SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended January 31, 2002 or Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from ________ to ________.

Commission File No. 0-9143

HURCO COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Indiana	35-1150732
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
One Technology Way Indianapolis, Indiana	46268
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code (317) 293-5309

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to the filing requirements for the past 90 days:

Yes X No

The number of shares of the Registrant's common stock outstanding as of February 28, 2002 was 5,583,158.

HURCO COMPANIES, INC.
January 2002 Form 10-Q Quarterly Report

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per-share data)

	Three Months Ended January 31, 2002	2001
	(Unaudited)	
Sales and service fees	$ 18,520	$ 25,933
Cost of sales and service	14,517	19,318
Gross profit	4,003	6,615
Selling, general and administrative expenses	5,214	6,086
Severance expense	356	--

Operating income (loss)	(1,567)	529
License fee income, net	169	334
Interest expense	177	181
Other income, net	33	88
Income (loss) before income taxes	(1,542)	770
Provision for income taxes	99	203
Net Income (loss)	$ (1,641)	$ 567
Earnings (loss) per common share		
Basic	$ (.29)	$ .10
Diluted	$ (.29)	$ .10
Weighted average common shares outstanding		
Basic	5,582	5,867
Diluted	5,582	5,905

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

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	January 31, 2002	October 31, 2001
ASSETS	(Unaudited)	(Audited)
Current assets:		
Cash and cash equivalents	$ 2,961	$ 3,523
Accounts receivable	12,701	14,436
Inventories	26,992	30,319
Other	1,651	1,232
Total current assets	44,305	49,510
Property and equipment:		
Land	761	761
Building	7,193	7,187
Machinery and equipment	11,156	11,410
Leasehold improvements	1,100	1,059
Less accumulated depreciation and amortization	(11,550)	(11,653)
	8,660	8,764
Software development costs, less amortization	3,044	3,066
Investments and other assets	4,591	4,877
	$ 60,600	$ 66,217
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,379	$ 9,936
Accrued expenses	8,212	8,081
Current portion of long-term debt	10,100	200
Total current liabilities	25,691	18,217
Non-current liabilities:		
Long-term debt	600	11,800
Deferred credits and other	435	732
	1,035	12,532
Shareholders' equity:		
Preferred stock: no par value per share; 1,000,000 shares authorized; no shares issued	--	--
Common stock: no par value; $.10 stated value per share; 12,500,000 shares authorized; 5,583,158 and 5,580,658 shares issued, respectively	558	558
Additional paid-in capital	44,717	44,714
Accumulated deficit	(3,551)	(1,910)
Accumulated other comprehensive income	(7,850)	(7,894)
Total shareholders' equity	33,874	35,468
	$60,600	$66,217

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

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Three Months Ended January 31, 2002	2001
	(Unaudited)	
Cash flows from operating activities:		
Net income (loss)	$ (1,641)	$ 567
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		

Equity income of affiliates	44	--
Severance expense	(300)	--
Depreciation and amortization	513	539
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	1,378	(3,056)
(Increase) decrease in inventories	2,820	(1,441)
Increase (decrease) in accounts payable	(2,471)	1,820
Increase (decrease) in accrued expenses	670	1,060
Other	275	(511)
Net cash provided by (used for) operating activities	1,288	(1,022)
Cash flows from investing activities:		
Proceeds from sale of equipment	45	--
Purchases of property and equipment	(292)	(207)
Software development costs	(157)	(128)
Other	(21)	(78)
Net cash used for investing activities	(425)	(413)
Cash flows from financing activities:		
Advances on bank credit facilities	6,975	14,650
Repayment on bank credit facilities	(8,275)	(8,300)
Repayments of term debt	--	(1,786)
Repurchase of Common Stock	--	(1,221)
Proceeds from exercise of common stock options	4	35
Net cash provided by (used for) financing activities	(1,296)	3,378
Effect of exchange rate changes on cash	(129)	(135)
Net increase (decrease) in cash	(562)	1,808
Cash and cash equivalents at beginning of period	3,523	3,384
Cash and cash equivalents at end of period	$ 2,961	$ 5,192

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

HURCO COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Three Months ended January 31, 2002 and 2001

