

RUSH ENTERPRISES, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

AMENDED AND RESTATED CHARTER

This Charter governs the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Rush Enterprises, Inc. (the “Company”).

I. PURPOSE

The Committee has been established to:

- assist the Board in its oversight responsibilities relating to:
 - the integrity of the Company’s financial statements,
 - the disclosure and financial reporting process, including the Company’s disclosure controls and procedures,
 - the adequacy of the Company’s internal controls and procedures for financial reporting,
 - the performance of the Company’s internal audit function and independent auditor,
 - the independent auditor’s qualifications and independence, and
 - the Company’s compliance with policies under the Company’s Code of Ethics for Senior Financial Officers and legal and regulatory requirements;
- prepare the report required by the United States Securities and Exchange Commission (the “SEC”) for inclusion in the Company’s annual proxy statement;
- retain and terminate the Company’s independent auditor;
- approve audit and non-audit services to be performed by the independent auditor;
- perform such other functions as the Board may from time to time assign to the Committee; and
- approve all related party transactions.

In so doing, it is the responsibility of the Committee to encourage open communication among the Committee, independent auditors, internal auditors (or persons carrying out the internal audit function) and management of the Company.

II. COMPOSITION

The Committee shall have a minimum of three members appointed by the Board who shall serve until replaced by the Board. No member of the Committee shall have participated in the preparation of the Company's financial statements during the past three years. The Chairperson of the Board shall designate the Chairperson of the Committee. The members of the Committee shall meet the independence, experience and financial literacy requirements of The Nasdaq Stock Market, Inc. ("Nasdaq"), Section 10A(m)(3) of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the SEC. In addition, at least one member shall be an "audit committee financial expert," as defined by the SEC. All members of the Committee shall have a working familiarity with basic finance and accounting practices. The Board shall review these requirements on an annual basis to insure continued compliance by the members of the Committee.

III. MEETING REQUIREMENTS

The Committee shall meet as necessary, but at least quarterly, to enable it to fulfill its responsibilities. The Committee shall meet at the call of its Chairperson, preferably in conjunction with regular Board meetings. The Committee may meet by telephone conference call or by any other means permitted by law or the Company's Bylaws. A majority of the members of the Committee shall constitute a quorum. The Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. The Committee shall determine its own rules and procedures, including designation of a chairperson *pro tempore*, in the absence of the Chairperson, and designation of a secretary. The secretary need not be a member of the Committee and shall attend Committee meetings and prepare minutes. The Committee shall keep written minutes of its meetings, which shall be recorded or filed with the books and records of the Company. Any member of the Board shall be provided with copies of such Committee minutes if requested.

The Committee may ask members of management, employees, outside counsel, the independent auditor or others whose advice and counsel are relevant to the issues then being considered by the Committee, to attend any meetings and to provide such pertinent information as the Committee may request.

The Chairperson of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over Committee meetings, making Committee assignments and reporting the Committee's actions to the Board from time to time (but at least once each year) as requested by the Board.

IV. COMMITTEE AUTHORITY, DUTIES AND RESPONSIBILITIES

The Company's independent auditor shall report directly to the Committee. The Committee shall be directly responsible for, and have sole authority as to, the appointment, retention and termination, compensation and oversight of the work of the independent auditor, including resolution of disagreements between management and the independent auditor regarding accounting matters and financial reporting matters. The Committee may assign certain

duties and responsibilities conferred upon the Committee to one or more of its members, subject to reporting to or ratification by the Committee as the Committee shall direct.

In addition to such other duties as the Board may from time to time assign, the Committee shall have the following responsibilities:

A. Oversight of the Financial Reporting Processes

1. In consultation with the independent auditor, review the integrity of the Company's internal and external financial reporting processes.

2. Review annually with management the scope of the internal audit function, and review annually the performance of both the internal audit function and the independent auditor in executing their plans and meeting their objectives.

3. Review and pre-approve all related-party transactions as defined in the relevant NASDAQ requirements.

4. Consider the independent auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting and such other matters as are to be discussed with the Committee under generally accepted auditing standards. Consider any alternative accounting principles and estimates presented to it by the independent auditors.

5. Annually review major issues regarding the Company's auditing and accounting principles and practices and its presentation of financial statements, including the adequacy of internal controls and special audit steps adopted in light of material internal control deficiencies.

6. Review and discuss with management and the independent auditor various topics and events that may have significant financial impact on the Company or that are the subject of discussions between management and the independent auditors including major legislative and regulatory developments that could materially impact the Company's contingent liabilities and risks.

7. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

8. Discuss with management and legal counsel the status of pending litigation, taxation matters, compliance policies and other areas of oversight applicable to the legal and compliance area as may be appropriate.

9. Meet at least annually with the chief financial officer and representatives of the independent auditor in separate executive sessions.

10. Review analyst reports and press articles about the Company's accounting and disclosure practices and principles.

11. Review all analyses prepared by management and the independent auditor of significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any analysis of the effect of alternative generally accepted accounting principle ("GAAP") methods on the Company's financial statements and a description of any transactions as to which management obtained Statement on Auditing Standards No. 50 letters.

