year after the date the Dispute is first asserted in writing to the other party pursuant to paragraph A above, and if such demand is not timely filed, the Dispute referenced in the notice given pursuant to paragraph A above shall be deemed released, waived, barred and unenforceable for all time, and barred as if by statute of limitations.

D. Binding Arbitration. Upon filing of a notice of demand for binding arbitration by either party, arbitration shall be commenced and conducted as follows:

1. Arbitrators. All Disputes and related matters in question shall be referred to and decided and settled by a panel of three arbitrators, one selected by the Company, one selected by Employee and the third selected by the two arbitrators so selected. Selection of the arbitrators to be

selected the Company and Employee shall be made within ten (10) business days after the date of giving of a notice of demand for arbitration, and the two

arbitrators so appointed shall appoint the third within 10 business days following their appointment.

2. Cost of Arbitration. The cost of arbitration proceedings, including without limitation the arbitrators' compensation and expenses, hearing room charges, court reporter transcript charges etc., shall be borne by the parties equally or otherwise as the arbitrators may determine. The arbitrators may award the prevailing party its reasonable attorneys' fees and costs incurred in connection with the arbitration. The arbitrators are specifically instructed to award attorneys' fees for instances of abuse in the discovery process.

3. Location of Proceedings. The arbitration proceedings shall be held in San Antonio, Texas, unless the parties agree otherwise.

4. Pre-hearing Discovery. The parties shall have the right to conduct and enforce pre-hearing discovery in accordance with the then current Federal Rules of Civil Procedure, subject to these limitations:

(a) Each party may serve no more than one set of interrogatories limited to 30 questions, including sub-parts;

(b) Each party may depose the other party's expert witnesses who will be called to testify at the hearing, plus two fact witnesses without regard to whether they will be called to testify (each party will be entitled to a total of no more than 24 hours of deposition time of the other party's witnesses), provided however, that the arbitrators may provide for additional depositions upon showing of good cause; and

(c) Document discovery and other discovery shall be under the control of and enforceable by the arbitrators.

5. Discovery disputes. All discovery disputes shall be decided by the arbitrators. The arbitrators are empowered;

(a) to issue subpoenas to compel pre-hearing document or deposition discovery;

(b) to enforce the discovery rights and obligations of the parties; and

(c) to otherwise to control the scheduling and conduct of the proceedings.

Notwithstanding any contrary foregoing provisions, the arbitrators shall have the power and authority to, and to the fullest extent practicable shall, abbreviate arbitration discovery in a manner which is fair to all parties in order to expedite the conclusion of each alternative dispute resolution proceeding.

6. Pre-hearing Conference. Within fifteen (15) days after selection of the third arbitrator, or as soon thereafter as is mutually convenient to the arbitrators, the arbitrators shall hold a pre-hearing conference to establish schedules for completion of discovery, for exchange of exhibit and witness lists, for arbitration briefs and for the hearing, and to decide procedural matters and address all other questions that may be presented.

7. Hearing Procedures. The hearing shall be conducted to preserve its privacy and to allow reasonable procedural due process. Rules of evidence need not be strictly followed, and the hearing shall be streamlined as follows:

(a) Documents shall be self-authenticating, subject to valid objection by the opposing party;

(b) Expert reports, witness biographies, depositions and affidavits may be utilized, subject to the opponent's right of a live cross-examination of the witness in person;

(c) Charts, graphs and summaries shall be utilized to present voluminous data, provided (i) that the underlying data is made available to the opposing party thirty (30) days prior to the hearing, and (ii) that the preparer of each chart, graph or summary is available for explanation and live cross-examination in person;

(d) The hearing should be held on consecutive business days without interruption to the maximum extent practicable; and

(e) The arbitrators shall establish all other procedural rules for the conduct of the arbitration in accordance with the rules of arbitration of the Center for Public Resources.

8. Governing Law. This arbitration provision shall be governed by, and all rights and obligations specifically enforceable under and pursuant to, the Federal Arbitration Act (9 U.S.C. Sections 1-14.)

9. Consolidation. No arbitration shall include, by consolidation, joinder or in any other manner, any additional person not a party to the Agreement, except by written consent of both parties containing a specific reference to these provisions.

10. Award. The arbitrators are empowered to render an award of general compensatory damages and equitable relief (including, without limitations, injunctive relief), but are not empowered to award exemplary, special or punitive damages. The award rendered by the arbitrators (a) shall be final, (b) shall not constitute a basis for collateral estoppel as to any issue and (c) shall not be subject to vacation or modification.

11. Confidentiality. The parties hereto will maintain the substance of any proceedings hereunder in confidence and the arbitrators, prior to any proceedings

hereunder, will sign an agreement whereby the arbitrators agree to keep the substance of any proceedings hereunder in confidence.
