

## **RUSH ENTERPRISES, INC.**

### **CORPORATE GOVERNANCE GUIDELINES**

#### **SELECTION AND COMPOSITION OF BOARD OF DIRECTORS**

##### **Size of the Board**

The charter and bylaws of Rush Enterprises, Inc. (the “Company”) provide that the Board of Directors consists of not less than one Director, with the exact number determined from time to time by resolution of the directors. We believe the Board of Directors should neither be too small to maintain the needed expertise and independence nor too large to be efficiently functional. Our general expectation is that our Board of Directors will consist of between five and seven directors although we will periodically review the appropriate size and mix of the Board of Directors in light of our stated objectives below.

##### **Selection of New Directors**

The Board of Directors has delegated to the Nominating and Governance Committee (the “Governance Committee”) the task of identifying, reviewing, and nominating director candidates for election by the shareholders.

##### **Board Membership Criteria**

It is the policy of our Board of Directors that directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders. It is also the policy of our Board of Directors that the composition of the Board of Directors at all times adheres to the standards of independence promulgated by the NASDAQ Stock Market and the applicable rules of the Securities and Exchange Commission.

Our Board of Directors is also intended to encompass a range of skills and experience sufficient to provide sound and prudent guidance with respect to the operations and interests of the Company. We also encourage each member of our Board of Directors to dedicate the time and resources sufficient to ensure the diligent performance of his or her duties on our behalf, including attending all Board of Directors and applicable committee meetings.

##### **Director Independence**

The Board of Directors believes that as a matter of policy at least a majority of the members of our Board of Directors should be independent. The Governance Committee is responsible for assessing compliance with this policy on an annual basis. An “independent” director is one who satisfies the independence definitions of the NASDAQ Stock Market and the applicable rules of the Securities and Exchange Commission.

##### **Retirement Age for Directors**

All directors elected or appointed after February 21, 2008, must submit a letter of resignation to the Board of Directors to be effective on acceptance by the Board of Directors each year after they reach the age of 72. Such letters of resignation will be considered by the Board of Directors, but the Board of Directors may choose not to accept any such letter of resignation if it believes that it is in the best interest of the Company for the director that submitted the letter of resignation to continue to serve on the Company’s Board of Directors and the director wishes to continue to serve on the Company’s Board of Directors.

## **Directors Changing Their Present Job Responsibilities**

Upon a change in a director's business position or responsibilities, including retirement from the position on which a director's original nomination was based, the director must notify the Governance Committee. The Governance Committee shall review the appropriateness of the director remaining on the Board of Directors given the changed circumstances. If the Governance Committee concludes that it would be inappropriate for the affected director to remain on the Board of Directors, then the Governance Committee shall ask the affected director to resign from the Board of Directors. The affected director is expected to act in accordance with the Governance Committee's recommendation following such review.

## **BOARD PERFORMANCE**

### **Evaluation of Board Performances**

The Governance Committee is responsible for annually reporting to the Board of Directors on the overall performance of the Board of Directors and each of its standing committees. If the Governance Committee desires, it may be assisted by an outside consultant in making its assessment of the overall performance of the Board of Directors and its standing committees. The report should be delivered following the end of each fiscal year and should be discussed with the full Board of Directors at the same time, if applicable, as membership criteria for the Board of Directors and committees are discussed.

The report should include an evaluation of, among other things, (i) the composition and independence of the Board of Directors, (ii) the Board of Directors' access to and review of information from management, (iii) responsiveness of the Board of Directors to shareholder concerns, and (iv) maintenance and implementation of these Corporate Governance Guidelines.

The Governance Committee should evaluate the contribution of the Board of Directors and each committee as a whole, and should specifically review areas in which the Board of Directors, the Governance Committee and management believe a better contribution could be made. The purpose of the evaluation is to increase the effectiveness of the Board of Directors and each committee, not to criticize individual directors.

### **Interaction with Institutional Investors, Press, Customers, Etc.**

The Board of Directors believes that management speaks for the Company. Our non-management directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that these members would do so with the knowledge of management and, in most instances, at the request of management.

## **MEETINGS OF THE BOARD OF DIRECTORS**

### **Scheduling and Selection of Agenda Items for Board Meetings**

The Chairman of the Board, in consultation with other directors, will determine the frequency and length of the meetings of the Board of Directors. The Board of Directors believes that regular meetings held at least once per quarter are desirable for the performance of their responsibilities. In addition to regularly scheduled meetings, additional unscheduled meetings may be called at any time upon appropriate notice to address any special needs.

The Chairman of the Board, with the assistance of representatives of the Company, will establish the agenda for each Board of Directors meeting and distribute it in advance to the directors. Each director is free to suggest the inclusion of items on an agenda, to raise at any meeting subjects that are not on the agenda for that meeting or to request the presence of or a report by any member of management.

## **Board Material and Presentations**

Information and data that is important to the understanding of the business and matters to be considered at the Board of Directors meeting should be distributed in advance to the directors. As a general rule, materials on specific subjects should be sent to the directors sufficiently in advance to enable directors to be prepared to discuss questions that they may have about the material.

The Board of Directors encourages management to schedule managers to present at Board of Directors meetings who (i) can provide additional insight into the specific matters being discussed because of personal involvement in these areas or (ii) have future potential that management believes should be given exposure to the Board of Directors.

## **Participation in Board Meetings**

We encourage our directors to prepare for, attend and participate in all Board of Directors and applicable committee meetings. Each director is expected to ensure that other existing and planned future committees do not materially interfere with their service as a director.

## **Access to Management**

Each director is encouraged to keep informed of the affairs of the Company between Board of Directors meetings through direct contact with members of senior management, and each director will have complete access to any such member of senior management.

