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HURCO COMPANIES INC
Form DEF 14A
February 27, 2002

SCHEDULE 14A INFORMATION
Proxy

Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. \_\_\_)

Filed by the Registrant [X]
Filed by a Party other than the Registrant |\_|

Check the appropriate box:

- [ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[x] Definitive Proxy Statement [ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to ss.240.14a-12.

Hurco Companies, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [x] No fee required
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1) Title of each class of securities to which transaction applies:
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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
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[ ] Fee paid previously with preliminary materials.
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
1) Amount Previously Paid:
2) Form Schedule or Registration Statement No.:
3) Filing Party:
4) Date Filed:

HURCO COMPANIES, INC.

ONE TECHNOLOGY WAY

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P.O. BOX 68180  
INDIANAPOLIS, INDIANA 46268  
(317) 293-5309

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 3, 2002

To Our Shareholders:

The 2002 Annual Meeting of Shareholders of Hurco Companies, Inc., will be held at the corporate headquarters of Hurco Companies, Inc., One Technology Way, Indianapolis, Indiana, 46268 at 10:00 a.m. EST on Wednesday, April 3, 2002, for the following purposes:

1. To elect six directors to serve until the next annual meeting or until their successors are duly elected and qualified.
2. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

If you do not expect to attend the Annual Meeting, please mark, sign and date the enclosed proxy and return it in the enclosed return envelope which requires no postage if mailed in the United States.

Only shareholders of record as of the close of business on January 30, 2002, are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. In the event there are not sufficient votes for approval of one or more of the above matters at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

By order of the Board of Directors,

Roger J. Wolf, Secretary

February 27, 2002  
Indianapolis, Indiana

YOUR VOTE IS IMPORTANT  
Even if you plan to attend the meeting,  
we urge you to mark, sign and date the  
enclosed proxy and return it promptly  
in the enclosed envelope.

HURCO COMPANIES, INC.  
One Technology Way  
P. O. Box 68180  
Indianapolis, Indiana 46268

Annual Meeting of Shareholders  
April 3, 2002

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PROXY STATEMENT  
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SOLICITATION, VOTING AND REVOCABILITY OF PROXIES

This Proxy Statement is furnished to the holders (the "Shareholders") of common stock of Hurco Companies, Inc. ("Hurco" or the "Company") in connection with the solicitation of proxies by the Board of Directors for the 2002 Annual Meeting of Shareholders to be held at 10:00 a.m. EST on Wednesday, April 3, 2002 at the corporate headquarters of Hurco Companies, Inc., One Technology Way, Indianapolis, Indiana, and at any adjournments thereof. This Proxy Statement and the accompanying form of proxy are being mailed to the Shareholders on or about February 27, 2002. Proxies are being solicited principally by mail. Directors, officers and regular employees of Hurco may also solicit proxies personally by telephone, telegraph or otherwise. All expenses incident to the preparation and mailing to the Shareholders of the Notice, Proxy Statement and form of Proxy will be paid by Hurco.

Shareholders of record as of the close of business on January 30, 2002, are entitled to notice of and vote at the Annual Meeting or any adjournments thereof. On such record date, Hurco had 5,583,158 shares of common stock outstanding and entitled to vote. Each share will be entitled to one vote with respect to each matter submitted to a vote. The presence in person or by proxy of the holders of a majority of the outstanding shares entitled to vote at the Annual Meeting is necessary to constitute a quorum for the transaction of business.

If the enclosed form of proxy is executed and returned, it may be revoked at any time before it is voted by giving written notice to the Secretary of the Company. If a shareholder executes more than one proxy, the proxy having the latest date will revoke any earlier proxies. Shareholders who attend the Annual Meeting may revoke their proxies and vote in person.