	Common Stock					
	Shares Issued & Outstanding	Amount	Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total
	(Dollars in thousands)					
Balances, October 31, 2000	5,955,359	$596	$46,347	$ (313)	$(7,739)	$38,891
Net income	--	--	--	567	--	567
Translation of foreign currency financial statements	--	--	--	--	661	661
Unrealized loss on derivative instruments	--	--	--	--	(252)	(252)
Comprehensive income (loss)	--	--	--	--	--	976
Exercise of Common Stock Options.	16,400	1	34	--	--	35
Repurchase of Common Stock	(278,001)	(28)	(1,193)	--	--	(1,221)
Balances, January 31, 2001	5,693,758	$569	$45,188	$ 254	$(7,330)	$38,681
Balances, October, 31 2001	5,580,658	$558	$44,714	$(1,910)	$(7,894)	$35,468
Net income	--	--	--	(1,641)	--	(1,641)
Translation of foreign currency financial statements	--	--	--	--	(511)	(511)
Unrealized (gain) on derivative instruments	--	--	--	--	555	555
Comprehensive income (loss)	--	--	--	--	--	(1,597)
Exercise of Common Stock Options.	2,500	--	3	--	--	3
Balances, January 31, 2002	5,583,158	$ 558	$44,717	$(3,551)	$(7,850)	$33,874

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. GENERAL

The unaudited Condensed Consolidated Financial Statements include the accounts of Hurco Companies, Inc. and its consolidated subsidiaries. We design and produce interactive, personal computer (PC) based, computer control systems and software and computerized machine systems for sale through a worldwide sales, service and distribution network.

The condensed financial information as of January 31, 2002 and 2001 is unaudited but includes all adjustments which we consider necessary for a fair presentation of our financial position at those dates and our results of operations and cash flows for the three months then ended. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended October 31, 2001.

2. LICENSE FEE INCOME, NET

From time to time, our wholly owned subsidiary, IMS Technology, Inc., enters into agreements for the licensing of its interactive computer numerical control patents. License fees received or receivable under a fully paid-up license, for which there are no future performance requirements or contingencies, are recognized in income, net of legal fees and expenses, at the time the license agreement is executed. License fees receivable in periodic installments that are contingent upon the continuing validity of a licensed patent are recognized in income, net of legal fees and expenses, over the life of the licensed patent. The licensed patent expired in October 2001 and, as a result, we have no deferred license fee income at January 31, 2002.

3. HEDGING

We enter into foreign currency forward exchange contracts periodically to hedge certain forecast inter-company sales and forecast inter-company and third-party purchases denominated in foreign currencies (primarily Pound Sterling, Euro and New Taiwan Dollar). The purpose of these instruments is to mitigate the risk that the U.S. Dollar net cash inflows and outflows resulting from the sales and purchases denominated in foreign currencies will be adversely affected by changes in exchange rates. These forward contracts have been designated as cash flow hedge instruments, and are recorded in the Condensed Consolidated Balance Sheet at fair value in Other Current Assets and Accrued Liabilities. Gains and losses resulting from changes in the fair value of these hedge contracts are deferred in Accumulated Other Comprehensive Income and recognized as an adjustment to the related sale or purchase transaction in the period that the transaction occurs. Net losses on cash flow hedge contracts which we reclassified from Accumulated Other Comprehensive Income to Cost of Sales in the quarter ended January 31, 2002 were $450,000.

At January 31, 2002, we had $89,000 of unrealized gains related to cash flow hedges deferred in Accumulated Other Comprehensive Income, which we expect to recognize in Cost of Sales within the next twelve months. Cash flow hedge contracts mature at various dates through October 2002.

We also enter into foreign currency forward exchange contracts to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. These derivative instruments are not designated as hedges under the Statement of Financial Accounting Standards No. 133, "Accounting Standards for Derivative Instruments and Hedging Activities" (SFAS 133), and as a result, changes in fair value are reported currently as Other Income (Expense) in the Consolidated Statement of Operations consistent with the transaction gain or loss on the related foreign denominated receivable or payable. Such net transaction gains were $35,000 and $71,000 for the quarters ended January 31, 2002 and 2001, respectively.

4. EARNINGS PER SHARE

Basic and diluted earnings per common share are based on the weighted average number of our shares of common stock outstanding. Diluted earnings per common share give effect to outstanding stock options using the treasury method. For the quarter ended January 31, 2002, no effect was given to outstanding options because of their anti-dilutive effect.

5. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $833,000 as of January 31, 2002 and $907,000 as of October 31, 2001.

