

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

X Annual report pursuant to section 13 or 15(d) of the Securities Exchange  
--- Act of 1934 [FEE REQUIRED] for the fiscal year ended October 31, 1995 or

Transition report pursuant to section 13 or 15(d) of the Securities  
Exchange Act of 1934 [NO FEE REQUIRED] for the transition period from  
\_\_\_\_\_ to \_\_\_\_\_.

Commission File No. 0-9143

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

INDIANA 35-115073  
(State or other jurisdiction of (I.R.S. Employer Identification Number)  
incorporation or organization)

ONE TECHNOLOGY WAY 46268  
INDIANAPOLIS, INDIANA (Zip code)  
(Address of principal executive offices)

Registrant's telephone number, including area code (317) 293-5309  
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Securities registered pursuant to Section 12(b) of the Act: None  
Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, No Par Value  
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(Title of Class)

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 at least the past 90 days. Yes X No

The aggregate market value of the Registrant's voting stock held by  
non-affiliates as of January 12, 1996 was \$25,773,890.

The number of shares of the Registrant's common stock outstanding as of January  
12, 1996 was 5,426,082.

DOCUMENTS INCORPORATED BY REFERENCE: None

Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405  
of Regulation S-K is not contained herein, and will not be contained, to the  
best of Registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K.

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PART I

ITEM 1. BUSINESS

(A) GENERAL DEVELOPMENT OF BUSINESS

Hurco Companies, Inc. (the Company) designs and produces computer numerical  
control (CNC) systems and software and CNC-guided machine tools for sale through  
its own distribution system to the worldwide machine tool industry. The  
Company's proprietary CNC systems and related software products are either  
integrated with machine tools marketed by the Company, sold to machine tool end  
users or sold to other machine tool manufacturers who integrate them with their  
own products.

The Company pioneered the application of microprocessor technology and conversational programming software to machine tool controls and, since its founding in 1968, has been a leader in the introduction of CNC systems that automate manufacturing processes and improve productivity in certain segments of the metalworking industry. The Company has concentrated on designing "user-friendly" CNC systems that can be operated by both skilled and unskilled machine tool operators and yet are capable of instructing a machine tool to perform complex tasks. The combination of microprocessor technology and patented interactive, conversational software in the Company's CNC systems enables operators on the production floor to quickly and easily create a program for machining or forming a particular part from a blueprint or electronic design and immediately begin production of that part.

The Company's executive offices and principal design, engineering, assembly and distribution facilities are located in Indianapolis, Indiana. Additional product design, assembly and warehouse facilities are located in Farmington Hills, Michigan; and sales, application engineering and service offices are located in High Wycombe, England; Munich, Germany; Paris, France and Singapore.

(B) FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company operates in one business segment, which consists of CNC systems and software and CNC-guided machine tools for cutting and forming metals.

(C) NARRATIVE DESCRIPTION OF BUSINESS

GENERAL

The manufacture of metal parts for industrial and consumer products primarily involves two major processes: metal cutting and metal forming. These processes are performed by machine tools. Metal cutting machine tools produce parts by milling, drilling, turning and grinding of a solid block of metal. Metal forming machine tools fabricate parts by shearing, punching, forming and bending flat sheets of metal.

Approximately three-fourths of the world's machine tools are made for metal cutting applications. The milling machine is one of the most common types of metal cutting machines. Milling machines shape a part by moving a rotating cutting tool, such as a drill, tap or mill, across a metal block. Although a majority of the milling machines in current use are still manually operated, an increasing number are now operated using CNC systems such as those produced by the Company. CNC-guided milling machines automatically and precisely shape parts by directing the movement of a cutting tool according to a program specifically designed for the desired part. Some CNC-guided milling machines, referred to as machining centers, are equipped with automatic tool changers that allow several different drills, taps or mills to be used in a programmed sequence on the same part without having to remove the part from the machine.

Metal forming machines include press brakes, presses, shears and punches. The press brake is the basic machine tool used to perform simple bending operations on a wide variety of sheet metal to create parts such as computer cabinets, door frames, aircraft components and electrical enclosures. Each press brake uses one or more manual or automated gauge systems that determine where the bend will be made in the sheet metal part. Automated press brakes utilize CNC systems such as those produced by the Company.

The Company has pursued a strategy that is focused on developing and distributing to the worldwide machine tool market a comprehensive line of leading-edge CNC products that incorporate proprietary technology designed to enhance the user's productivity through ease of operation and adaptability to a wide range of manufacturing applications. As part of this strategy, the Company has adopted an open systems architecture that permits its CNC systems and software to be used with a variety of hardware platforms and has emphasized an "operator friendly" design that employs interactive "conversational" software. To increase its margins and mitigate the potential adverse impact of the recessionary cycles and other economic forces that impact the markets for

capital goods in general and machine tools in particular, the Company has recently completed a comprehensive restructuring of its operations, as a result of which it has outsourced almost all of its machine tool manufacturing operations to independent contract manufacturers and is concentrating its resources on product research, development, design, marketing, distribution and service.

PRODUCTS

The Company's principal products consist of CNC systems and related software for both metal cutting machine tools and metal forming press brakes as well as complete CNC-guided milling machines and machining centers into which the Company's own CNC systems have been fully-integrated. The Company also produces and distributes control upgrades, accessories and replacement parts and provides operator training and support services to its customers.

The following table sets forth the contribution of each of these product groups to the Company's total revenues during each of the past three fiscal years:

(Dollars in thousands)	YEAR ENDED OCTOBER 31		
	1995	1994	1993
CNC systems and software.....	\$19,027 (21.2%)	\$17,553 (24.2%)	\$15,869 (22.0%)
CNC-guided milling machines and machining centers.....	55,711 (62.2%)	38,622 (53.2%)	39,857 (55.2%)
Service parts.....	9,073 (10.1%)	10,422 (14.3%)	10,465 (14.5%)
Service fees.....	5,821 ( 6.5%)	6,031 ( 8.3%)	6,039 ( 8.3%)
	-----	-----	-----
	\$89,632	\$72,628	\$72,230
	=====	=====	=====

CNC SYSTEMS AND SOFTWARE

The Company's CNC systems and software are marketed under the tradenames ULTIMAX (R), DELTA (TM) and AUTOBEND (R). The ULTIMAX (R) and DELTA (TM) product lines are used to control metal cutting machine tools. AUTOBEND (R) CNC systems are used to control metal forming press brakes.

o ULTIMAX

The Company's patented ULTIMAX "conversational" CNC system, which incorporates an interactive and powerful "data block" programming methodology supported by extensive geometric and process data calculation software tools, enables a machine tool operator to create complex two-dimensional part programs directly from blue print inspection. Machine operators with little or no programming experience can successfully program parts and begin cutting operations in a short time with minimum special training. Since the initial introduction of the ULTIMAX CNC in 1984, the Company has added enhancements related to operator programming productivity, CAD compatibility, data processing throughput and motion control speed and accuracy. In 1994, the Company introduced the latest generation of the ULTIMAX CNC, the ULTIMAX 3/486. By incorporating Industry Standard Architecture (ISA) computer platform components, this CNC product offers improved performance while ensuring access to the most effective computing hardware and software technology. In 1995, the Company introduced a software option that interprets part programs written for the worldwide installed base of competitors' CNCs; this software option is intended to increase the Company's access to the contract machining market. The Company also developed a "Single Screen" version of its ULTIMAX CNC in 1995 to increase its penetration of the CNC milling machine market. A conversational CNC system similar to the ULTIMAX CNC system, which is offered as an integral component of

the Company's own line of milling machines and machining centers, also will be marketed in 1996 to other machine tool manufacturers for integration with their original equipment offerings and to retrofiters for integration with older models of machine tools.

o DELTA SERIES

The Company's DELTA series CNCs, which feature microprocessor-based electronics incorporating ISA computer platform components to provide enhanced performance at lower cost, are designed for the worldwide metalworking industry and are used on milling machines, machining centers, turning centers and punching equipment. The DELTA CNC system is based on industry standard point-to-point programming methodology but incorporates software features that group industry standard commands into useful part features, such as circles and frames, to simplify programming. The DELTA CNCs are designed and configured as general purpose products, which offer flexibility, reliability and ease of integration with a wide variety of machine designs, and are marketed to original equipment manufacturers and retrofiters of a wide range of metal cutting machines.

Late in fiscal 1994, the Company expanded its DELTA product line with the introduction of PRECISIONSCAN (TM), an advanced continuous trace digitizing system that, together with other software peripherals, is intended to meet the needs of mold makers in the metal cutting industry. The Company will further supplement its DELTA product line with the introduction in fiscal 1996 of a new, low-cost, two-axis lathe control with "conversational" graphics.

o AUTOBEND

AUTOBEND CNC systems are applied to press brakes that form parts from metal sheet and consist of a microprocessor-based CNC and backgauge. The Company has manufactured and sold the AUTOBEND product line since 1968 and currently markets four models of its press brake CNC and gauging systems through distributors to end-users as retrofit units for installation on existing or new press brakes as well as to original equipment manufacturers and importers of press brakes. The AUTOBEND product line was expanded in fiscal 1993 by the introduction of a multi-axis CNC system that enhances the productivity of the press brake operator by reducing set-up time. The AUTOBEND product line was further expanded in October 1995 with the introduction of a low-cost CNC system for simple press brake applications.

o CAM AND SOFTWARE PRODUCTS

In support of its CNC product lines, the Company offers metal cutting and forming software products for programming two and three dimensional parts. Its two primary products are the ULTIMAX PC and PC+, off-line programming systems, which are sold to users of the large installed base of both ULTIMAX and competitive CNC systems. In fiscal 1993, the Company released a computer-aided design (CAD)-compatible data file translation software option to its ULTIMAX off-line programming system. This unique product eliminates manual data entry of part features by transferring AUTOCAD(TM) drawing files directly into the CNC or the off-line programming system software, substantially increasing operator productivity. And, in fiscal 1995, the Company augmented its Autobend product line with the introduction of a computer-aided manufacturing (CAM) software package that enables the user to create and manipulate metal forming programs on a personal computer.

The Company designs and markets complete stand-alone milling machines and machining centers, each of which is equipped with a fully-integrated ULTIMAX or DELTA CNC system. All of these machines are built to the Company's specifications by independent contract manufacturers. Its new ADVANTAGE(R) line of machine tools, which was introduced in the United States in late fiscal 1994 and in Europe in the second half of fiscal 1995, is a complete family of products offering different levels of performance features for different market applications and ranging in price from \$39,000 to \$150,000. Two series of products are currently offered within the Advantage(R) product line -- the VALUE SERIES and the PERFORMANCE SERIES -- each of which is marketed within a distinct price range and includes machines of differing sizes and power levels, ranging from a five-horsepower milling machine with an X-axis travel of 24 inches to a twenty-horsepower machining center with 50 inches of X-axis travel.

The VALUE SERIES products are equipped with the DELTA CNC or the "Single Screen" version of the ULTIMAX CNC system and are intended for use by the independent contract manufacturer requiring a low-cost product with basic capabilities. The PERFORMANCE SERIES products employ the same machine tool frame as the VALUE SERIES, but feature the more advanced ULTIMAX CNC system and software desired by the precision tool, die and mold market, where fast programming of complex parts is a key to competitiveness.

The Company's smaller machines -- those with an X-axis travel of 30 inches or less -- embody the Company's proprietary machine tool design. The larger machines -- those with an X-axis travel of 40, 45, or 50 inches -- incorporate a machine tool platform developed by one of the Company's contract manufacturers. During fiscal 1995, approximately 69% of the machine tools sold by the Company embodied its proprietary design; these machines accounted for approximately 53% of the Company's total machine tool sales revenues for fiscal 1995. The Company expects that during fiscal 1996 approximately 85% of the machine tools it sells will embody its proprietary design.

#### PARTS AND SYSTEM SERVICE

The Company's service organization provides installation, operator training and customer support for the Company's products. The Company also provides CNC upgrades, accessories, options and replacement parts for its products. Among the options are software programs and additional CNC features that allow a customer to upgrade the performance of its milling machines and machining centers. The Company's after-sale parts and service business helps strengthen customer relationships and provides continuous information concerning the evolving requirements of end-users.