A proxy, if returned properly executed and not subsequently revoked, will be voted in accordance with the instructions of the shareholder in the proxy. If no instructions are given, the proxy will be voted for the election of the Board of Directors' nominees named in this Proxy Statement. Directors will be elected by a plurality of the votes cast. A proxy may indicate that all or a portion of the shares represented by such proxy are not being voted with respect to a specific proposal. This could occur, for example, when a broker is not permitted to vote shares held in street name on certain proposals in the absence of instructions from the beneficial owners. Shares that are not voted with respect to a specific proposal will be considered present for purposes of determining a quorum and voting on other proposals. Abstentions on a specific proposal will be considered as present, but not as voting in favor of such proposal. Neither the non-voting of shares nor abstentions will affect the matters to be voted on at the Annual Meeting.

ELECTION OF DIRECTORS

The Board of Directors currently consists of six members and the Board has nominated six persons for election as directors. All nominees are currently directors. Each director will serve for a term of one year, which expires at the next Annual Meeting of Shareholders of the Company when his successor has been elected. The six nominees are: Robert W. Cruickshank, Michael Doar, Richard T. Niner, O. Curtis Noel, Charles E. Mitchell Rentschler and Gerald V. Roch. Unless authority is specifically withheld, the shares

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represented by the enclosed form of proxy will be voted in favor of these nominees.

If any of these nominees becomes unable to accept election, the persons named in the proxy will exercise their voting power in favor of such person or persons as the Board may recommend. All of the nominees have consented to being named in this Proxy Statement and to serve if elected. The Board of Directors knows of no reason why any of the nominees would be unable to accept election.

The following information sets forth the name of each director, his age, tenure as a director, principal occupation and business experience for the last five years:

Name ----	Age ---	Served as a Director since -----
Robert W. Cruickshank (2,3)	56	2000
Michael Doar (1)	46	2000
Richard T. Niner (1)	62	1986
O. Curtis Noel (3)	66	1993
Charles E. Mitchell Rentschler (2)	62	1986
Gerald V. Roch (2)	70	2001

Robert W. Cruickshank has been owner of R. W. Cruickshank Company, a financial services firm since 1981. Mr. Cruickshank is also a director of Calgon Carbon Corporation, a producer of products and services for the purification, reparation and concentration of liquids and gases, and Friedman's Jewelers, Inc., a retail jewelry business.

Michael Doar was elected Chairman of the Board of Directors and Chief Executive Officer on November 13, 2001. Previously, Mr. Doar served as Vice President of Sales and Marketing of Ingersoll Contract Manufacturing Company, a subsidiary of Ingersoll International, an international engineering and machine tool systems business. Mr. Doar had held various management positions with Ingersoll International since 1989.

Richard T. Niner was appointed Chairman of the Executive / Nominating Committee of the Board of Directors on November 13, 2001. Mr. Niner had previously held the position of Chairman of the Board of Directors since March 9, 1999. Mr. Niner is a general partner of Wind River Associates. Mr. Niner is also a general partner of Brynwood Management II, L.P., the general partner of Brynwood Partners II, L.P., and until December 31, 1998, was a general partner of Brynwood Management, the general partner of Brynwood Partners Limited Partnership. Mr. Niner is a director of Arrow International, Inc., a cardiac and critical care products business, and Case, Pomeroy & Company, Inc., a real estate, oil and gas investment business.

O. Curtis Noel has been an independent business consultant for more than ten years specializing in market and industry studies, competitive analysis and corporate development programs with clients in the U.S. and abroad.

Charles E. Mitchell Rentschler has been an independent business consultant since 2001, providing general business consulting services to the foundry industry. Mr. Rentschler served as President and Chief Executive Officer of

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The Hamilton Foundry & Machine Co. from 1985 until 2001. The Hamilton Foundry & Machine Co. filed a petition for relief under Chapter 11 of the Bankruptcy Code on October 10, 2000.

Gerald V. Roch has been an independent business consultant providing general business and technology consulting services since 1994.

Mr. Roch was a co-founder of Hurco in 1968 and in 1986 was the founder of Made2Manage Systems, Inc., a manufacturing software company. Mr. Roch served as President and Chief Executive Officer of Made2Manage Systems, Inc. from 1986 until 1994.