6. INVENTORIES

Inventories, priced at the lower of cost (first-in, first-out method) or market, are summarized below (in thousands):

	January 31, 2002	October 31, 2001
Purchased parts and sub-assemblies	$ 7,217	$ 7,853
Work-in-process	1,164	1,256
Finished goods	18,611	21,210
	$ 26,992	$ 30,319

7. SEGMENT INFORMATION

We operate in a single segment: industrial automation systems. We design and produce interactive computer control systems and software and computerized machine tool systems for sale through our distribution network to the worldwide metal working market. We also provide software options, computer control upgrades, accessories and replacement parts for our products, as well as customer service and training support.

8. RESTRUCTURING RESERVE

We previously recorded a reserve for anticipated costs associated with the restructuring of a subsidiary to convert its operations from manufacturing computer controls to sales and service of computerized machine systems.

During the first quarter of fiscal 2002, we recorded a severance provision of $356,000 for separation costs related to the changes in senior management.

At January 31, 2002, the restructuring reserve balance was approximately $358,000 and consisted of the following:

Description	10/31/01	Provision	Charges to Accrual	Balance 1/31/02
Severance	$133	$356	$(131)	$358

9. SOFTWARE DEVELOPMENT AND LOAN AGREEMENT

During the second quarter of fiscal 2001, we entered into agreements with a private software company to fund development costs related to the integration of patented, open architecture technology into our computer numerical control products. We agreed to fund an aggregate of $405,000, over a fifteen-month period ending in July 2002. We also agreed to fund a secured term loan available in installments through February 2002 of $1.0 million which is due April 1, 2003. In addition, we have warrants to purchase an equity interest in the company, which are exercisable on or before December 31, 2002, and 2003. As of January 31, 2002, our combined investment in the secured loan and warrants was $918,000 which is reflected in Investments and Other Assets.

10. DEBT AGREEMENT

We are in active discussions with other lenders for a long-term credit facility to replace our current credit facilities, which expire December 31, 2002. While we believe that we will be able to obtain a replacement facility in fiscal 2002 under acceptable terms, no such assurance can be given.

During the first quarter of fiscal 2002, our German subsidiary obtained a 3.0 million Euro working capital credit facility that is available through December 31, 2002. As a result, our domestic credit facility was reduced by $2.7 million to $19.8 million.

We were in compliance with all loan covenants at January 31, 2002, and had an additional credit availability of $9.3 million.

11. LEASEHOLD REPAIRS CONTINGENCY

The lease for our facility located in England expires in April 2002 and requires that we make certain repairs to the facility at the conclusion of the lease resulting from dilapidation of the facility that occurred during the lease term. At January 31, 2002, we accrued approximately $60,000 to repair the facility. In February 2002, the landlord claimed payment of $1.0 million for his estimated repairs. We have rejected the landlord's claim and intend to vigorously contest the matter. As a result, our final cost for the dilapidation repairs cannot be determined at this time.

12. NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued Statement No. 141, "Business Combinations" (SFAS 141) and Statement No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 141 requires that all business combinations initiated after June 30, 2001 be accounted for under the purchase method of accounting. Under SFAS 142, amortization of goodwill will cease and the goodwill carrying values will be tested periodically for impairment. We are required to adopt SFAS 142, effective November 1, 2002 for goodwill and intangible assets acquired prior to July 1, 2001. Goodwill and intangible assets acquired after June 30, 2001 will be subject immediately to the goodwill non-amortization and intangible provisions of this statement. The impact on our financial statements will be immaterial.

In August 2001, the Financial Accounting Standards Board issued Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), which is effective for the fiscal year beginning November 1, 2002. SFAS 144 establishes a single model to account for impairment of assets to be held or disposed of, incorporating guidelines for accounting and disclosure of discontinued operations. We believe the impact on our financial statements will be immaterial.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto appearing elsewhere herein. Certain statements made in this report may constitute "forward-looking statements". For a description of risks and uncertainties related to forward-looking statements, see our Annual Report on Form 10-K for the year ended October 31, 2001.

RESULTS OF OPERATIONS

Three Months Ended January 31, 2002 Compared to Three Months Ended January 31, 2001

The net loss was attributable primarily to substantially lower sales in the U.S., along with a one-time severance expense of $356,000 related to a previously announced change in senior management.

Sales and service fees for the first quarter of fiscal 2002 were $18.5 million, approximately $7.4 million, or 29%, lower than those recorded in the 2001 period. First quarter sales and service fees in the U.S. market declined 52% to $5.4 million and represented 30% of worldwide sales compared to 44% in the prior year period. Sales in Europe declined 9% to $12.5 million and represented 67% of total revenues, as compared to 53% a year ago.