#### MARKETING AND DISTRIBUTION

The end-users of the Company's products are thousands of precision tool, die and mold manufacturers, independent metal parts job shops and specialized production groups within large manufacturing corporations. Industries served include aerospace, defense, medical equipment, energy, injection molding, transportation and computer equipment.

The Company sells its CNC systems and related products (i) to manufacturers of new machine tools who integrate them with their own products prior to the sale of those products to their own customers, (ii) to retrofitters of used machine tools who integrate them with those machine tools as part of the retrofitting operation and (iii) to end-users who have an installed base of machine tools, either with or without related CNC systems. The Company's integrated CNC-guided milling machines and machining centers are sold primarily to end-users. During fiscal 1995, no single end-user of the Company's products accounted for more than 5% of its total revenues.

Sales are made through over 200 independent agents and distributors in 37 countries throughout North America, Europe and Asia. The Company also has its own direct sales forces in the United States, England, France, Germany and Singapore, which are considered to be among the world's principal machine tool consuming countries. During fiscal 1995, one distributor accounted for approximately 6% of the Company's total revenues; no other distributor accounted

for more than 5% of total revenues. The Company has agreements with each of its distributors, but may terminate those agreements upon prior notice ranging from 30 days to 180 days. Approximately 80% of the worldwide demand for CNC-guided machine tools and CNC systems comes from outside the U.S. and accordingly, the Company considers its international market presence to be critical to its operations.

The Company believes the demand for CNC systems and CNC-guided machine tools is driven by several factors: (i) the declining supply of skilled machinists, (ii) the need to continuously improve productivity, (iii) an aging machine tool installed base that will require replacement with more advanced and efficient technology and (iv) the industrial development of emerging countries in Asia and Eastern Europe. However, the demand for machine tools and related products is highly dependent upon economic conditions and the general level of business confidence, as well as such factors as production capacity utilization and changes in governmental policies regarding tariffs, corporate taxation and other investment incentives. By marketing and distributing its products on a worldwide basis, the Company attempts to reduce the potential impact on its total revenues of adverse changes in economic conditions in any particular geographic region.

#### COMPETITION

Numerous companies compete with the Company's product lines in the United States and international markets. Many of these competitors are larger and have greater financial resources than the Company. The Company strives to compete effectively by designing into its products critical proprietary features that offer a distinct value differential from comparably-priced competitive products in terms of enhanced productivity, technological capabilities and ease of use. In addition, by offering its products in a range of prices and capabilities, the Company seeks to meet the needs of a broad potential market. The Company also believes that its competitiveness is aided by its reputation for reliability and quality, its strong international sales and distribution organization and its extensive customer service organization.

In the CNC system market, the Company is a leader in providing user-friendly, "conversational" programming systems for CNC machine tools. Many of its CNC system competitors, such as Fanuc Ltd., Mitsubishi, Dr. Johannes Heidenhain GmbH, Seimens, Southwest Industries, Bridgeport Machines., and Allen-Bradley, also offer "user-friendly" programming features. Fanuc Ltd. is the world's largest supplier of CNC systems.

The Company believes it is one of the largest manufacturers of CNC gauging systems for press brakes in the United States. Automec Inc., a CNC gauge manufacturer, and Cybelec SA, a control manufacturer, are the Company's major competitors for these products in the United States. The Company also competes with Cybelec in Europe.

In the U.S. market for CNC milling machines, competition comes primarily from Bridgeport Machines, Inc., Tree Machine Tool Co., Inc., Miltronics Manufacturing Co. and Republic-Lagun Machine Tool Co. Competition in the United States with respect to CNC machining centers comes from Fadal Engineering Co., Inc., Haas Automation, Inc. and Cincinnati Milacron, Inc. A large number of foreign builders, including Okuma Machinery Works Ltd., Yamazaki Mazak Corporation, Mori Seiki Co., Ltd., and Matsuura Machinery Corporation also compete with the Company in the United States as well as in international markets.

#### MANUFACTURING

The Company assembles and tests its CNC systems at its own facilities in Indianapolis, Indiana, and Farmington Hills, Michigan using readily available, industry-standard personal computer components (such as hard disk drives, VGA cards and motherboards) as well as proprietary system components that are produced to the Company's specifications by several domestic suppliers. The Company believes that alternative sources for the proprietary components are readily available.

The Company's CNC-guided machine tools and milling machines are manufactured to its specifications in Taiwan by several independent contractors, of whom two accounted for approximately 95% of the machines sold by the Company in fiscal 1995. The Company has worked closely with its Taiwan-based contractors to increase their production capacity to meet the rising demand for its machine tool products and believes that such capacity is sufficient to meet the

Company's current and projected demand. Although the Company is exploring additional manufacturing sources for certain of its machine tool products, alternative sources are not readily obtainable and any significant reduction in capacity on the part of its existing machine tool manufacturing contractors could have a material adverse effect on its operations.

#### BACKLOG

Backlog consists of firm orders received from customers and distributors. Backlog was \$16.1 million, \$7.0 million and \$7.7 million as of October 31, 1995, 1994, and 1993, respectively. Fiscal 1995 orders were \$98.8 million compared to \$71.9 million for fiscal 1994, and \$74.1 million for fiscal 1993.

#### INTELLECTUAL PROPERTIES

The Company considers certain features of its products to be proprietary and owns, directly or through a subsidiary, a number of patents that are significant to its business. The Company holds a non-exclusive license covering features of the automatic tool changer offered with certain of its CNC machining centers. In addition, IMS Technology, Inc. (IMS), a wholly-owned subsidiary of the Company, owns various domestic and foreign patents covering the machining method practiced when a machine tool is integrated with an interactive CNC (the Interactive Machining Patents). In September 1995, the Company was awarded a new patent on an object-oriented methodology for CNC software.

In October 1995, IMS initiated infringement actions against a number of enterprises that it believes are employing or practicing machining methods covered by the Interactive Machining Patents. These enterprises include end users of interactive CNCs, machine tool builders employing interactive CNCs within their products and CNC manufacturers whose control designs permit use of interactive methods when coupled to machine tools. See Item 3. LEGAL PROCEEDINGS.

IMS is actively pursuing a program to license the use of the Interactive Machining Patents. On January 2, 1996, IMS entered into an agreement with a CNC manufacturer and various of its subsidiaries, none of whom is a defendant in the IMS patent infringement actions, under which it has granted a non-exclusive license to use the Interactive Machining Patents in exchange for certain fixed payments beginning in fiscal 1996 and continuing through fiscal 2001 and aggregating approximately \$800,000, net of legal fees and expenses. In addition, IMS has received a royalty-free non-exclusive license (with a right of sublicense to the Company) under four of the licensee's patents. There can be no assurance that IMS will enter into any other license agreements or that the terms of any future license agreements will be similar to those of the initial license.

#### RESEARCH AND DEVELOPMENT

The Company's total engineering, research and development expenditures, including amounts funded by third parties, were \$4.3 million in fiscal 1995, \$4.0 million in fiscal 1994 and \$4.3 million in fiscal 1993. These activities include development of new software and machine tool products, efforts to reduce costs and improve quality for current products and routine product support.

Research and development expenditures for new products and significant product improvements were \$1.4 million, \$1.0 million and \$1.7 million in fiscal 1995, 1994, and 1993 respectively, and \$1.0 million, \$1.0 million, and \$1.6 million respectively, net of third-party reimbursements. In addition, the Company capitalized \$1.2 million in 1995, \$.8 million in 1994 and \$.7 million in 1993 related to software development projects.

#### EMPLOYEES

The Company and its subsidiaries had 352 employees at the end of fiscal 1995, none of whom is covered by a collective-bargaining agreement or represented by a union. The Company has experienced no employee-generated work stoppages or disruptions and considers its employee relations to be satisfactory.

#### (D) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES

The following represents a breakdown of Company sales to the indicated geographic regions for the past three fiscal years (in thousands):

	1995	1994	1993
	-----	-----	-----
North America.....	\$49,005	\$46,430	\$46,402
Europe .....	35,434	23,692	22,151
Asia and other.....	5,193	2,506	3,677
	-----	-----	-----
Total .....	\$89,632	\$72,628	\$72,230
	=====	=====	=====

Export sales from the United States were \$6.4 million in 1995, \$5.7 million in 1994 and \$6.2 million in 1993.

Information regarding Total Sales, Operating Income (Loss) and Identifiable Assets by geographical area is shown in Note 14 to the Consolidated Financial Statements.

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## TEM 2. PROPERTIES

The following table sets forth the location, size and principal use of each of the Company's facilities:

LOCATION	SQUARE FOOTAGE	PRINCIPAL USES
Indianapolis, Indiana	165,000<F1>	Corporate headquarters, design and engineering, product testing, CNC assembly, sales, application engineering and customer service.
Farmington Hills, Michigan	37,500	Design and engineering, product testing, CNC assembly, sales, application engineering and customer service.
High Wycombe, England	45,000<F2>	Sales, application engineering, customer service.
Paris, France	2,800	Sales, application, engineering, customer service.
Munich, Germany	10,700	Sales, application engineering, customer service.
Singapore	1,200	Sales, application engineering customer service

<FN>

<F1> Approximately 65,000 square feet will be available for lease in fiscal 1996.

<F2> Approximately 24,000 square feet have been sublet to a subtenant since November 1995.

</FN>

The Company owns the Indianapolis facility and leases the other facilities. The leases have terms expiring at various dates ranging from February 1997 to February 2004. The Company believes that all of the its facilities are well maintained and are adequate for its needs now and in the foreseeable future. The Company does not believe that it would experience any difficulty in replacing



any of the present facilities if any of its current leases were not renewed at expiration.

### ITEM 3. LEGAL PROCEEDINGS

On October 10, 1995, the Company's wholly-owned subsidiary, IMS, commenced an action in the United States District Court for the Northern District of Illinois against Yamazaki Mazak Corporation; Yamazaki Mazak Trading Corporation; Mazak Corporation; Machinery Systems, Inc.; Fox Tool Co. Inc.; Okuma Machinery Works Ltd.; Okuma America Corporation; Ellison Machinery Company of the Midwest, Inc.; Apollo Machine & Manufacturing Company, Inc.; Arpac Corporation; American Control Technology, Inc.; Nissan Motor Co. Ltd.; Nissan Motor Car Carrier Co., Ltd.; and Nissan Motor Corp. USA, Inc. (collectively the Defendants). The Defendants include end-users of interactive CNCs, machine tool manufacturers who incorporate interactive CNCs in their products and manufacturers of CNCs designed to permit use of interactive methods when coupled to machine tools. IMS has alleged that the Defendants have infringed IMS's Interactive Machining Patents and is seeking monetary damages from, and an injunction against future infringement by, each of the Defendants.

On January 10, 1996, IMS was served notice of an action commenced on November 30, 1995 against IMS in the United States District Court for the Central District of California by Southwestern Industries, Inc. (Southwestern), a manufacturer of CNCs and CNC-guided machine tools, seeking to have the interactive machining patents declared invalid. IMS has until February 10, 1996 to respond to the complaint. On January 11, 1996, IMS commenced an action against each of Southwestern and Bridgeport Machines, Inc., a manufacturer of CNCs and CNC-guided machine tools, alleging infringement by each of these companies of the Interactive Machining Patents and seeking monetary damages and injunctive relief.

Although IMS believes that the Interactive Machining Patents are valid and its claims of patent infringement have substantial merit, it is unable to predict the outcome of any of these actions.

The Company is involved in various other claims and lawsuits arising in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on its consolidated financial position or results of operations.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

### EXECUTIVE OFFICERS OF THE REGISTRANT

Set forth below is certain information with respect to the executive officers of the Company:

NAME	AGE	POSITION(S) WITH THE COMPANY
Brian D. McLaughlin	53	President and Chief Executive Officer
Roger J. Wolf	55	Senior Vice-President, Secretary, Treasurer and Chief Financial Officer

David E. Platts	43	Vice-President, Research and Development
James D. Fabris	44	Vice President and President, Hurco Manufacturing Company
Richard Blake	37	Vice President, Hurco Europe
Thomas L. Brown	39	Corporate Controller and Assistant Secretary

Brian D. McLaughlin has been President and Chief Executive Officer of the Company since December 1987. From 1982 to 1987, he was employed as President and General Manager of various divisions of Ransburg Corporation, an international manufacturer of factory automation equipment. Previously, he was employed in general management and marketing management positions with Eaton Corporation.