- (1) Member of Executive / Nominating Committee
- (2) Member of Audit Committee
- (3) Member of Compensation Committee

The Board of Directors recommends a vote FOR each of the nominees listed above.

### Board Meetings and Committees

During the last fiscal year, the Board of Directors held five meetings. All of the current directors attended at least 75% of the aggregate number of meetings of the Board and the committees on which they served.

The Board has an Audit Committee that held six meetings during the last fiscal year. The Audit Committee has the authority to oversee the Company's accounting and financial reporting activities, and meets with the Company's independent accountants and Chief Financial Officer to review the scope, cost and results of the annual audit and to review internal accounting controls, policies and procedures (the report of the Audit Committee is included on page 7 of this Proxy Statement). The Board of Directors selects the independent accountants of Hurco upon the recommendation of the Audit Committee. See INDEPENDENT ACCOUNTANTS on page 12.

The Board has a Compensation Committee that held one meeting during the last fiscal year. The Compensation Committee reviews and recommends to the Board the compensation of the officers and managers of Hurco and guidelines for the general wage structure of the entire workforce. The Compensation Committee also oversees the administration of the Company's employee benefit plans. The report of the Compensation Committee regarding executive compensation is included on page 8 of this Proxy Statement.

The Board of Directors has an Executive/Nominating Committee that held one meeting during the last fiscal year. The Executive/Nominating Committee reviews the structure and composition of the Board of Directors and considers the qualifications of and recommends all nominees for directors. The Executive/Nominating Committee will consider candidates whose names are submitted in writing by shareholders. Shareholders who wish to nominate persons for election as directors must comply with the advance notice and eligibility requirements contained in the Company's By-laws, a copy of which is available upon request. Such requests and any nominations should be addressed to the Secretary, Hurco Companies, Inc., One Technology Way, P.O. Box 68180, Indianapolis, Indiana 46268.

The members of these Committees are identified in the table on pages 2 and 3.

### Compensation of Directors

Each director who is not a full-time employee of the Company receives a fee of \$1,500 for each meeting of the Board of Directors attended. Each such director also receives \$5,000 per fiscal quarter. Directors are also entitled to receive reimbursement for travel and other expenses incurred in attending such meetings.

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During the last fiscal year, Mr. Niner received compensation of \$72,000 for his services as Chairman of the Board of Directors.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's common stock, to file reports of ownership with the Securities and Exchange Commission and Nasdaq. Such persons are also required to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of the copies of such forms received by it, or written representations from certain reporting persons that they were not required to file a Form 5 to report previously unreported ownership or changes in ownership, the Company believes that, during its fiscal year ending October 31, 2001, its officers, directors and greater than 10% beneficial owners complied with all filing requirements under Section 16(a).

### EXECUTIVE COMPENSATION

#### Summary Compensation

The following table sets forth all compensation paid or accrued during each of the last three fiscal years to the Chief Executive Officer and each of the other four executive officers of Hurco (the "Named Executive Officers") whose salary and bonus exceeded \$100,000 during the fiscal year ended October 31, 2001.

Summary Compensation Table

Name and Principal Position	Fiscal Year	Annual Compensation			Long-t Compens ----- Securi Underl Option -----
		Salary (\$)	Bonus (\$) (1)	Other Annual Compensation (\$) (2)	
Brian D. McLaughlin President and CEO	2001	\$288,077	--	--	--
	2000	278,076	\$90,000	--	40,0
	1999	268,077	--	--	50,0
Roger J. Wolf Sr. VP, Secretary Treasurer and CFO	2001	\$183,077	--	--	--
	2000	173,462	\$50,000	--	30,0
	1999	165,946	--	--	25,0
James D. Fabris Executive Vice President - Operations	2001	\$198,077	--	--	--
	2000	185,576	\$65,000	--	20,0
	1999	165,904	--	--	35,0

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Bernard C. Faulkner	2001	\$154,385	--	\$21,762	--
President - Hurco North America	2000	108,596	\$25,000	36,939	25,000
David E. Platts	2001	\$121,154	--	--	--
Vice President of Technology & Business Development	2000	105,182	\$20,000	--	10,000
	1999	105,000	--	--	10,000

- 
- (1) Represents cash bonuses earned and paid in the subsequent year.
  - (2) Represents compensation related to relocation costs.
  - (3) Represents shares of common stock underlying grants of options made during the year. W Appreciation Rights (SARs).
  - (4) Represents contributions to defined contribution plans and split dollar life insurance premiums.