Net sales of computerized machine tool systems in the U.S. fell 61% in the quarter, as compared to the prior year period, coupled with a 35% decline in sales of retrofit computer controls, spare parts and service fees. These results reflect the continuation of the dramatic decline in machine tool consumption in the U.S. which began in late 2000 and worsened in the aftermath of September 11. This decline is the result of weak economic conditions in most industrial market sectors in the U.S. and directly impacts sales of our products. In Europe, sales of computerized machine tool systems were 9% below the prior year level, reflecting weaker market conditions.

New order bookings for the first quarter of fiscal 2002 were $15.8 million, a decline of 44% as compared to $28.1 million recorded in the prior year period. New orders for computerized machine tool systems in the U.S. declined 50% in units and 63% in dollars, and were particularly impacted by a marked decrease in the number of large model machines in the total sales mix. New orders in Europe declined 46% in units and 38% in current dollars from the record level achieved in the first quarter of 2001.

Gross profit margin declined in the first quarter of fiscal 2002 to 21.6% from 25.5% in the same period a year ago, due in large part to the reduced sales of spare parts and lower service revenues, as well as the effect of lower machine sales.

Operating expenses for the first quarter of fiscal 2002 of $5.2 million were $872,000, or 14% below those of the corresponding 2001 period, due to previously announced cost reduction programs.

License fee income included a favorable adjustment of $130,000 due to the reversal of a reserve for a potential refund related to a license. We have determined that the liability no longer exists.

Foreign Currency Risk Management

We manage our foreign currency exposure through the use of foreign currency forward exchange contracts. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes. We also moderate our currency risk related to significant purchase commitments with certain foreign vendors through price adjustment agreements that provide for a sharing of, or otherwise limit, the potential adverse effect of currency fluctuations on the costs of purchased products. See Item 3 below and Note 3 to the Condensed Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

At January 31, 2002, we had cash and cash equivalents of $3.0 million compared to $3.5 million at October 31, 2001. Cash provided by operations totaled $1.3 million in the first quarter of fiscal 2002 compared to cash used for operations of $1.0 million in the prior year.

Net working capital, excluding short-term debt of $10.1 million, was $28.7 million at January 31, 2002 compared to $31.5 million at October 31, 2001. The decrease in working capital was the result of a $1.4 million reduction in accounts receivable due to lower sales, and a $2.8 million planned reduction in inventory offset by a $2.5 million reduction in accounts payable due to reduced levels of production.

Capital investments for the first quarter ended January 31, 2002 consisted principally of expenditures for software development projects and purchases of equipment. Cash used for investing activities during the quarter was funded by cash flow from operations and our bank credit facilities.

At January 31, 2002, outstanding borrowings of $9.9 million under our domestic bank credit facility were classified as Current Portion of Long Term Debt because the facility matures December 31, 2002. We are in active discussions with other lenders for a new domestic credit facility. While we believe that we will be able to obtain a replacement facility in fiscal 2002 under reasonable terms, no such assurance can be given.

During the first quarter, our German subsidiary obtained a 3.0 million Euro unsecured working capital credit facility that is available through December 31, 2002. As a result, our domestic credit facility commitment was reduced by $2.7 million to $19.8 million. We were in compliance with all loan covenants at January 31, 2002, and had an additional credit availability of $9.3 million, including the European facility.

Our cash flow from operations for the first quarter of fiscal 2002 was consistent with our fiscal 2002 business plan. Our business plan for fiscal 2002 includes planned reductions of operating expenses and working capital. If market demand and sales in the U.S. and Europe continue to decline, or if there are adverse currency movements, or if we do not realize anticipated cost reductions and cash from planned inventory reductions, our actual results may differ from our business plan. During the first quarter of fiscal 2002, order rates deteriorated from fourth quarter order rates, both in the U.S. and Europe and weakened further in the month of February 2002. We anticipate a continued operating loss in our second fiscal quarter based on these reduced order rates. We have initiated additional cost reduction actions in March 2002, which will involve a 20% reduction in our domestic workforce and generate an annual cost savings of approximately $2.2 million. We will record approximately $150,000 of severance cost in our second fiscal quarter related to these actions. We are also examining additional steps to further reduce operating costs and improve cash flow from operations over the remainder of fiscal 2002. We believe that cash flow generated from operations and borrowings available to us under our credit facilities will be sufficient to meet our anticipated cash requirements in fiscal 2002.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest on our bank borrowings is affected by changes in prevailing U.S. and European interest rates and/or Libor. At January 31, 2002, outstanding borrowings under our bank credit facilities were $9.9 million and our total indebtedness was $10.7 million. The interest rate on the Libor portion of our bank debt was Libor plus 2%.