Roger J. Wolf was elected Senior Vice-President, Secretary, Treasurer and Chief Financial Officer in January 1993. Prior to joining the Company, Mr. Wolf was Executive Vice-President of a privately-owned investment and service business for over seven years. Previously, he served as Vice President, Corporate Controller and Vice-President, Treasurer of Ransburg Corporation, an international manufacturer of factory automation equipment.

David E. Platts has been employed by the Company since 1982, and was elected Vice-President, Research and Development in 1989. Prior to joining the Company, Mr. Platts was a Research Engineer at the Delco Remy Division of General Motors.

James D. Fabris was elected Vice President of the Company in February 1995 and named President of Hurco Manufacturing Company, a division of the Company, in November 1993. He served as President of Acroloc, Inc., a subsidiary of the Company, from July 1991 to October 1993 and as Vice-President of Operations of Hurco Manufacturing Company from 1988 to 1991. Prior to joining the Company, he was employed in general management and manufacturing management positions at various divisions of Ransburg Corporation.

Richard Blake was elected Vice President, Hurco Europe, effective January 1996, and Managing Director, Hurco Europe, Ltd., a subsidiary of the Company, in December 1993. He served as U.K. Marketing Manager for Hurco Europe, Ltd. from January 1993 to November 1993 and as a Sales Manager for Hurco Manufacturing Company from September 1989 to December 1992. Prior to joining Hurco Europe, Ltd. as a sales engineer in October 1987, he worked for Hitachi Seiki as a technical sales engineer for machine tool products.

Thomas L. Brown joined the Company in January 1995 and was elected an executive officer in February 1995. Prior to joining the Company, he was Assistant Vice President, Financial Reporting and Analysis for Anacom, Inc., an information management company providing micrographics and magnetics products and services. Prior to March 1991, he was with Deloitte & Touche, an international public accounting firm, for over 12 years.

## PART II

### ITEM 5. MARKET FOR THE REGISTRANT'S EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded in the NASDAQ National Market System under the symbol "HURC". The following table sets forth the high and low sales prices of the shares of Common Stock for the periods indicated, as reported by NASDAQ.

QUARTER ENDED:.....	1995		1994	
	HIGH	LOW	HIGH	LOW
January 31.....	\$4-1/2	\$3-3/4	\$3-3/8	\$2
April 30.....	4-3/8	2-3/4	3-3/4	2-5/8
July 31.....	4-1/4	3-3/8	2-7/8	2-1/4
October 31.....	7-1/8	3-1/2	4-3/4	2-1/4

The Company does not currently pay dividends on its Common Stock and intends to retain earnings for working capital, capital expenditures and debt reduction. In addition, the Company's agreements with its principal lenders restrict its ability to pay cash dividends.

The Company had approximately 641 holders of record of its Common Stock as of January 12, 1996.

ITEM 6. SELECTED FINANCIAL DATA

The Selected Financial Data presented below have been derived from the Consolidated Financial Statements of the Company for the years indicated and should be read in conjunction with the Consolidated Financial Statements and related notes set forth elsewhere herein.

	YEAR ENDED OCTOBER 31,				
	1995	1994	1993	1992	1991
Statement of Operations Data:	(Dollars in thousands, except per share amounts)				
Sales and service fees	\$89,632	\$72,628	\$72,230	\$87,828	\$86,539
Selling, general and administration expenses	\$19,002	\$18,129	\$22,001	\$24,213	\$20,623
Restructuring charge	\$ --	\$ --	\$ 6,750	\$ 1,070	\$ --
Operating income (loss)	\$ 4,468	\$ (2,564)	\$ (18,323)	\$ (3,633)	\$ 4,271
Net income (loss)	\$ 204	\$ (5,791)	\$ (21,144)	\$ (5,789)	\$ 2,337
Earnings (loss) per common share	\$ .04	\$ (1.07)	\$ (3.89)	\$ (1.05)	\$ .43
Common stock dividends per share	\$ --	\$ --	\$ --	\$ .14	\$ .20
Weighted average common shares outstanding	5,536	5,407	5,438	5,492	5,487

	AS OF OCTOBER 31,				
	1995	1994	1993	1992	1991
Balance Sheet Data:	(Dollars in thousands)				
Current assets	\$46,356	\$43,096	\$49,314	\$61,532	\$60,671
Current liabilities	\$26,479	\$16,985	\$16,312	\$15,349	\$16,160
Working capital	\$19,877	\$26,111	\$33,002	\$46,183	\$44,511
Current ratio	1.8	2.5	3.0	4.0	3.8
Total assets	\$61,421	\$59,558	\$67,287	\$84,332	\$82,369
Long-term obligations	\$27,459	\$35,245	\$37,888	\$34,285	\$23,451
Total debt	\$33,599	\$34,813	\$37,540	\$35,515	\$24,020
Shareholders' equity	\$ 7,483	\$ 7,328	\$13,087	\$34,698	\$42,758

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Data and the Consolidated Financial Statements and Notes thereto appearing elsewhere herein.

RESULTS OF OPERATIONS

The following table presents for the fiscal years indicated, selected items from the Consolidated Statements of Operations expressed as a percentage of worldwide revenues and the year-to-year percentage changes in the dollar amounts of those items.

PERCENTAGE OF REVENUES YEAR-TO-YEAR % CHANGE

	1995	1994	1993	95 VS. 94	94 VS. 93
Sales and service fees	100.0%	100.0%	100.0%	23.4%	.6%
Gross profit	26.2	21.5	14.4	50.8	49.3
Selling, general and administrative expenses	21.2	25.0	30.5	(4.8)	17.6
Restructuring charge	--	--	9.3	--	--
Operating income (loss)	5.0	(3.5)	(25.4)	274.3	86.0
Interest expense	4.8	4.5	3.9	(28.8)	(16.7)
Net income (loss)	.2	(8.0)	(29.3)	103.5	72.6

#### FISCAL 1995 COMPARED WITH FISCAL 1994

Total sales and service fees of \$89.6 million in fiscal 1995 represented an increase of \$17.0 million over fiscal 1994, inclusive of \$2.5 million attributable to the effect of stronger European currencies when converting foreign currency revenues into U.S. dollars for financial reporting purposes. On a worldwide basis, sales of CNC-guided machine tools totaled \$55.7 million, an increase of \$17.1 million (44%) over fiscal 1994, and sales of CNC systems and software totaled \$19.0 million, an increase of \$1.5 million (8%) over fiscal 1994. While the increases in both product lines reflected improvements in the world's principal machine tool markets, particularly Germany, the significantly greater percentage increase associated with the sales of CNC-guided machine tools was attributable to the strong demand for the Company's new ADVANTAGE series of machine tools as well as the enhanced availability of products for shipment as a result of capacity increases on the part of contract manufacturers. Revenues attributable to sales of parts and service fees declined \$1.6 million (9%) from fiscal 1994 levels, primarily as a result of reduced sales of parts for discontinued machine tool models.

In the United States, sales and service fees in fiscal 1995 increased \$3.5 million (7%) over fiscal 1994, reflecting increases of \$4.0 million (18%) in sales of CNC-guided machine tools and \$1.4 million (9%) in sales of CNC systems and software, offset by a decrease of \$1.9 million (14%) in revenue from service parts and fees. The improved sales were primarily attributable to increases in unit volume, rather than pricing, due to enhanced demand for and availability of the Company's ADVANTAGE product line and general strengthening of the markets for both fully-integrated machine tools and CNC systems.

In Europe, sales and service fees in fiscal 1995 increased \$11.3 million (52%) over fiscal 1994, inclusive of the effects of currency conversion for financial reporting purposes. Net of currency-translation effects, the improvement was primarily attributable to a 25% increase in unit volume and a 17% increase in average unit prices realized for the Company's CNC-guided machine tools, reflecting the introduction of the new ADVANTAGE series in the second half of fiscal 1995 as well as a significant strengthening of the European machine tool markets. In Asia, sales and service fees increased to \$2.6 million in fiscal 1995 from \$400,000 recorded for fiscal 1994, reflecting the Company's more competitive pricing of the new ADVANTAGE series product line in that market. On a combined basis, European and Asian sales and service fees in fiscal 1995, exclusive of currency-translation effects, accounted for 38% of total worldwide revenues, compared with 30% in fiscal 1994, due primarily to the more significant year-to-year change in general market conditions in Europe than in the United States, as well as improvements in the Company's foreign sales and marketing operations.

Demand for the Company's products during fiscal 1995 was strong. Worldwide new order bookings for fiscal 1995 increased \$26.9 million (37%) over 1994, primarily due to the introduction of the new ADVANTAGE series of machine tool products and the increased production capacity of the Company's contract manufacturers. Backlog as of October 31, 1995, was \$16.1 million compared to \$7.0 million as of October 31, 1994. The Company is continuing to work with its contract manufacturers to further increase their production capacity.

Gross profit margin as a percentage of revenues increased from 21.5% in fiscal 1994 to 26.2% in 1995. As reflected in Note 13 to the Consolidated Financial Statements, gross profit margins have steadily increased from 18.5% in the first quarter of fiscal 1994 to 27.2% in the fourth quarter of fiscal 1995, reflecting cost reductions achieved through the Company's restructuring program as well as the incremental phase-in of higher-margin products. Also contributing to the enhancement of gross profit margins was an improved mix of higher-margin European sales as a percentage of total worldwide sales, as well as the favorable currency-translation effects associated with foreign sales.

Selling, general and administrative (SG&A) expenses in fiscal 1995 increased \$873,000 (5%) over fiscal 1994 primarily because of favorable currency translation effects (\$502,000) and increased selling expenses associated with increased unit volume. SG&A expenses, as a percentage of sales and service fees, was 21% in fiscal 1995 compared to 25% in fiscal 1994.

The Company generated \$4.5 million of operating income in fiscal 1995 compared to a \$2.5 million operating loss in fiscal 1994, a \$7.0 million improvement. This return to operating profitability after three years of losses reflects the benefits of the Company's restructuring program, the phase-in of new higher-margin products and improved market conditions worldwide.

Interest expense in fiscal 1995 increased \$949,000 (29%) over fiscal 1994. Included in interest expense for fiscal 1995 is a \$400,000 incremental fee payable to the Company's lenders under its credit agreements, which provide for additional fees when certain gross profit levels are achieved. As of October 31, 1995, the maximum fee became fully due. The remaining \$240,000 incremental fee payable to the lenders as of October 31, 1995, will be amortized to expense during fiscal 1996. The remainder of the increase in interest expense reflects the impact of higher interest rates on the Company's floating rate bank borrowings, despite a \$1.2 million reduction in total debt during the year.

No income tax expense has been provided for fiscal 1995. The income tax liability incurred in certain tax jurisdictions was offset by the reversal of valuation allowance reserves against the Company's net operating loss carryforwards. Net operating loss carryforwards available to offset pre-tax income in future periods are discussed in Note 6 to the Consolidated Financial Statements.

The Company manages its foreign currency exposure through the use of foreign currency forward exchange contracts as described in Note 1 to the Consolidated Financial Statements. The Company does not speculate in the financial markets and, therefore, does not enter into these contracts for trading purposes. The Company also moderates its 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. The results of these programs achieved management's objectives for 1995.

#### FISCAL 1994 COMPARED WITH FISCAL 1993

The results of operations for fiscal 1994 are not directly comparable with those for fiscal 1993 due to the impact on fiscal 1993 results of non-recurring charges that aggregated \$10.2 million. In addition, sales in fiscal 1993 included approximately \$4.8 million attributable to certain product lines that were discontinued in fiscal 1994.

Although total sales and service fees in fiscal 1994 were relatively unchanged from those for fiscal 1993, sales of continuing product lines increased \$5.2 million (8%) substantially offsetting the negative impact on sales of the discontinuance of certain product lines that had accounted for approximately \$4.8 million of sales in fiscal 1993. Sales of continuing product lines in Europe increased \$3.3 million (19%) over fiscal 1993, reflecting a 13% increase in unit volume and a 5% increase in average unit prices. The increase in unit volume resulted primarily from general improvement in economic conditions in the United Kingdom and Germany. The improvement in average unit prices reflected a reduction in price discounting within the machine tool market generally as well

as an upgrading in the Company's total product mix. Changes in currency exchange rates were not a material factor in the year-to-year increase.