Name	Defined Contribution Plan Company Match	Company Paid Split-Dollar Life Insurance Premiums
Brian D. McLaughlin	\$5,100	\$47,406
Roger J. Wolf	5,996	42,766
James D. Fabris	5,100	19,184
Bernard C. Faulkner	5,215	14,375
David E. Platts	1,962	12,215

Stock Options

There were no options granted to the Named Executive Officers during Fiscal 2001.

Aggregated Option Exercises in Fiscal 2001 and Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY-End (#)		Un- In- at F Exer- cisable
			Exer- cisable	Unexer- cisable	
Brian D. McLaughlin	--	--	138,000	57,000	--
Roger J. Wolf	--	--	70,000	35,000	--
James D. Fabris	--	--	58,000	34,000	285
Bernard C. Faulkner	--	--	--	25,000	--
David E. Platts	10,000	21,250	27,000	13,000	75

- 
- (1) Value is calculated based on the closing market price of the common stock on October 31, 2001 (\$ 2.14) less the option exercise price.

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### Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are O. Curtis Noel and Robert W. Cruickshank. None of the Compensation Committee members are involved in a relationship requiring disclosure as an interlocking executive officer/director or under Item 404 of Regulation S-K or is a former officer or employee of the Company or any of its subsidiaries.

### Employment Contracts

Roger J. Wolf entered into an employment contract on January 8, 1993. The contract term is unspecified. Mr. Wolf's salary and bonus arrangements are set annually by the Compensation Committee of the Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Compensation Committee. Mr. Wolf is entitled to 12 months' salary if Hurco terminates his employment without just cause.

James D. Fabris entered into an employment contract on November 18, 1997. The contract term is unspecified. Mr. Fabris' salary and bonus arrangement are set annually by the Compensation Committee of the Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Compensation Committee. As part of the contract, Mr. Fabris is entitled to 12 months' salary if Hurco terminates his employment for any reason other than gross misconduct.

Bernard C. Faulkner entered into an employment contract on February 4, 2000. The contract term is unspecified. Mr. Faulkner's salary and bonus arrangements are set annually by the Compensation Committee of the Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Compensation Committee. Mr. Faulkner is entitled to 12 months' salary if Hurco terminates his employment for any reason.

Michael Doar entered into an employment contract effective November 13, 2001. The contract term is unspecified. Mr. Doar's salary and bonus arrangements are set annually by the Compensation Committee of the Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Compensation Committee. Mr. Doar is entitled to thirty days notice and twelve months salary and benefits if he is removed as Chairman and Chief Executive Officer by action of the Board of Directors.

### REPORT OF AUDIT COMMITTEE

The Company's Audit Committee is comprised of three Directors. The Board of Directors and the Audit Committee believe that the Audit Committee's current member composition satisfies the rule of the National Association of Securities Dealers, Inc. ("NASD") that governs audit committee composition, including the requirement that audit committee members all be "independent directors" as that term is defined by NASD Rule 4200(a)(14).

The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others, the system of internal controls which management has established, and the audit process. In doing so, it is the responsibility of the Audit Committee to provide an open avenue of communication between the Board of Directors, management, and the independent accountants.



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The Audit Committee has adopted a formal, written charter which was approved by the full Board of Directors of the Company on May 22, 2000. The Charter specifies the scope of the Audit Committee's responsibilities and how it should carry out those responsibilities.

The Audit Committee has reviewed and discussed the audited financial statements of the Company for the fiscal year ended October 31, 2001, with the Company's management. The Audit Committee has discussed with Arthur Andersen LLP, the Company's independent public accountants, the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). The Audit Committee has also received the written disclosures and the letter from Arthur Andersen LLP required by Independence Standards Board Standard No. 1 (Independence Discussion with Audit Committees) and the Audit Committee has discussed the independence of Arthur Andersen LLP with that firm.