Foreign Currency Exchange Risk

In fiscal 2002, approximately 72% of our sales and service fees, including export sales, were derived from foreign markets. All of our computerized machine systems and computer numerical control systems, as well as certain proprietary service parts, are sourced by our U.S.-based engineering and manufacturing division and re-invoiced to our foreign sales and service subsidiaries, primarily in their functional currencies.

Our products are sourced from foreign suppliers or built to our specifications by either our wholly owned subsidiary in Taiwan, or contract manufacturers overseas. These purchases are predominantly in foreign currencies and in many cases our arrangements with these suppliers include foreign currency risk sharing agreements, which reduce (but do not eliminate) the effects of currency fluctuations on product costs. The predominant portion of our exchange rate risk associated with product purchases relates to the New Taiwan Dollar.

We enter into forward foreign exchange contracts from time to time to hedge the cash flow risk related to forecast inter-company sales, and forecast inter-company and third-party purchases denominated in, or based on, foreign currencies. We also enter into foreign currency forward exchange contracts to provide a natural hedge against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes.

Forward contracts for the sale or purchase of foreign currencies as of January 31, 2002 which are designated as cash flow hedges under SFAS No. 133 were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rates in U.S. Dollars		Maturity Dates
			Contract Date	January 31, 2002	
Sale Contracts:					
Euro	2,000,000	.9007	$1,801,400	$1,715,607	Feb - March 2002
Purchase Contracts:					
New Taiwan Dollar	70,000,000	35.06	$1,996,375	$1,998,826	March - April 2002

Forward contracts for the sale of foreign currencies as of January 31, 2002, which were entered into to protect against the effects of foreign currency fluctuations on receivables and payables denominated in foreign currencies were as follows:

Forward Contracts	Notional Amount in Foreign Currency	Weighted Avg. Forward Rate	Contract Amount at Forward Rates in U.S. Dollars		Maturity Dates
			Contract Date	January 31, 2002	
Sale Contracts:					

Euro	6,276,264	.8828	$5,540,686	$5,378,733	Feb - April 2002
Singapore Dollar	2,092,806	1.8351	$1,140,432	$1,140,920	Feb - April 2002
Purchase Contracts:					
New Taiwan Dollar	20,000,000	35.01	$571,322	$571,692	Feb 2002

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We are involved in various claims and lawsuits arising in the ordinary course of business, none of which, in the opinion of management, is expected to have a material adverse effect on our consolidated financial position or results of operations.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

10.1 Working Capital Credit Facility dated January 8, 2002 between the Registrant and Dresdner Bank AG

10.2 Employment Agreement between the Registrant and Michael Doar dated November 13, 2002

11 Statement re: Computation of Per Share Earnings

(b) Reports on Form 8-K: None

SIGNATURES

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

HURCO COMPANIES, INC.

By: /s/ Roger J. Wolf
Roger J. Wolf
Senior Vice President and
Chief Financial Officer

By: /s/ Stephen J. Alesia
Stephen J. Alesia
Corporate Controller and
Principal Accounting Officer

March 14, 2002

EXHIBIT 11

Statement Re: Computation of Per Share Earnings

(in thousands, except per share amounts)	Three Months Ended January 31, 2002 Basic	2002 Diluted	2001 Basic	2001 Diluted
Net income (loss)	$(1,641)	$(1,641)	$567	$567
Weighted average shares outstanding	5,582	5,582	5,867	5,867
Dilutive effect of stock options	--	--	--	38
	5,582	5,582	5,867	5,905
Earnings (loss) per common share	$ (.29)	$ (.29)	$ .10	$ .10

Translation of Letter
Dresdner Bank AG
Promenadeplatz 7
Munich Germany

October 12, 2001

Hurco GmbH
Werkzeugmaschinen CIM-Bausteine
Vertrieb und Service
-Geschaftsleitung-
Herrn Gerhard Kohlbacher
Gewerbestra(beta)e 5a
85652 Landsham/Munchen

Dear Mr. Kohlbacher:

We would like to thank you again for the recent conversation, and confirm our commitment to provide your company with a shorth term operating credit facility in the amount of:

EUR 3,000,000 -- (Euro three million).