In the United States, sales and service fees in fiscal 1994 decreased \$1.1 million (2%) from fiscal 1993. Sales of CNC systems and software increased \$1.9 million (15%), reflecting improved conditions in those machine tool market segments in which these products are sold. This increase was offset, however, by a decrease in sales of CNC-guided machine tools, as well as associated parts and service fees, reflecting the adverse effect of shortages in the availability of certain of the Company's product lines for immediate shipment during the first six months of fiscal 1994, the restructuring of the Company's domestic sales and marketing organization throughout the year, the early phase-out of certain older machine tool models and a decline in customer orders for certain continuing product offerings in anticipation of the expected introduction of the ADVANTAGE series of machine tools in the fourth fiscal quarter.

New orders in fiscal 1994 decreased \$2.2 million (3%) from fiscal 1993. Backlog as of October 31, 1994 was \$7.0 million compared to \$7.7 million at October 31, 1993. In September 1994, the Company introduced its new Advantage series of machine tools and several new open architecture-based CNC systems and software products, resulting in near record orders for that month. Although the new machine tool products were not available for shipment until the first quarter of fiscal 1995 in the United States, and later in Europe, new domestic machine tool orders in September and October 1994 reflected an increase of 37% compared to the same months in 1993.

Gross profit margin as a percentage of revenues increased from 19.2% in fiscal 1993 (exclusive of non-recurring charges) to 21.5% in fiscal 1994, the effect of which is approximately \$1.7 million. Gross profit margins increased from 18.5% in the first quarter of fiscal 1994 to 23.8% in the fourth quarter. The improvements in gross profit margins reflected the benefits of cost reductions achieved through the implementation of the Company's restructuring program and the incremental phase-in of higher-margin products.

Selling, general, and administrative expenses in fiscal 1994 decreased \$3.9 million, or 18%, from fiscal 1993 primarily as a result of facilities and personnel reductions under the restructuring program.

As a result of the improvements in gross profit margins and the reduction of selling, general and administrative expenses, the fiscal 1994 operating loss was \$5.6 million (69%) less than that reported for fiscal 1993 (exclusive of the non-recurring charges).

Interest expense in fiscal 1994 increased \$473,000 (17%) over the fiscal 1993 amount notwithstanding a \$2.7 million reduction in outstanding debt, as a result of higher interest rates and fees payable to the Company's lenders.

In fiscal 1994, the Company entered into foreign currency forward exchange contracts to hedge against foreign currency fluctuations on receivables denominated in foreign currencies and net investments in foreign subsidiaries, principally working capital. These contracts were typical forward contracts and were not entered into for trading purposes. Hedge gains and losses were effectively matched with corresponding transaction gains and losses on foreign currency receivables and corresponding translation gains and losses on net investments. The net effect of this activity was not significant during 1994.

#### LIQUIDITY AND CAPITAL RESOURCES

At October 31, 1995, the Company had cash and cash equivalents of \$2.1 million compared to \$1.1 million at October 31, 1994. Cash provided by operations totaled \$3.7 million in fiscal 1995, compared to \$4.0 million in fiscal 1994. Accounts receivable increased by \$3.1 million because of substantially higher sales volume in the fourth quarter of fiscal 1995 than in the comparable quarter of fiscal 1994. Inventories decreased by \$1.0 million primarily due to focused efforts to sell discontinued CNC machine tool products and related parts inventories. This reduction offset increased inventory requirements related to higher production capacity at the Company's contract manufacturers. Accounts payable and accrued expenses increased by \$3.0 million primarily because of the increased inventory requirements and the higher sales volume.

Working capital was \$19.9 million at October 31, 1995, compared to \$26.1 million

at October 31, 1994. The decrease in working capital is primarily attributable to the classification of term debt payable on or before September 30, 1996 as current liabilities. During fiscal 1995, total debt was reduced by \$1.2 million through the application of cash provided by operations. This compares to decreased borrowings of \$2.7 million in fiscal 1994.

Capital expenditures for property and equipment were \$551,000 in fiscal 1995 and represented normal improvements and replacements. Capitalized software development costs were \$1.1 million in fiscal 1995 and represented continued activity in developing new software features and options for both new and existing CNC system products.

As discussed in Note 3 to the Consolidated Financial Statements, the Company has approximately \$3.2 million in inventories of discontinued products, inactive parts and excess/slow-moving parts which it expects to liquidate in the normal course of operations. Management expects the results of such liquidation in 1996 to be sufficient to offset any increases in inventory requirements related to continuing products and to provide an additional source of cash from operations.

As of October 31, 1995, the Company had unutilized credit facilities of \$5.9 million available for either direct borrowings or commercial letters of credit.

As noted under Item 1. BUSINESS -- INTELLECTUAL PROPERTIES, the Company's subsidiary, IMS Technology, Inc., entered into a patent license agreement under which it will receive payments, net of legal fees and expenses, aggregating approximately \$800,000 throughout January 2001, of which approximately \$357,000 will be included in income during fiscal 1996.

Under the terms of the Company's agreements with its lenders, which were amended and restated effective January 26, 1996, as described in Note 4 to the Consolidated Financial Statements, \$6.2 million of term loan payments are due and payable in fiscal 1996, including approximately \$3.2 million in installment payments which were deferred from February 1, 1996 to July 31, 1996. Management believes that anticipated cash flow from operations, together with available borrowings under the Company's bank credit facilities, will be sufficient to enable the Company to meet its anticipated cash requirements for fiscal 1996, including scheduled debt amortization payments. However, should cash flow from operations be less than currently anticipated, the Company may be required to limit planned investments in new products, equipment and business development opportunities. In order to provide additional liquidity and working capital, as well as a basis for ultimately refinancing its outstanding indebtedness, the Company is considering opportunities for raising approximately \$5.0 million of additional capital through the issuance and sale of equity or subordinated debt securities. The Company has no present agreements or arrangements for obtaining such additional capital and there can be no assurance that it will be obtainable on acceptable terms. Although the Company has no obligation to seek or obtain such additional capital, if it is not obtained, the Company may be subject to increased fees to its lenders, as discussed in Note 4 to the Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and  
Board of Directors of  
Hurco Companies, Inc.

We have audited the accompanying consolidated balance sheets of Hurco Companies, Inc. (an Indiana corporation) and subsidiaries as of October 31, 1995 and 1994, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the years then ended. These financial statements and schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hurco Companies, Inc. and subsidiaries as of October 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a) 2 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana  
December 1, 1995 except with  
respect to the matters discussed  
in Notes 4 and 12 as to which the  
date is January 26, 1996



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and  
Board of Directors  
Hurco Companies, Inc.  
Indianapolis, Indiana

We have audited the consolidated statements of operations, changes in shareholders' equity and cash flows of Hurco Companies, Inc. and subsidiaries for the year ended October 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Company incurred significant losses from operations in 1993. The Company entered into new loan agreements to cure certain violations of financial covenants and implemented a plan for restructuring its operations as discussed in Notes 2 and 4 to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of the operations and the cash flows of Hurco Companies, Inc. and subsidiaries for the year ended October 31, 1993, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements described above taken as a whole. The schedule listed in Item 14(a) 2 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

COOPERS & LYBRAND

Indianapolis, Indiana  
December 10, 1993

HURCO COMPANIES, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	YEAR ENDED OCTOBER 31,		
	1995	1994	1993
	----	----	----

SALES AND SERVICE FEES	\$89,632	\$ 72,628	\$ 72,230
Cost of sales and service	66,162	57,063	61,802
	-----	-----	-----
GROSS PROFIT	23,470	15,565	10,428
Selling, general and administrative expenses	19,002	18,129	22,001
Restructuring charge	--	--	6,750
	-----	-----	-----
OPERATING INCOME (LOSS)	4,468	(2,564)	(18,323)
Interest expense	4,250	3,301	2,828
Other (income) expense, net	14	(74)	(7)
	-----	-----	-----
Income (loss) before income taxes	204	(5,791)	(21,144)
Income tax expense (benefit)	--	--	--
	-----	-----	-----
NET INCOME (LOSS)	\$ 204	\$ (5,791)	\$ (21,144)
	=====	=====	=====
EARNINGS (LOSS) PER COMMON SHARE	\$ .04	\$ (1.07)	\$ (3.89)
	=====	=====	=====
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,536	5,407	5,438
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

HURCO COMPANIES, INC.  
CONSOLIDATED BALANCE SHEETS

ASSETS

	AS OF OCTOBER 31,	
(Dollars in thousands, except per share amounts)	1995	1994
	----	----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,072	\$ 1,101
Accounts receivable, less allowance for doubtful accounts of \$1,070 in 1995 and \$1,046 in 1994	17,809	14,555
Inventories	25,238	26,341
Other	1,237	1,099
	-----	-----
Total current assets	46,356	43,096
	-----	-----
PROPERTY AND EQUIPMENT:		
Land	761	761
Building	7,122	6,979
Machinery and equipment	13,489	13,886
Leasehold improvements	996	1,060

	-----	-----
	22,368	22,686
Less accumulated depreciation and amortization	(11,739)	(10,799)
	-----	-----
	10,629	11,887
Software development costs, less amortization	3,513	3,234
Other assets	923	1,341
	-----	-----
	\$ 61,421	\$ 59,558
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 10,570	\$ 8,438
Accrued expenses	8,161	7,233
Accrued warranty expenses	1,391	1,170
Current portion of long-term debt	6,357	144
	-----	-----
Total current liabilities	26,479	16,985
	-----	-----

NON-CURRENT LIABILITIES:

Long-term debt	27,242	34,669
Other long-term obligations	217	576
	-----	-----
	27,459	35,245

COMMITMENTS AND CONTINGENCIES (NOTES 4, 10 AND 11)

SHAREHOLDERS' EQUITY:

Preferred stock: \$100 par value per share; 40,000 shares authorized; no shares issued	--	--
Common stock: no par value; \$.10 stated value per share; 7,500,000 shares authorized; 5,425,302 and 5,413,682 shares issued and outstanding in 1995 and 1994, respectively	543	541
Additional paid-in capital	45,573	45,546
Accumulated deficit	(34,472)	(34,676)
Foreign currency translation adjustment	(4,161)	(4,083)
	-----	-----
Total shareholders' equity	7,483	7,328
	-----	-----
	\$ 61,421	\$ 59,558
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

HURCO COMPANIES, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	YEAR ENDED OCTOBER 31,		
	1995	1994	1993
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income (loss).....	\$ 204	\$ (5,791)	\$ (21,144)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization.....	2,861	3,019	3,556
Provision for restructuring costs.....	--	--	6,750
Unrealized gains on foreign currency transactions.....	(59)	(361)	--
Change in asset/liabilities net of provision for restructuring costs:			
(Increase) decrease in accounts receivable.....	(3,148)	893	6,184
(Increase) decrease in inventories.....	1,004	6,528	3,333
Increase (decrease) in accounts payable.....	2,118	2,095	14
Increase (decrease) in accrued expenses.....	902	(1,634)	57
Other.....	(156)	(795)	93
	3,726	3,954	(1,157)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES.....	3,726	3,954	(1,157)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of equipment.....	99	327	1,067
Purchase of property and equipment.....	(551)	(408)	(915)
Software development costs.....	(1,066)	(853)	(748)
Other investments.....	134	(152)	--
Gain (loss) on foreign currency contracts.....	(48)	(388)	--
	(1,432)	(1,474)	(596)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES.....	(1,432)	(1,474)	(596)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net short-term (repayment) borrowings.....	(1)	(141)	3,324
Proceeds from long-term borrowings.....	68,625	39,275	2,808
Repayment of long-term borrowings.....	(69,996)	(42,142)	(3,882)
Proceeds from exercise of common stock options.....	29	41	152
Common stock dividends paid.....	--	--	(107)
	(1,343)	(2,967)	2,295
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES.....	(1,343)	(2,967)	2,295
EFFECT OF EXCHANGE RATE CHANGES ON CASH.....	20	102	94
NET INCREASE (DECREASE) IN CASH.....	971	(385)	636
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	1,101	1,486	850
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 2,072	\$ 1,101	\$ 1,486
<b>SUPPLEMENTAL DISCLOSURES:</b>			
Cash paid for:			
Interest.....	\$ 3,656	\$ 3,814	\$ 2,680
Income taxes.....	--	--	4