B. Review of Documents and Reports

1. Review and discuss with management and the independent auditor the annual and quarterly financial statements of the Company, including: (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;" (b) any material changes in accounting principles or practices used in preparing the financial statements prior to the filing of a report on Form 10-K or 10-Q with the SEC; and (c) the items required by Statement of Auditing Standards No. 61 as in effect at that time in the case of the annual statements and Statement of Auditing Standards No. 71 as in effect at that time in the case of the quarterly statements. Consider, as appropriate, whether the information contained in these documents is consistent with the information contained in the financial statements and whether the independent auditor and legal counsel are satisfied with the disclosure and content of such documents. These discussions shall include consideration of the quality of the Company's accounting principles as applied in its financial reporting, including review of audit adjustments (whether or not recorded) and any such other inquiries as may be appropriate. Based on the review, the Committee shall make its recommendation to the Board as to the inclusion of the Company's audited consolidated financial statements in the Company's annual report on Form 10-K.

2. Review and discuss with management and the independent auditor earnings press releases, as well as financial information and earnings guidance provided to investors, analysts and rating agencies.

3. Review with management and the independent auditor any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies.

4. Prepare the report of the Committee required by the rules of the SEC to be included in the Company's annual proxy statement.

5. Submit the minutes of all meetings of the Committee to, or discuss the matters discussed at each Committee meeting with, the Board.

C. Independent Auditor Matters

1. Interview and retain the Company's independent auditor, considering the accounting firm's independence and effectiveness and approve the engagement fees and other compensation to be paid to the independent auditor.

2. Meet with the independent auditor and the Company's financial management to review and discuss (a) its audit plans and audit procedures, including the scope, fees and timing

of the audit; (b) the scope and results of the audit; and (c) any problems or difficulties that the independent auditor encountered in the course of conducting the audit.

3. The Committee shall establish policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent auditor, with exceptions provided for *de minimis* amounts under certain circumstances as described by applicable law. The policies and procedures shall take into account whether the provision of any of non-audit services is compatible with the independence standards under the guidelines of the SEC and other applicable authorities (including, possibly, the Public Company Accounting Oversight Board and Nasdaq).

4. Discuss the knowledge and experience of the independent auditor and the senior members of the external audit team with respect to the Company's industry. The Committee shall ensure the regular rotation of the independent auditor's lead audit partner and audit review partner as required by law. No person will be permitted to serve as the lead audit partner for more than five years

5. Review the performance of the independent auditor and terminate the independent auditor when circumstances warrant.

6. Establish and periodically review the Company's hiring policies relating to current or former employees of the independent auditor.

7. Review with the independent auditor any problems or difficulties the auditors may have encountered and any "management" or "internal control" letter provided by the independent auditor and the Company's response to that letter. Such review should include: (a) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information and any disagreements with management; and (b) any accounting adjustments that were proposed by the independent auditor that were not agreed to by the Company.

8. Review and discuss reports from the independent auditor on (a) all critical accounting policies and practices used by the Company; (b) all alternative treatments of financial information within GAAP that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the independent auditor; (c) other material written communications between the independent auditor and management; and (d) such other matters as the SEC and Nasdaq may direct by rule or regulation.

9. Periodically consult with the independent auditor out of the presence of management about internal controls and the fullness and accuracy of the organization's financial statements.

10. Oversee the relationship with the independent auditor by discussing with the independent auditor the nature and rigor of the audit process, receiving and reviewing audit reports and ensuring that the independent auditor has full access to the Committee (and the Board) to report on any and all appropriate matters.

D. Audit Control Matters

1. Following completion of the annual external audit, review separately with each of management and the independent auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

2. Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.

3. Periodically review and monitor compliance with the Company's code of ethics.

4. Maintain procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

5. Review and discuss with management and the independent auditor: (a) the adequacy and effectiveness of the Company's internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the independent auditor or management that could adversely affect the Company's ability to record, process, summarize and report financial data); (b) the Company's internal audit procedures; (c) the adequacy and effectiveness of the Company's disclosure controls and procedures, and management reports thereon; and (d) any fraud that involves management or other employees who have a significant role in the Company's internal controls.

V. ANNUAL EVALUATION PROCEDURES

The Committee shall annually assess its own performance to confirm that it is meeting its responsibilities under this Amended and Restated Charter. In this review, the Committee shall consider, among other things, (a) the appropriateness of the scope and content of this Amended and Restated Charter, (b) the appropriateness of matters presented for information and approval, (c) the sufficiency of time for consideration of agenda items, (d) the frequency and length of meetings, and (e) the quality of written materials and presentations. The Committee may recommend to the Board such changes to this Amended and Restated Charter as the Committee deems appropriate.

VI. INVESTIGATIONS AND STUDIES

The Committee shall have the authority and sufficient funding to retain special legal, accounting or other consultants (without seeking Board approval) to advise the Committee. The Committee may conduct or authorize investigations into, or studies of matters within, the Committee's scope of responsibilities as described herein, and may retain, at the expense of the Company, independent counsel or other consultants necessary to assist the Committee in any such investigations or studies. The Committee shall have sole authority to negotiate and approve the fees and retention terms of such independent counsel or other consultants.

VII. MISCELLANEOUS

Nothing contained in this Amended and Restated Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Committee. The purposes and responsibilities outlined in this Amended and Restated Charter are meant to serve as guidelines rather than as inflexible rules, and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities. This Amended and Restated Charter, and any amendments thereto, shall be displayed on the Company's web site and a printed copy of such shall be made available to any shareholder of the Company upon their request.