For the time being, the credit facility will expire January 2, 2003. In October 2002, a review or your credit requirements will be made to determine the possiblility of extending the facility.

An interest rate of 7.16% p.a. will be charged, until furhter notice. An accumulated interest will be charged each month end to the account #5 652 996 00. The interest rate will rise or lower, appropriately, according to the terms and circumstances of the money and capital markets.

If the formentioned credit line is used on a Euro-basis, presupposing the availability of funds. The interest rate to be charged has been negotiated seperately and is 1.75% p.a. above the respective EURO LIBOR rate.

In addition, we negotiated that during the duration of this loan or as long as you are assuming other obligations with us,

- The net funds of your company, consisting of share capital, reserves, net income shown in the balance sheet are not allowed to fall below the amount of 4,500,000,-- EUR. as well as
- In total, the group (ICO) AR are not allowed to exceed the total group (ICO) payables, as long as our credit resources are used and you are informing us about essential changes about this subject in time.

As security for this credit facility we reserve the right of lien and a list of collateral securites as being agreed to in our Standard Terms and Conditions.

In the case of a higher risk assessment, we have the ability to ask for increased securities or for provisions of additional securities.

In view of the terms of the German Banking Llaw (ss.18), we ask that you keep us informed about the economic situation of your company and provide us with the annual reports and with the consolidated financial statements of your company and group as soon as the reports are available no later than 9 months after the end of the business year.

In addition, our Standard Terms and Conditions are valid, which can be read in our offices and will be sent to you upon request.

We are happy to be able to assist you with a line of credit. As an agreement to the terms and conditions of this letter, please return a signed copy of this letter, legally binding with the company seal.

Our letter of comittment as of October, 25th, 2001 is therefore invalid.

Please be sure of my best wishes.

Regards,

Dresdner Bank AG in Munich

/s/ Goldl
Goldl

/s/ Steinacker
Steinacker

Approving above agreement fully.
Landsham, January 8, 2002

Hurco GmbH Werkeugmaschineen CIM-Bausteine Vertrieb und Service

/s/ G. Kohlbacher
Gerhard Kohlbacher

November 13, 2001

Michael Doar
2907 Spring Meadow Court
Indianapolis, IN 46268

Dear Michael:

This letter agreement will confirm the terms of employment associated with your appointment as Chairman and Chief Executive Officer of Hurco Companies, Inc.

Position and Responsibilities

- Chairman and Chief Executive Officer
- Effective November 13, 2001
- You will continue as a member of Hurco's Board of Directors

Compensation

- Base salary $245,000 annually subject to annual review by the Compensation Committee of the Board of Directors.
- Annual bonus to be determined by the Compensation Committee of the Board of Directors.
- You will be eligible to participate in the Deferred Compensation Program as approved by the Compensation Committee.

Vacation

- Vacation consistent with the vacation plan in effect for corporate officers.

Life Insurance

- You are eligible to participate in the Split Dollar Life Insurance Plan available to corporate officers.

Other Expenses to be paid by Hurco

- Hurco will provide you with a suitable automobile as it does other senior officers. Appropriate arrangements will be made for reimbursement of social / country club expenses intended primarily for Hurco business purposes.

Relocation Expenses

- Hurco will continue to pay for the apartment you are using until the earlier of when you acquire permanent housing or you and your family or September 2, 2002.
- The company will reimburse all reasonable moving expenses including packing and shipping of household furnishings and personal property. Reimbursement or direct payment of these expenses will be subject to submission of appropriate invoices and other supporting documentation. The reimbursement will be "grossed up" for Federal and State Income Taxes in accordance with established Company practices for executive officers.

Employment Termination Agreement

- In the event you are removed as Chairman and Chief Executive Officer by action of the Board of Directors, your salary and status as an employee would continue for thirty (30) days following written notice of termination, at which time you will be paid twelve (12) months severance, at your then base salary.
- Health, life and disability insurance benefits will be maintained at the expense of the Company during the twelve months (12) severance period or until you have obtained alternate employment, if earlier.
- In the event you resign of your own volition prior to the termination of your employment, Hurco will make no further payments (salary and benefits) after your last day of employment.

We wish your every success with your new responsibilities.

Sincerely,	Acknowledged and accepted
/s/ O. Curtis Noel O. Curtis Noel Chairman, Compensation Committee of the Board of Directors	/s/ Michael Doar Michael Doar 11-13-02 Date