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

HURCO COMPANIES, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(DOLLARS IN THOUSANDS)	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	CURRENCY ACCUMULATED DEFICIT	FOREIGN TRANSLATION ADJUSTMENT
	SHARES ISSUED & OUTSTANDING	AMOUNT			
BALANCES, OCTOBER 31, 1992.....	5,372,366	\$ 537	\$ 45,408	\$ (7,741)	\$ (3,506)
Net loss.....				(21,144)	
Translation of foreign currency financial statements and related hedging activities.....					(579)
Exercise of common stock options.....	27,033	3	109		
BALANCES, OCTOBER 31, 1993.....	5,399,399	540	45,517	(28,885)	(4,085)
Net loss.....				(5,791)	
Translation of foreign currency financial statements and related hedging activities.....					2
Exercise of common stock options.....	14,283	1	29		
BALANCES, OCTOBER 31, 1994.....	5,413,682	541	45,546	(34,676)	(4,083)
Net income.....				204	
Translation of foreign currency financial statements and related hedging activities.....					(78)
Exercise of common stock options.....	11,620	2	27		
BALANCES, OCTOBER 31, 1995.....	5,425,302	\$ 543	\$45,573	\$ (34,472)	\$ (4,161)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE CONSOLIDATED FINANCIAL STATEMENTS.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION. The consolidated financial statements include the accounts of Hurco Companies, Inc. (an Indiana Corporation) and its wholly-owned and controlled subsidiaries (the Company). A 15% ownership interest in an affiliate is carried at cost and is included in Other Assets on the accompanying Consolidated Balance Sheets. Intercompany accounts and transactions have been eliminated.

STATEMENTS OF CASH FLOWS. The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash flows from hedges are classified consistent with the items being hedged.

TRANSLATION OF FOREIGN CURRENCIES. All balance sheet accounts of non-U.S. subsidiaries are translated at the exchange rate as of the end of the year. Income and expenses are translated at the average exchange rates during the year. Foreign currency translation adjustments are recorded as a separate component of shareholders' equity. Foreign currency transaction gains and losses are recorded as income or expense as incurred.

HEDGING. The Company enters into foreign currency forward exchange contracts periodically to provide a hedge against the effect of foreign currency fluctuations on receivables denominated in foreign currencies and net investments in foreign subsidiaries. Gains and losses related to contracts designated as hedges of receivables denominated in foreign currencies are accrued as exchange rates change and are recognized as "Other (income) expense, net" in the Consolidated Statement of Operations. Gains and losses related to contracts designated as hedges of net investments in foreign subsidiaries are accrued as exchange rates change and are recognized in the "Foreign currency

translation adjustment" portion of Shareholders' equity on the Consolidated Balance Sheet.

The Company also enters into foreign currency forward exchange contracts to hedge certain firm intercompany sale commitments denominated in foreign currencies (primarily pound sterling and German marks) for which the Company has firm purchase commitments. The purpose of these instruments is to protect the Company from the risk that the U.S. dollar net cash inflows resulting from the sales denominated in foreign currencies will be adversely affected by changes in exchange rates. Gains and losses on these hedge contracts are deferred and recognized as an adjustment to the related sales transactions.

The U.S. dollar equivalent notional amount of outstanding foreign currency forward exchange contracts was approximately \$18,879,000 as of October 31, 1995 (\$16,833,000 related to firm intercompany sales commitments) and \$8,489,000 as of October 31, 1994. Deferred losses related to hedges of these future sales transactions were approximately \$265,000 as of October 31, 1995. Contracts outstanding at October 31, 1995, mature at various times through June 26, 1996. The Company does not enter into these contracts for trading purposes. All contracts are for the sale of currency.

INVENTORIES. Inventories are stated at the lower of cost or market, with cost determined using the first-in, first-out method.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

PROPERTY AND EQUIPMENT. Property and equipment are carried at cost, which includes capitalized interest incurred during the construction period of the asset. No interest was capitalized during the three years ended October 31, 1995. Depreciation and amortization of assets are provided primarily under the straight-line method over the shorter of the estimated useful lives or the lease terms as follows:

	NUMBER OF YEARS
Building	40
Machines	10
Shop and office equipment	5
Leasehold improvements	5

REVENUE RECOGNITION. Sales of products and services are recorded when products are shipped or services are performed. Revenue from maintenance contracts is deferred and recognized in earnings on a pro rata basis over the period of the agreement.

PRODUCT WARRANTY. Expected future product warranty expense is recorded when the product is sold.

RESEARCH AND DEVELOPMENT COSTS. The costs associated with research and development programs for new products and significant product improvements are expensed as incurred. Expenditures and related third-party reimbursements for the last three years were (in thousands):

	YEAR ENDED OCTOBER 31,		
	1995	1994	1993
Research and development expenditures	\$1,362	\$1,001	\$1,667
Less: amounts reimbursed by third parties	354	14	33
Net research and development expenses	\$ 1,008	\$ 987	\$1,634

Costs incurred to develop computer software to be sold or otherwise marketed are capitalized, after technological feasibility is established, and are amortized on a straight-line basis over the estimated product life of the related software which ranges from three to five years. Amortization expense was \$864,000, \$749,000 and \$648,000, respectively, for the three years ended October 31, 1995.

EARNINGS PER SHARE. Earnings per share of common stock are based on the weighted average number of common shares outstanding, which includes the effects of outstanding stock options computed using the treasury method. Such common stock equivalents totaled 118,000 for the twelve month period ended October 31, 1995. Fully diluted earnings per share are the same as primary earnings per share for this period. No effect has been given to options outstanding for 1994 and 1993

as no dilution would result from their exercise.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

INCOME TAXES. Effective November 1, 1993, the Company adopted the provisions of the Statement of Financial Accounting Standards (SFAS) No.109, "Accounting for Income Taxes". The Company adopted this new statement as a cumulative effect of a change in accounting principle with no restatement of prior periods. SFAS 109 utilizes the liability method for computing deferred income taxes and requires that the benefit of certain loss carryforwards be recorded as an asset and that a valuation allowance be established against the asset to the extent it is "more likely than not" that the benefit will not be realized.

ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Actual results could differ from those estimates.

2. BUSINESS OPERATIONS

NATURE OF BUSINESS. The Company designs and produces computer numerical control (CNC) systems and software and CNC-guided machine tools for sale through its own distribution system to the worldwide machine tool industry. The Company's proprietary CNC systems and related software products are either integrated with machine tools marketed by the Company, sold to machine tool end users or sold to other machine tool manufacturers who integrate them with their own products.

The end market for the Company's products consists primarily of precision tool, die and mold manufacturers, independent job shops and specialized production applications within large corporations. Industries served include: aerospace, defense, medical equipment, energy, transportation and computer industries. The Company's products are sold through over 200 independent agents and distributors in 37 countries throughout North America, Europe and Asia. The Company also maintains direct sales forces in the United States, England, France, Germany and Singapore.

CREDIT RISK. The Company sells products to customers located throughout the world. The Company performs ongoing credit evaluations of customers and generally does not require collateral. Allowances are maintained for potential credit losses, and such losses have been within management's expectations.

Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers and their dispersion across many geographic areas. Although a significant amount of trade receivables are with distributors primarily located in the United States, no single distributor or region represents a significant concentration of credit risk.

SIGNIFICANT VENDORS. The Company contracts principally with two machine tool builders located in Taiwan for the manufacture and assembly of CNC machine tool systems, based on the Company's designs and specifications, utilizing CNC systems provided by the Company. Any interruption from these sources would restrict the availability of the Company's machine tools, which would affect operating results adversely. The Company has negotiations in process with other manufacturing sources to increase its capacity and continuously evaluates alternative sources of supply.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

RESTRUCTURING. In fiscal 1995, the Company completed a restructuring program initiated in 1992. Completed actions associated with the restructuring included

consolidation of certain operations, increased contract manufacturing of substantially all machine tools, including the related integration of CNC systems, discontinuance of certain product lines, and the design, development and introduction of a new line of machine tools and related CNC systems and software products. These actions resulted in reduced operating expenses in 1994 compared to 1993, improved gross profit margins in 1995 and 1994 and an operating profit in 1995 compared to prior operating losses. Unaudited quarterly results for 1995 and 1994 are set forth in Note 12.

The Company recorded a restructuring charge of \$6,750,000 (\$1.24 per share) in fiscal 1993 consisting of reserves of \$1,482,000 for revaluation of inventories of discontinued products; \$2,465,000 for write-downs or loss on disposition of certain assets; and \$2,803,000 for accrued liabilities related principally to employee severance costs and lease obligations related to redundant manufacturing and office space. During fiscal 1994 and 1995, the reserves were used for their intended purposes.

### 3. INVENTORIES

Inventories as of October 31, 1995 and 1994 are summarized below (in thousands):

	1995	1994
	-----	-----
Purchased parts and sub-assemblies .....	\$17,380	\$15,252
Work-in-process .....	3,523	3,929
Finished goods .....	4,335	7,160
	-----	-----
	\$25,238	\$26,341
	=====	=====

Inventories are recorded net of reserves of \$2,831,000 and \$3,061,000 for obsolescence and market value adjustments as of October 31, 1995 and 1994, respectively.

At October 31, 1995, approximately \$3,200,000 of inventories represent the expected net realizable value for discontinued products, inactive parts and excess/slow-moving parts. Management has a program in place to liquidate these inventories in the normal course of operations and believes no significant losses will be incurred upon disposition. No estimate can be made of a range of amounts of loss that are reasonably possible should the program not be successful.

The loss reported for fiscal 1993 included the effect of a special inventory charge of \$3.4 million. \$1.7 million of the special charge represented an adjustment to inventory related to manufacturing operations of the Company's Indianapolis operations based on physical inventories priced at established standard costs. \$0.5 million of the special charge represented a physical inventory adjustment related to certain discontinued operations. The remaining adjustment of \$1.2 million represented an adjustment to reflect current lowered manufacturing costs, as well as increases in reserves for excess and obsolete inventories resulting primarily from various product rationalization programs.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

### 4. DEBT AGREEMENTS

Long-term debt as of October 31, 1995 and 1994, consisted of (in thousands):

	1995	1994
	-----	-----
Bank revolving credit facilities .....	\$16,078	\$16,964
Bank term loan .....	3,996	4,117
11.12% Senior Notes .....	12,402	12,448
Economic Development Revenue Bonds, Series 1990 .....	1,000	1,000
Other .....	123	284
	-----	-----
	33,599	34,813
Less current portion and amount classified as current	6,357	144
	-----	-----
	\$27,242	\$34,669
	=====	=====



As of October 31, 1995, long-term debt was payable as follows (in thousands):

Fiscal 1996 .....	\$ 6,357
Fiscal 1997 .....	3,036
Fiscal 1998 .....	24,206
	-----
	\$33,599
	=====

As of October 31, 1995, the Company had unutilized credit facilities of \$5.9 million available for either direct borrowings or commercial letters of credit. As of October 31, 1995 and 1994, the Company had \$6,648,000 and \$4,696,000, respectively, of outstanding letters of credit issued to non-U.S. suppliers for inventory purchase commitments.

Interest was payable at 9.0% and 8.0% on the bank revolving credit facility and term loan as of October 31, 1995 and 1994, respectively. Interest was payable on the European credit authorization at rates ranging from 7.3% to 9.4% as of October 31, 1995 and from 8.0% to 8.1% as of October 31, 1994.

The Company's obligations to its lending banks, as well as its obligations to the holders of its outstanding 11.12% Senior Notes, are secured by substantially all of the Company's assets.

Effective January 26, 1996, the agreements covering the Company's bank indebtedness and 11.12% Senior Notes were amended. The principal terms of those agreements, as so amended are set forth below.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

(a) BANK INDEBTEDNESS.