## **Meetings of the Non-Management Directors**

It is the policy of the Board of Directors to have a separate meeting session for the non-management directors at least two times per year following regularly scheduled Board meetings to review matters concerning the relationship of the Board of Directors with the management directors, other members of senior management and such other matters as it deems appropriate. The non-management directors shall not take any formal actions at these meetings, although they may subsequently recommend matters for full consideration by the Board of Directors.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

### **Number of Committees**

Our Board of Directors will establish committees from time to time to facilitate and assist in the execution of its responsibilities. These committees shall generally address issues that, because of their complexity and technical nature, level of detail and time requirements or because of proper corporate governance principles, cannot be adequately addressed at larger Board of Director meetings.

Each committee shall have a written charter that shall be periodically reviewed by that committee.

### **Assignment and Term of Service of Committee Members**

The Board of Directors is responsible for the appointment of committee members and committee chairmen, taking into account the desires of individual members, the recommendations of the Governance Committee and the comments of management directors. In making such appointments, the Board of Directors shall consider the rotation of committee membership and chairmanship at appropriate intervals, although the Board of Directors does not believe that rotation should be mandated as a policy.

## **Frequency and Length of Committee Meetings and Committee Agenda**

The committee chairman, in consultation with the other committee members, will determine the frequency and length of committee meetings and, in consultation with the Chief Executive Officer and appropriate members of senior management, develop the agenda for committee meetings.

## **STOCK OWNERSHIP GUIDELINES**

The Board of Directors believes that the Company's "Executive Officers" (as defined below) and members of the Board of Directors who are not officers of the Company ("Non-Management Directors") should own and hold common stock of the Company to further align their interests and actions with the interests of the Company's stockholders. Therefore, the Board of Directors has adopted these Stock Ownership Guidelines (these "Guidelines") effective February 24, 2015.

### **Executive Officer Stock Ownership Guidelines**

For purposes of these Stock Ownership Guidelines, Executive Officers are those officers of the Company that are required to file reports with the Securities and Exchange Commission pursuant to Section 16 of the Securities Exchange Act of 1934, as amended. Executive Officers are expected to own and hold the following amount of shares of Company stock:

Chief Executive Officer	Shares equal to 5 times the value of his or her base salary
Other Executive Officers	Shares equal to 2 times the value of his or her base salary

The guidelines set forth above should be achieved by each Executive Officer within five (5) years of the adoption of these Guidelines or within five (5) years of first appointment as an Executive Officer or within five (5) years of appointment or promotion to Chief Executive Officer. Until the appropriate guideline is achieved, each Executive Officer is encouraged to retain at least seventy-five percent (75%) of net shares obtained through the Company's stock incentive plans.

### **Non-Management Director Stock Ownership Guidelines**

Non-Management Directors are each expected to own and hold shares of Company stock equal to five (5) times the value of his or her annual cash retainer. This stock ownership level should be achieved by each Non-Management Director within five years of the adoption of these guidelines or within five years of first appointment to the Board. Until the guideline is achieved, each Non-Management Director is encouraged to retain at least seventy-five percent (75%) of net shares obtained through the Company's stock incentive plans.

### **Compliance with the Guidelines**

For purposes of determining the required equity ownership amounts described above for each Executive Officer and Non-Management Director, the number of shares that must be owned will be set as a specific number of shares using the 12-month average daily closing price of each class of the Company's common stock, as of December 31 of each year; provided, however, that in the event that the 12-month average daily closing price of any class of the Company's common stock declined more than thirty percent (30%) as compared to the 12-month average closing price of any class of the Company's common stock in the immediately prior year, then the value for the prior year shall be applied to the current year.

Stock that counts toward satisfaction of these Guidelines include shares of any class of the Company's common stock: (i) owned outright by the Executive Officer or Non-Management Director and his or her immediate family members who share the same household, whether held individually or jointly; (ii) obtained upon the lapsing of restrictions on restricted stock awards; (iii) issuable upon the vesting of restricted stock units or deemed held in the Company's Deferred Compensation Plan; (iv) acquired upon stock option exercise; (v) purchased in the open market, including via the Company's Employee Stock Purchase Program; (vi) held in any entity, such as a family limited partnership, in proportion to the ownership proportion such Executive Officer or Non-Management Director has in such entity; and (vii) held in trust for the benefit of such Executive Officer or Non-Management Director. However, due to the complexities of trust accounts, requests to include shares held in trust should be submitted to the Secretary, and the Chief Executive Officer will make the final decision as to whether to include those shares. Any open market purchase of common stock must be made in an open trading window and with advance notice to and in coordination with the Secretary.

Net shares are the number of shares from the sale of stock options, the lapsing of restrictions on restricted stock, or the vesting of restricted stock units, minus the number of shares the Executive Officer or the Non-Management Director sells to cover the exercise price of stock options or has withheld to pay taxes.

If at any point an Executive Officer that is sixty-five (65) years of age or over wishes to dispose of such number of shares of Company stock that he or she would fall outside of these Guidelines for the sole purpose of estate planning, such person may submit a written request to the Chairman of the Board setting forth the details of such proposed disposition. The Chairman will review the request and make a final decision.

In addition, there may be instances where these Guidelines would place a severe hardship on an Executive Officer or Non-Management Director, although it is expected that these instances will be rare. The Chairman of the Board will make the final decision as to developing an alternative stock ownership guideline for an Executive Officer or Non-Management Director that reflects the intention of these Guidelines and his or her personal circumstances.

Each Executive Officer and Non-Management Director will be notified each year where they stand with regard to these Guidelines.