The Company incurred the following fees for services performed by Arthur Andersen LLP for the fiscal year ended October 31, 2001:

Audit Fees. Fees for the audit and the review of Forms 10-Q were \$294,000.  
-----

Financial Information Systems Design and Implementation Fees. There were no fees paid to Arthur Andersen LLP for services related to financial information systems design and implementation.

All Other Fees. Aggregate fees billed for all other services rendered by  
----- Arthur Andersen LLP were approximately \$233,000.

Based on the review and discussions with the Company's independent auditors for the fiscal year ended October 31, 2001, the Audit Committee recommended to the Board of Directors that the financial statements be included in the Company's Annual Report on Form 10-K.

Robert W. Cruickshank  
Charles E. M. Rentschler  
Gerald V. Roch

### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors establishes policies relating to the compensation arrangements of the Chief Executive Officer and all other executive officers and oversees the administration of the Company's employee benefit plans. All decisions of the Compensation Committee relating to the compensation of the Company's executive officers are reviewed by the full Board.

#### Compensation Policy

The goal of the Company's executive compensation policy is to ensure that an appropriate relationship exists between executive pay and the creation of shareholder value, while at the same time motivating and retaining key employees. To achieve this goal, the Company's executive compensation policy integrates annual base compensation with incentive compensation plans based upon corporate performance and individual initiatives and performance. Measurement of corporate performance is primarily based on Company goals and industry performance levels. Accordingly, in years in which performance goals and industry levels are achieved or exceeded, executive compensation tends to be higher than in years in which performance is below expectations. Annual cash

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compensation, together with stock option incentives, are designed to attract and retain qualified executives and to ensure that such executives have a continuing stake in the long-term success of the Company.

Stock options are granted from time to time to key employees, based primarily on such person's potential contribution to the Company's growth and profitability. The Compensation Committee feels that stock options are an effective incentive for managers to create value for shareholders since the value of an option bears a direct relationship to the Company's stock price. The Compensation Committee believes that linking compensation for the Chief Executive Officer and all other executive officers to corporate performance results in a better alignment of compensation with corporate goals and shareholder interest. As performance goals are met or exceeded, resulting in increased value to shareholders, executives are rewarded commensurately.

### Fiscal 2001 Executive Compensation

For fiscal 2001, the Company's compensation program for the Chief Executive Officer and all other executive officers consisted of (i) base salary; (ii) bonus awards based upon the performance measurements described above; and (iii) stock option awards. During fiscal year 2001, the annual compensation of the Chief Executive Officer consisted of base salary, which was increased from fiscal 2000 for a cost-of-living adjustment. In evaluating 2001 performance, the Committee considered the Company's financial performance in relation to its business plan and other corporate performance criteria and determined that no bonuses would be awarded to the Chief Executive Officer and other corporate executive officers. There were no stock option awards granted to executive officers in fiscal 2001. The Committee believes that compensation levels for the Chief Executive Officer and all other executive officers and key employees during fiscal 2001 adequately reflect the Company's compensation goals and policies.

O. Curtis Noel  
Robert W. Cruickshank

### PERFORMANCE GRAPH \*

The following graph illustrates the cumulative total shareholder return on Hurco common stock for the five-year period ended October 31, 2001, as compared to the Russell 2000 Small Company Index (which is the broad equity market index used in last year's Performance Graph); a peer group consisting of traded securities for U.S. companies in the same two digit Standard Industrial Code (SIC) group as Hurco (SIC 3500-3599 - Industrial and Commercial Machinery and Computer Equipment) used in last year's Performance Graph; and a new peer group consisting of traded securities for U.S. companies in the same three digit SIC group as Hurco (SIC 3540-3549 - Metal Working Machinery and Equipment) (which we believe includes companies more comparable to Hurco based on markets served). The comparisons in this table are required by the Securities and Exchange Commission and are not intended to forecast or be indicative of possible future performance of Hurco common stock.