The Company's bank agreements provide for a revolving credit facility expiring May 1, 1997 (subject to extension in certain events to November 1, 1997), permitting borrowings at any one time outstanding of up to \$27.0 million (inclusive of outstanding letters of credit of up to \$9.5 million). Of such borrowings, up to \$5.0 million may be drawn in designated European currencies. In addition, the agreements permit the Company to obtain up to \$2.0 million of additional letters of credit without reduction of the borrowing limit. The agreements also provide for a term loan of \$4.0 million, of which approximately \$1.5 million is repayable on July 31, 1996 and the balance is due in two equal installments on September 30, 1996 and 1997. Interest on all outstanding borrowings is payable on a floating rate basis at prime plus 1/4%.

The agreements condition the banks' lending obligations on the Company's maintenance of a prescribed working capital borrowing base and require the Company to maintain a specified minimum net worth, establish maximum leverage and fixed charge coverage ratios, restrict capital expenditures and investments and prohibit the payment of cash dividends or the redemption of capital stock. The net worth covenant requires that Consolidated Tangible Net Worth (as defined) be not less than \$6.75 million plus (i) 50% of cumulative net income subsequent to November 1, 1995 and (ii) 85% of the net proceeds of any equity or subordinated debt financings subsequent to November 1, 1995. The ratio of total consolidated indebtedness (excluding subordinated debt) to Consolidated Tangible Net Worth may not exceed 4.5-to-1 at July 31, 1996 or 4.0-to-1 from October 31, 1996 through the expiration of the facility; provided, that if the Company receives net proceeds of at least \$3.0 million from any equity or subordinated debt financing

prior to July 31, 1996, the maximum ratio will be 3.55-to-1 from July 30, 1996 through January 30, 1997, 3.0-to-1 from January 31, 1997 through October 30, 1997 and 2.5-to-1 at October 31, 1997. The amended agreements also provide for a contingent monthly fee of not less than \$60,000 nor more than \$100,000 (but in no event more than \$320,000 in the aggregate) for each month, if any, on or after July 31, 1996 in respect of which Consolidated Tangible Net Worth at month end is less than \$12.0 million.

(b) 11.12% SENIOR NOTES.

At October 31, 1995, the Company had outstanding approximately \$12.4 million of its 11.12% Senior Notes, of which approximately \$1.8 million was repaid on December 1, 1995. Of the remaining \$10.6 million, approximately \$1.7 million is due on July 31, 1996 and the balance is due in equal annual installments through 2000. Interest is payable monthly. Until October 31, 1997, the financial covenants with respect to the Senior Notes are identical to those applicable to the Company's bank indebtedness. The note holders participate, on a pro-rata basis, in the contingent monthly fee described above (not to exceed \$89,000 in the aggregate).

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Commencing November 1, 1997, the covenants will become more restrictive and the Company may be unable to comply with such covenants. Accordingly, installment payments due in fiscal years 1998 through 2000 have been classified as payable in fiscal 1998, pending future refinancing or negotiation of modified covenants for periods beyond October 31, 1997. It will be an event of default if the Company does not have a working capital commitment 45 days prior to any termination date of the bank revolving credit facility.

The agreements in effect at October 31, 1995 provided for a contingent fee (not to exceed \$500,000 to the banks and a pro-rata amount to the senior note holders) based on the amount, by which the Company's actual gross profit exceeded projected amounts in fiscal years 1995 through 1997. As of October 31, 1995, the maximum fee became fully due and payable in December 1995. Of this fee, \$400,000 has been included in interest expense for fiscal 1995 (\$360,000 in the fourth quarter) and the remainder of \$240,000 will be amortized in fiscal 1996.

The Economic Development Revenue Bonds are payable in five equal annual installments beginning on September 1, 2001 and are secured by a letter of credit issued in the amount of \$1,060,000 by the bank. The letter of credit renews annually and expires in September 1996. If the letter of credit is not renewed, the bank agreements provide for deferral of the reimbursement obligation under the letter of credit until the maturity date of the revolving credit facility. Accordingly, the \$1,000,000 has been classified payable in fiscal 1998. The Bond's interest rates adjust weekly and, as of October 31, 1995, interest was accruing at a rate of 4.0% (3.55% as of October 31, 1994).

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

5. FINANCIAL INSTRUMENTS

The carrying amounts for trade receivables and payables are considered to be their fair values. The carrying amounts and fair values of the Company's other recorded financial instruments at October 31, 1995 are as follows (in thousands):

	October 31, 1995	
(IN THOUSANDS)	Carrying Amount -----	Fair Value<F1> -----
Long-Term Debt:		
Bank revolving credit facilities .....	\$16,078	\$16,078
Bank term loan .....	3,996	3,996
Senior Notes .....	12,402	12,567
Economic Development Revenue Bonds .....	1,000	1,000

<FN>  
<F1> The estimated fair values of Long-Term Debt are based on discounted future cash flows using current interest rates available to the Company with the same remaining maturities.  
</FN>

The Company also has off-balance sheet financial instruments in the form of foreign currency forward exchange contracts as described in Note 1 to the Consolidated Financial Statements. The U.S. dollar equivalent notional amount and fair value of these contracts were \$18,879,000 and \$18,918,000, respectively, at October 31, 1995. Current market prices were used to estimate the fair value of the foreign currency forward exchange contracts.

The future value of the foreign currency forward exchange contracts and the related currency positions are subject to offsetting market risk resulting from foreign currency exchange rate volatility. The counterparties to these contracts are substantial and creditworthy financial institutions. Neither the risks of counterparty non-performance nor the economic consequences of counterparty non-performance associated with these contracts are considered by the Company to be material.

6. INCOME TAXES

Deferred income taxes reflect the effect of temporary differences between the tax basis of assets and liabilities and the reported amounts of those assets and liabilities for financial reporting purposes. Deferred income taxes also reflect the value of net operating losses and an off-setting valuation allowance. The Company's total deferred tax assets and corresponding valuation allowance at October 31, 1995 and October 31, 1994, consisted of the following (in thousands):

OCTOBER 31,

-----

	1995	1994
Tax effects of future tax deductible items related to:		
Accrued restructuring costs .....	\$ --	\$ 462
Accrued obsolescence reserves .....	671	487
Accrued warranty expenses .....	360	314
Other accrued expenses .....	1,024	1,097
	-----	-----
Total deferred tax assets .....	2,055	2,360
	-----	-----
Tax effects of future taxable differences related to:		
Accelerated tax depreciation and other tax over book deductions related to property and equipment .....	(257)	(447)
Other .....	(577)	(605)
	-----	-----
Total deferred tax liabilities .....	(834)	(1,052)
	-----	-----
Net tax effects of temporary differences .....	1,221	1,308
	-----	-----
Tax effects of carryforward benefits:		
U.S. federal net operating loss carryforwards, expiring 2001-2009 .....	10,319	8,790
Foreign net tax benefit carryforwards with no expiration .....	2,612	3,403
U.S. federal general business tax credits, expiring 2001-2009 .....	1,555	1,505
	-----	-----
Tax effects of carryforwards .....	14,486	13,698
	-----	-----
Tax effects of temporary differences and carryforwards	15,707	15,006
Less valuation allowance .....	(15,707)	(15,006)
	-----	-----
Net deferred tax asset .....	\$ --	\$ --
	=====	=====

The Company's carryforwards expire at specific future dates and utilization of certain carryforwards is limited to specific amounts each year. Realization is entirely dependent upon generating sufficient future earnings in specific tax jurisdictions prior to the expiration of the loss carryforwards. Due to the uncertain nature of their ultimate realization based upon past performance and expiration dates, the Company has established a full valuation allowance against these carryforward benefits and is recognizing the benefits only as reassessment demonstrates they are realizable. While the need for this valuation allowance is subject to periodic review, if the allowance is reduced, the tax benefits of the carryforwards will be recorded in future operations as a reduction of the Company's income tax expense. During fiscal 1995, the valuation allowance was reduced by \$791 to offset foreign income tax expenses.

HURCO COMPANIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

Income (loss) before income taxes were (in thousands):

YEAR ENDED OCTOBER 31,

-----

	1995	1994	1993
Domestic .....	\$ (1,786)	\$ (3,240)	\$ (13,407)
Foreign .....	1,990	(2,551)	(7,737)
	-----	-----	-----
	\$ 204	\$ (5,791)	\$ (21,144)
	=====	=====	=====

Differences between the effective tax rate and U.S. federal income tax rate were (in thousands):

Tax (benefit) at U.S. Statutory Rate..... \$ 71 \$ (2,027) \$ (7,400)

Effect of losses without a current

year tax benefit.....	625	2,027	7,400
Utilization of net operating loss carryforwards.....	(696)	--	--
	-----	-----	-----
Income tax provision (benefit)	\$ --	\$ --	\$ --
	=====	=====	=====

#### 7. EMPLOYEE RETIREMENT BENEFITS

The Company has defined contribution plans that include a majority of its employees worldwide, under which Company contributions are discretionary. The purpose of these defined contribution plans is generally to provide additional financial security during retirement by providing employees with an incentive to save throughout their employment. Company contributions to the plans are based on employee contributions or compensation. These Company contributions totaled \$213,000, \$214,000, and \$323,000 for the years ended October 31, 1995, 1994, and 1993, respectively. The Company offers no other retirement or post-retirement benefit plans.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### 8. STOCK OPTIONS

Stock options may be granted to key employees to purchase shares of common stock at a price not less than the fair market value at the date of grant. Vesting periods are determined at the discretion of the Board of Directors and currently range from 3-5 years. Stock option activity during 1995, 1994 and 1993 is summarized below (number of shares):

	YEAR ENDED OCTOBER 31,		
	-----		
	1995	1994	1993
Outstanding at beginning of year .....	354,900	330,717	347,217
Granted .....	62,700	171,500	54,500
Canceled .....	(19,080)	(48,534)	(41,167)
Expired .....	(6,200)	(84,500)	(2,800)
Exercised .....	(11,620)	(14,283)	(27,033)
	-----	-----	-----
Outstanding at end of year .....	380,700	354,900	330,717
	=====	=====	=====
Exercisable at end of year .....	138,600	101,720	152,734
	=====	=====	=====
Available for future grants .....	140,014	188,634	336,367
	=====	=====	=====

The option price per share ranges for the outstanding options and the price ranges at which the options were exercised during 1995, 1994 and 1993 are summarized below:

YEAR ENDED OCTOBER 31,

	-----		
	1995	1994	1993
Option price .....	\$2.13 - \$7.50	\$2.13-\$7.50	\$3.00-\$10.50
Exercise price .....	\$2.13 - \$2.88	\$2.13	\$3.13- \$3.38

As of October 31, 1995 and 1994, the Company had outstanding options for certain members of the Board of Directors to purchase 25,000 and 35,000 shares of the Company's common stock, respectively, at prices ranging from \$6.75 to \$7.00 per share. All were exercisable as of October 31, 1995 and 1994. The options expire at various dates between 1998 and 1999.

#### 9. RELATED PARTY TRANSACTIONS

The Company and Air Express International (AEI) are related parties because a common group of shareholders hold a substantial ownership interest in both companies. AEI provides freight forwarding and shipping services for the Company. The cost of these freight services are negotiated on an arms length basis and amounted to \$1,438,000, \$323,000 and \$97,000 for the years ended October 31, 1995, 1994 and 1993, respectively. Trade payables to AEI were \$27,000 and \$3,000 at October 31, 1995 and 1994, respectively.

### HURCO COMPANIES, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

During 1994, the Company acquired an approximate 15% ownership in one of its Taiwanese-based suppliers. This investment is carried at cost and is included in Other Assets. Purchases of product from this supplier are negotiated on an arms length basis and totaled \$4,369,000 and \$1,178,000 for the years ended October 31, 1995 and 1994, respectively. Trade payables to this supplier at October 31, 1995, were \$1,519,000 of which \$1,161,000 was supported by letters of credit that will be funded by the Company's bank through December 31, 1995. Trade payables to this supplier at October 31, 1994 were \$195,000.