[OBJECT OMITTED]

\* \$100 INVESTED ON 10/31/96 IN STOCK OR INDEX-INCLUDING REINVESTMENT  
OF DIVIDENDS. Fiscal year ending October 31.

INCORPORATION BY REFERENCE

Notwithstanding anything to the contrary set forth in any of the Company's

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previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that may incorporate future filings (including this Proxy Statement, in whole or in part), the preceding Audit Committee Report, Compensation Committee Report on Executive Compensation and the stock price Performance Graph shall not be incorporated by reference in any such filings.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of February 15, 2002, regarding beneficial ownership of the Company's common stock by each director and Named Executive Officer, by all directors and executive officers as a group, and by certain other beneficial owners of more than 5% of the common stock. Each such person has sole voting and investment power with respect to such securities, except as otherwise noted.

Name and Address	Shares Beneficially Owned Number
Other Beneficial Owners	
Richard T. Niner Wind River Associates, LP 1055 Washington Blvd. Box 9-5th Floor Stamford, CT 06901	941,812 (1)
Wellington Management Co., LLP 75 State Street Boston, Massachusetts 02109	595,000 (2)
Dimensional Fund Advisors Inc. 1299 Ocean Avenue Santa Monica, CA 90401	417,200 (3)
FMR Corp. 82 Devonshire Street Boston, Massachusetts 02109	387,428 (4)
Royce & Associates, Inc. 1414 Avenue of the Americas New York, NY 10019	432,200 (5)

#### Directors and Executive Officers

Richard T. Niner	941,812 (1)	16.0%
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Robert W. Cruickshank	45,000 (7)	0.8%
Michael Doar	15,000 (7)	0.3%
Charles E. Mitchell Rentschler	42,100 (1,6)	0.7%
O. Curtis Noel	25,000 (1)	0.4%
James D. Fabris	71,333 (10)	1.2%
David E. Platts	39,367 (8)	0.7%
Roger J. Wolf	98,492 (9)	1.7%
Brian D. McLaughlin	142,320 (11,12)	2.4%
Executive officers and directors as a group (12 persons)	1,300,771 (13)	22.1%

- (1) Includes 25,000 shares subject to options that are exercisable within 60 days.
- (2) According to a Schedule 13G, dated December 31, 2001, Wellington Management Co. has shared voting power for 505,000 shares and dispositive power for all shares.
- (3) According to a Schedule 13G, dated December 31, 2001, Dimensional Fund Advisors has sole voting power for all shares.
- (4) According to a Schedule 13G, dated December 31, 2001, FMR Corporation has no voting power for any of the shares.
- (5) According to Schedule 13G, dated December 31, 2001, Royce & Associates has sole voting power for all shares.
- (6) Includes 10,100 shares owned by Mr. Rentschler's wife, as to which he may be deemed to have beneficial ownership.
- (7) Includes 15,000 shares subject to options that are exercisable within 60 days.
- (8) Includes 27,667 shares subject to options that are exercisable within 60 days.
- (9) Includes 85,000 shares subject to options that are exercisable within 60 days.
- (10) Includes 69,833 shares subject to options that are exercisable within 60 days.
- (11) Includes 110,000 options that are exercisable within 60 days.
- (12) Includes 1,320 shares owned by Mr. McLaughlin's wife and children, as to which he may be deemed to have beneficial ownership.
- (13) Includes 310,167 shares subject to options that are exercisable within 60 days.

### INDEPENDENT ACCOUNTANTS

Arthur Andersen LLP served as the independent accountants to audit the financial statements of Hurco for the fiscal year ended October 31, 2001. Representatives of Arthur Andersen LLP are expected to be present at the Annual Meeting, will

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have the opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from shareholders. The Board of Directors expects to reappoint Arthur Andersen LLP as independent accountants to serve for the fiscal year ended October 31, 2002.