#### 10. LITIGATION AND CONTINGENCIES

On October 10, 1995, the Company's wholly-owned subsidiary, IMS Technology, Inc. (IMS), commenced an action in the United States District Court for the Northern District of Illinois against Yamazaki Mazak Corporation; Yamazaki Mazak Trading Corporation; Mazak Corporation; Machinery Systems, Inc.; Fox Tool Co. Inc.; Okuma Machinery Works Ltd.; Okuma America Corporation; Ellison Machinery Company of the Midwest, Inc.; Apollo Machine & Manufacturing Company, Inc.; Arpac Corporation; American Control Technology, Inc.; Nissan Motor Co. Ltd.; Nissan Motor Car Carrier Co., Ltd.; and Nissan Motor Corp. USA, Inc. (collectively the Defendants). The Defendants include end-users of interactive CNCs, machine tool manufacturers who incorporate interactive CNCs in their products and manufacturers of CNCs designed to permit use of interactive methods when coupled to machine tools. IMS has alleged that the Defendants have infringed IMS's Interactive Machining Patents and is seeking monetary damages from, and an injunction against future infringement by, each of the Defendants.

On January 10, 1996, IMS was served notice of an action commenced on November 30, 1995 against IMS in the United States District Court for the Central District of California by Southwestern Industries, Inc. (Southwestern), a manufacturer of CNCs and CNC-guided machine tools, seeking to have the interactive machining patents declared invalid. IMS has until February 10, 1996 to respond to the complaint. On January 11, 1996, IMS commenced an action against each of Southwestern and Bridgeport Machines, Inc., a manufacturer of CNCs and CNC-guided machine tools, alleging infringement by each of these companies of the Interactive Machining Patents and seeking monetary damages and injunctive relief.

Although IMS believes that the Interactive Machining Patents are valid and its claims of patent infringement have substantial merit, it is unable to predict the outcome of any of these actions.

On November 21, 1995, a civil action entitled CALDWELL TRUCKING PRP GROUP V. ADT AUTOMOTIVE, INC., ET AL was filed in the United States District Court for the District of New Jersey by a group of nine companies who have entered into a Consent Decree with the United States Environmental Protection Agency to remediate a site in Fairfield, New Jersey (the Site). The complaint names over 95 defendants, one of whom is the Company, as "successor-in-interest" to two

entities from whom the Company purchased certain assets in February 1990. The complaint alleges that the defendants are responsible for contributing hazardous substances to the Site as former customers of Caldwell Trucking or are otherwise potentially responsible parties and seeks recovery of remediation and other

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

associated costs. Although the complaint estimates total cleanup costs at approximately \$30 million, no apportionment of alleged liability among the group which filed the complaint (who are also potentially responsible parties) or the group of defendants has been indicated at this time. The defendants have until April 1, 1996 to respond to the complaint. Although the Company intends to vigorously defend this claim, based upon the limited amount of information available at this time, the Company is unable to determine the likelihood or the possible amount of any losses related to this action. Accordingly, no provision for any liability that may result has been recognized in the Consolidated Financial Statements.

The Company is involved in various other claims and lawsuits arising in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on its consolidated financial position or results of operations.

11. OPERATING LEASES

The Company leases facilities and vehicles under operating leases that expire at various dates through 2002. Future payments required under operating leases as of October 31, 1995, are summarized as follows (in thousands):

1996 .....	\$2,118
1997 .....	1,649
1998 .....	1,322
1999 .....	1,094
2000 .....	878
Later Years .....	1,197
	-----
Total .....	\$8,258
	=====

Rental expense for the years ended October 31, 1995, 1994, and 1993 was \$1,976,000, \$1,820,000, and \$2,260,000, respectively.

12. SUBSEQUENT EVENT

IMS is actively pursuing a program to license the use of interactive machining patents. On January 2, 1996, IMS entered into an agreement with a CNC manufacturer and various of its subsidiaries, none of whom is a defendant in the IMS patent infringement actions discussed in Note 10 above. IMS has granted a non-exclusive license to use the interactive machining patents in exchange for certain fixed payments beginning in fiscal 1996 and continuing through 2001. Over the term of the license, IMS will receive approximately \$800,000, net of legal fees and expenses, of which \$357,000 is expected to be reflected in income for fiscal 1996. IMS has also received a royalty-free, non-exclusive license (with a right of sublicense to the Company) under four of the licensee's patents. There can be no assurance that IMS will enter into any other license agreements or that the terms of any future license agreements will be similar to those of the initial license.

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

1995 (IN THOUSANDS, EXCEPT PER SHARE DATA)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Sales and service fees.....	\$18,872	\$20,687	\$22,764	\$27,309
Gross profit.....	4,658	5,389	5,986	7,437
Gross profit margin percentage.....	24.7%	26.1%	26.3%	27.2%
Selling, general and administrative expenses.....	4,246	4,616	4,558	5,582
Operating income (loss).....	412	773	1,428	1,855
Net income (loss).....	(473)	(239)	428<F1>	488<F1>
Earnings (loss) per common share.....	\$ (.09)	\$ (.04)	\$ .08	\$ .09

1994 (IN THOUSANDS, EXCEPT PER SHARE DATA)	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Sales and service fees.....	\$18,579	\$16,209	\$17,144	\$20,696
Gross profit.....	3,444	3,378	3,820	4,923
Gross profit margin percentage.....	18.5%	20.8%	22.3%	23.8%
Selling, general and administrative expenses.....	4,745	4,402	4,325	4,657
Operating income (loss).....	(1,301)	(1,024)	(505)	266
Net income (loss).....	(2,168)	(1,786)	(1,215)	(622)
Earnings (loss) per common share.....	\$ (.40)	\$ (.33)	\$ (.22)	\$ (.11)

<FN>

<F1> Net income in the third and fourth quarters of fiscal 1995 includes higher interest expense due to \$40 and \$360 of fees, respectively, payable under the terms of the debt agreements for exceeding certain gross profit goals. An additional \$240 fee payable to the lenders as of October 31, 1995, will be expensed ratably during fiscal 1996.

</FN>

HURCO COMPANIES, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

14. BUSINESS SEGMENT AND INTERNATIONAL OPERATIONS

The Company operates in one business segment which consists of computer numerical control (CNC) systems and software and CNC-guided machine tools for cutting and forming metals. Summarized information about activities in different geographical areas from which sales are made follows (in thousands):

	UNITED STATES	EUROPE	ASIA	ELIMINATIONS	CONSOLIDATED
1995					
Sales to unaffiliated customers.....	\$54,172	\$32,881	\$2,579	\$ --	\$89,632
Transfers between geographic areas.....	18,374	880	--	(19,254)	--
Total sales.....	<u>\$72,546</u>	<u>\$33,761</u>	<u>\$2,579</u>	<u>\$(19,254)</u>	<u>\$89,632</u>
Operating income (loss).....	<u>\$ 2,570</u>	<u>\$ 1,607</u>	<u>\$ 291</u>		<u>\$ 4,468</u>
Identifiable assets as of October 31, 1995.....	<u>\$45,255</u>	<u>\$15,404</u>	<u>\$ 762</u>		<u>\$ 61,421</u>
1994					
Sales to unaffiliated customers.....	\$50,682	\$21,584	\$ 362	\$ --	\$ 72,628
Transfers between geographic areas.....	10,013	1,744	--	(11,757)	--
Total sales.....	<u>\$60,695</u>	<u>\$23,328</u>	<u>\$ 362</u>	<u>\$(11,757)</u>	<u>\$ 72,628</u>
Operating loss.....	<u>\$ (346)</u>	<u>\$(2,057)</u>	<u>\$ (161)</u>		<u>\$ (2,564)</u>
Identifiable assets as of October 31, 1994.....	<u>\$44,490</u>	<u>\$14,641</u>	<u>\$ 427</u>		<u>\$59,558</u>
1993					
Sales to unaffiliated customers.....	\$51,426	\$20,099	\$ 705	\$ --	\$72,230
Transfers between geographic areas.....	4,681	6,449	--	(11,130)	--
Total sales.....	<u>\$56,107</u>	<u>\$26,548</u>	<u>\$ 705</u>	<u>\$(11,130)</u>	<u>\$72,230</u>
Operating loss.....	<u>\$(11,110)</u>	<u>\$(7,036)</u>	<u>\$ (177)</u>		<u>\$(18,323)</u>



Identifiable assets as of October 31, 1993.....	\$50,355	\$16,044	\$ 888	\$67,287
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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

DIRECTORS OF THE REGISTRANT

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
Hendrik J. Hartong, Jr	56	1986
Andrew L. Lewis IV	39	1988
Brian D. McLaughlin	53	1987
E. Keith Moore	73	1990
Richard T. Niner	56	1986
O. Curtis Noel	60	1993
Charles E. Mitchell Rentschler	56	1986

Hendrik J. Hartong, Jr. has been a general partner of Brynwood Management, the general partner of Brynwood Partners Limited Partnership, since 1984. Mr. Hartong has also served as Chairman of the Board of Air Express International Corporation since 1985.

Andrew L. Lewis IV has served as Chief Executive Officer of KRR Partners, L.P. since July 1993. Beginning in 1990, Mr. Lewis has also been a consultant for USPCI of Pennsylvania, Inc. Mr. Lewis is also a director of Air Express International Corporation.

Brian D. McLaughlin has been President and Chief Executive Officer of the Company since December, 1987.

E. Keith Moore has served as President of Hurco International, Inc., a subsidiary of the Company, since April 1988. Mr. Moore is also a director of Met-Coil Systems Corporation.

Richard T. Niner has been a general partner of Brynwood Management, the general partner of Brynwood Partners Limited Partnership, since 1984. Mr. Niner is also a director of Air Express International Corporation and Arrow International, Inc.

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 served as President and Chief Executive Officer of The Hamilton Foundry & Machine Co. since 1985.

For a description of transactions between the Company and Air Express International Corporation, see Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Each director of the Company serves for a term of one year, which expires at the next annual meeting of shareholders of the Company when his successor has been elected. There are no family relationships between any of the directors or executive officers of the Company.

EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the executive officers of the Company appears in Part I under the caption, "Executive Officers of the Registrant".

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than ten percent (10%) of the Company's common stock, to file initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company with the Securities and Exchange Commission.

To the Company's knowledge, based solely upon a review of copies of such reports furnished to the Company during and pertaining to its most recent fiscal year, and certain written representations, all Section 16(a) filings applicable to the Company's executive officers, directors and greater than ten percent (10%) beneficial owners were made on a timely basis during the most recent fiscal year.

ITEM 11. 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 most highly compensated executive officers of the Company based on salaries and bonuses earned during fiscal 1995 (the Named Executive Officers). No other executive officer earned more than \$100,000 in salary and bonuses during fiscal 1995.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation	All Other Compen- sation
		Salary (\$)	Bonus (\$)<F1>	Other Annual Compensation (\$)	Securities Underlying Option<F2>	(\$) <F3>
Brian D. McLaughlin President and CEO	1995	\$226,936	\$75,000	--	10,000	\$3,234
	1994	220,000	--	--	70,000<F4>	2,302
	1993	220,000	--	--	--	3,036
Roger J. Wolf Sr. VP, Secretary Treasurer and CFO	1995	139,731	45,000	--	15,000	3,063
	1994	135,000	7,000	\$16,308<F5>	7,000	1,934
	1993	98,654<F6>	5,000<F7>	--	25,000<F7>	872

James D. Fabris	1995	107,885	45,000	--	5,000	2,210
Vice President and	1994	98,335	--	--	13,000	1,295
Pres. Hurco Mfg. Co.	1993	85,150	--	8,935<F8>	7,500	1,864

<FN>

<F1> Represents cash bonuses earned and paid in the subsequent year, other than specified below.

<F2> Represents options granted under the stock option plan related to the prior year's performance, other than specified below. The Company has not granted any Stock Appreciation Rights (SARs).

<F3> Represents the Company's contribution to the 401-K Retirement Plan under the Company matching program.

<F4> Represents options granted under the stock option plan to replace options that had expired during the fiscal year.

<F5> Represents amounts reimbursed during the fiscal year for the payment of taxes related to relocation expenses.

<F6> Represents compensation for January 25, 1993 through October 31, 1993.

<F7> Represents guaranteed bonus and options granted under the stock option plan in connection with initial employment.

<F8> Represents amounts reimbursed during the fiscal year related to relocation expenses.