SHAREHOLDER PROPOSALS

The date by which shareholder proposals must be received by the Company for inclusion in proxy materials relating to the 2003 Annual Meeting of Shareholders is October 31, 2002.

In order to be considered at the 2003 Annual Meeting, shareholder proposals must comply with the advance notice and eligibility requirements contained in the Company's By-Laws. The Company's By-Laws provide that shareholders are required to give advance notice to the Company of any business to be brought by a shareholder before an annual shareholders' meeting. For business to be properly brought before an annual meeting by a shareholder, the shareholder must give timely written notice thereof to the Secretary of the Company. In order to be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 days prior to the meeting. In the event that less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder must be received not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed or public disclosure was made. The notice must contain specified information about the proposed business and the shareholder making the proposal. A copy of the Company's By-Laws is available upon request. Such requests and any shareholder proposals should be sent to Roger J. Wolf, Secretary, Hurco Companies, Inc., One Technology Way, P.O. Box 68180, Indianapolis, Indiana, 46268, the principal executive offices of the Company.

ANNUAL REPORT ON FORM 10-K

The Company filed its Annual Report on Form 10-K for the fiscal year ended October 31, 2001 with the Securities and Exchange Commission. Shareholders may obtain a copy of the Form 10-K by writing to Roger J. Wolf, Senior Vice-President and Chief Financial Officer, Hurco Companies, Inc., One Technology Way, P. O. Box 68180, Indianapolis, Indiana 46268. A copy of the 10-K can also be obtained at hurco.com or SEC.gov.

OTHER BUSINESS

The Board of Directors knows of no other matters which may be presented at the Annual Meeting. If any other matters should properly come before the Annual Meeting, the persons named in the enclosed form of proxy will vote in accordance with their business judgment on such matters.

-FRONT-

HURCO COMPANIES, INC.	1. To elect six d Annual Meeting or elected and quali
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Mark box at right if you plan to attend the Annual Meeting.

Mark box at right if an address change or comments have been noted on the reverse side of this card.

For All With- F

Nominees	hold	E
(01)	Robert W. Crui	
(02)	Michael Doar	
(03)	Richard T. Nin	
(04)	O. Curtis Noel	
(05)	Charles E. Mit	
(06)	Gerald V. Roch	

CONTROL NUMBER:  
RECORD DATE SHARES:

To withhold authority to vote for any nominee, mark the "For" box through the name(s) of the nominee to be voted "For" the remainder of the line.

Please be sure to sign and date this Proxy. Date: \_\_\_\_\_

2. To transact such business as may come before the Annual Meeting of the Company at the time thereof.

Here

Shareholder Sign Here

Co-Owner Sign

- BACK -

HURCO COMPANIES, INC.  
One Technology Way, Indianapolis, Indiana 46268

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS - April 3, 2002  
Solicited on Behalf of the Board of Directors

The undersigned hereby appoints as proxies Michael Doar and Richard T. Niner, or either of them, with full power of substitution, to vote all shares of common stock which the undersigned is entitled to vote at the Annual Meeting of Shareholders of Hurco Companies, Inc., to be held at Hurco's Corporate Office, One Technology Way, Indianapolis, Indiana at 10:00 a.m. (EST) on Wednesday, April 3, 2002 and any adjournments thereof, upon the matters on the reverse side.

Only shareholders of record as of the close of business on January 30, 2002, are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof. In the event there are not sufficient votes for approval of one or more

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of the above matters at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies. If you do not expect to attend the Annual Meeting, please mark, sign and date the enclosed proxy and return it in the enclosed return envelope which requires no postage if mailed in the United States.

The shares represented by the Proxy, unless otherwise specified, shall be voted FOR each nominee listed on the reserve side.

PLEASE VOTE, DATE AND SIGN ON RESERVE SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

Please sign this proxy exactly as your name(s) appear(s) on the reverse side hereof. Joint owners should each sign personally. Trustees and other fiduciaries should indicate the capacity in which they sign. If a corporation or partnership, this signature should be that of an authorized officer who should state his or her title.

Has Your Address Changed?

Do You Have Any Comments?

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