</FN>

## STOCK OPTIONS

The following table sets forth information related to options granted to the Named Executive Officers during the 1995 fiscal year. The Company has not granted any Stock Appreciation Rights (SARs).

### OPTION GRANTS DURING 1995 FISCAL YEAR

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (\$/SH)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term <F1>	
					5% (\$)	10% (\$)
Brian D. McLaughlin	10,000<F2>	16%	\$3.875	12/11/04	63,120	100,508
Roger J. Wolf	15,000<F2>	24%	\$3.875	12/11/04	94,680	150,762
James D. Fabris	5,000<F3>	8%	\$3.875	12/11/04	31,560	50,254

<FN>

<F1> The potential realizable value illustrates value that might be realized upon the exercise of the options immediately prior to the expiration of their terms, assuming the specified compounded rates of appreciation on the Company's common stock from the date of grant through the term of the options. These numbers do not take into account provisions that may result in termination of the options following termination of employment or the vesting periods of three years.

<F2> Options may be exercised in three equal annual installments, or parts thereof, commencing on the first anniversary date of the grant.

<F3> Options may be exercised in five equal annual installments, or parts thereof, commencing on the first anniversary date of the grant.

</FN>

The following table sets forth information related to options exercised during the 1995 fiscal year and options held at fiscal year-end by the Named Executive Officers. The Company does not have any outstanding SARs.

AGGREGATED OPTION EXERCISES IN FISCAL 1995 AND YEAR-END OPTION VALUES

NAME	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options at FY-End (\$) <F1>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Brian D. McLaughlin	--	--	52,100	62,900	72,188	164,063
Roger J. Wolf	--	--	12,310	34,690	7,219	40,906
James D. Fabris	--	--	9,500	20,500	33,025	62,100

<FN>  
 <F1> Value is calculated based on the closing market price of the common stock on October 31, 1995 (\$5.625) less the option exercise price.  
 </FN>

COMPENSATION OF DIRECTORS

Each director who is not an employee of the Company receives a fee of \$1,000 for each meeting of the Board of Directors attended, and each such director also receives \$3,000 per quarter. Directors are also entitled to receive reimbursement for travel and other expenses incurred in attending such meetings. Employee directors receive no fees. Mr. Niner received annual compensation of \$72,000 for his services as Chairman of the Executive Committee of the Board of Directors. Directors are also eligible to receive stock options in amounts specified in the Plan.

EMPLOYMENT CONTRACTS

Brian D. McLaughlin entered into an employment contract on December 14, 1987. The contract term is month-to-month. Mr. McLaughlin's salary and bonus arrangements are set annually by the Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Board of Directors. As part of that contract, Mr. McLaughlin is entitled to 12 months' salary if his employment is terminated for any reason other than gross misconduct.

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 Board of Directors. Other compensation, such as stock option grants, is awarded periodically at the discretion of the Board of Directors. As part of that contract, Mr. Wolf is entitled to 12 months' salary if his employment is terminated without just cause.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During fiscal 1995, the members of the Compensation Committee were Hendrik J. Hartong, Jr., O. Curtis Noel and Charles E. Mitchell Rentschler. None of the Committee members is a current or former officer or employee of the Company or any of its subsidiaries. Mr. Hartong is a director of Air Express International (AEI). Mr. Hartong is also a general partner of Brynwood Management, which is the general partner of Brynwood Partners Limited Partnership, which has substantial ownership interest in AEI. AEI provides freight forwarding and shipping services for the Company. The cost of these freight services are negotiated on an arms-length basis and amounted to \$1,438,000 for the fiscal year ended October 31, 1995. None of the Committee members are involved in any other relationships requiring disclosure as an interlocking officer / director.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS  
AND MANAGEMENT

The following table sets forth information as of January 10, 1996, 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 -----	PERCENT -----
OTHER BENEFICIAL OWNERS		
Brynwood Partners Limited Partnership Two Soundview Avenue Greenwich, Connecticut 06830	1,390,001	25.6%
Wellington Management Co. 75 State Street Boston, Massachusetts 02109	527,700<F1>	9.7%
The TCW Group, Inc. 865 South Figueroa Street Los Angeles, California 90017	448,000	8.3%

DIRECTORS AND EXECUTIVE OFFICERS

Hendrik J. Hartong, Jr	1,408,915<F2><F3><F4>	26.0%
------------------------	-----------------------	-------

Andrew L. Lewis IV	12,500<F3>	0.2%
Brian D. McLaughlin	86,633<F5><F6>	1.6%
E. Keith Moore	48,790<F7><F8>	0.9%
Richard T. Niner	1,415,301<F2><F3>	26.0%
O. Curtis Noel	5,000<F3>	0.1%
Charles E. Mitchell Rentschler	17,500<F3><F9>	0.3%
Roger J. Wolf	25,260<F10>	0.5%
James D. Fabris	14,800<F11>	0.3%
Executive officers and directors as a group (12 persons)	1,664,598<F2><F12>	30.7%

<FN>

<F1> Wellington Management Co. (WMC), a registered investment advisor, is deemed to have beneficial ownership of 527,700 shares of the Company's common stock, which is owned by various advisory clients of WMC. WMC has no voting power for 105,000 shares and shared voting power for 422,700 shares. WMC has shared investment power for all shares.

<F2> Includes the shares owned by Brynwood Partners Limited Partnership, of which the sole general partner is Brynwood Management, a general partnership. Mr. Hartong and Mr. Niner are general partners of Brynwood Management and accordingly may be deemed to have beneficial ownership of these shares. These shares have shared voting and investment power.

<F3> Includes 5,000 shares subject to options that are exercisable within 60 days.

<F4> Includes 100 shares owned by Mr. Hartong's wife, as to which shares he may be deemed to have beneficial ownership; also includes 3,000 shares which have shared voting and investment power.

<F5> Includes 58,433 shares subject to options held by Mr. McLaughlin that are exercisable within 60 days; excludes 56,567 shares subject to options that are not exercisable within the next 60 days.

<F6> Includes 2,100 shares owned by Mr. McLaughlin's wife and children, as to which shares he may be deemed to have beneficial ownership.

<F7> Includes 10,800 shares subject to options held by Mr. Moore that are exercisable within 60 days; excludes 200 shares subject to options that are not exercisable within the next 60 days.

<F8> Includes 1,320 shares owned by Mr. Moore's wife and children, as to which shares he may be deemed to have beneficial ownership.

<F9> Includes 5,000 shares owned by Mr. Rentschler's wife, as to which he may be deemed to have beneficial ownership.

<F10> Includes 22,260 shares subject to options that are exercisable within 60 days; excludes 24,740 shares subject to options that are not exercisable within the next 60 days.

<F11> Includes 14,300 shares subject to options that are exercisable within 60 days; excludes 15,700 shares subject to options that are not exercisable within the next 60 days.

<F12> Includes 148,993 shares subject to options that are exercisable within 60 days.

</FN>

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company and Air Express International (AEI) are related parties because Brynwood Partners Limited Partnership holds a substantial ownership interest in both companies. Two of the Company's directors, Hendrik J. Hartong, Jr. and Richard T. Niner, are general partners of Brynwood Management, which is the general partner of Brynwood Partners Limited Partnership. AEI provides freight forwarding and shipping services for the Company. The cost of these freight services are negotiated on an arms length basis and amounted to \$1,438,000 the year ended October 31, 1995.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

- (a) 1. FINANCIAL STATEMENTS. The following consolidated financial statements of Registrant are included herein under Item 8 of Part II:

Reports of Independent Accountants  
Consolidated Statements of Operations - years  
ended October 31, 1995, 1994 and 1993  
Consolidated Balance Sheets - as of October 31, 1995 and 1994  
Consolidated Statements of Cash Flows - years  
ended October 31, 1995, 1994 and 1993  
Consolidated Statements of Changes in Shareholders' Equity -  
years ended October 31, 1995, 1994 and 1993  
Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES. The following financial statement schedule is included in this Item.

Schedule II - Valuation and Qualifying  
Accounts and Reserves

All other financial statement schedules are omitted because they are not applicable or the required information is included in the consolidated financial statements or notes thereto.

- (b) REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the three months ended October 31, 1995.

- (c) EXHIBITS

Exhibits are filed with this Form 10-K or incorporated herein by reference.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS AND RESERVES  
FOR THE YEARS ENDED OCTOBER 31, 1995, 1994 AND 1993  
(Dollars in thousands)

Description -----	Balance at Beginning of Period -----	Charged to Costs and Expenses -----	Charged to Other Accounts -----	Deductions -----	Balance at End of Period -----
Allowance for doubtful accounts for the year ended:					
October 31, 1995	\$ 1,046 =====	\$ 31 =====	\$ -- =====	\$ 7<F1> =====	\$ 1,070 =====
October 31, 1994	\$ 979 =====	\$ 78 =====	\$ -- =====	\$ 11<F2> =====	\$ 1,046 =====
October 31, 1993	\$ 892 =====	\$ 216 =====	\$ -- =====	\$ 129<F3> =====	\$ 979 =====
Accrued warranty expenses for the year ended:					
October 31, 1995	\$ 1,170 =====	\$ 1,541 =====	\$ -- =====	\$ 1,320 =====	\$ 1,391 =====
October 31, 1994	\$ 1,084 =====	\$ 1,539 =====	\$ -- =====	\$ 1,453 =====	\$ 1,170 =====
October 31, 1993	\$ 1,074 =====	\$ 1,054 =====	\$ -- =====	\$ 1,044 =====	\$ 1,084 =====

- -----  
<FN>  
<F1> Receivable write-offs of \$42,000, net of cash recoveries on accounts previously written off of \$35,000.  
<F2>Receivable write-offs of \$20,000, net of cash recoveries on accounts previously written off of \$9,000.  
<F3>Receivable write-offs of \$129,000. There were no cash recoveries on accounts previously written off.  
</FN>

EXHIBITS INDEX

EXHIBITS FILED. The following exhibits are filed with this Report:

- 10.20.15 First Amendment to the Credit Agreement, dated January 31, 1995, between the Registrant and NBD Bank (formerly known as NBD Bank, N.A.)
- 10.20.16 Second Amendment to Letter Agreement (European Facility), dated January 31, 1995, among the Registrant's foreign subsidiaries and NBD Bank.
- 10.20.17 Amendment to Intercreditor, Agency and Sharing Agreement, dated January 31, 1995, among the Registrant, NBD Bank, Principal Mutual Life Insurance Company and NBD Bank as Agent.
- 10.20.18 Second Amendment to the Credit Agreement, dated May 31, 1995, between the Registrant and NBD Bank.
- 10.20.19 Third Amendment to Letter Agreement (European Facility), dated May 31, 1995, among the Registrant's foreign subsidiaries and NBD Bank.
- 10.20.20 Second Amendment to Intercreditor, Agency and Sharing Agreement,



dated May 31, 1995, among the Registrant, NBD Bank, Principal Mutual Life Insurance Company and NBD Bank as Agent.

- 10.20.21 Third Amendment to the Credit Agreement, dated July 31, 1995, between the Registrant and NBD Bank.
  - 10.20.22 Fourth Amendment to Letter Agreement (European Facility), dated August 1, 1995, among the Registrant's foreign subsidiaries and NBD Bank.
  - 10.20.23 Third Amendment to Intercreditor, Agency and Sharing Agreement, dated July 31, 1995, among the Registrant, NBD Bank, Principal Mutual Life Insurance Company and NBD Bank as Agent.
  - 10.20.24 Fourth Amendment to the Credit Agreement, dated December 22, 1995, between the Registrant and NBD Bank.
  - 10.20.25 Fourth Amendment to Intercreditor, Agency and Sharing Agreement, dated December 22, 1995, among the Registrant, NBD Bank, Principal Mutual Life Insurance Company and NBD Bank as Agent.
  - 10.42.4 Amendment and Notes Modification Agreement, dated January 31, 1995, between the Registrant and Principal Mutual Life Insurance Company.
  - 10.42.5 Amendment to Amended and Restated Note Agreement, dated May 31, 1995, between the Registrant and Principal Mutual Life Insurance Company.
  - 10.42.6 Third Amendment to Amended and Restated Note Agreement, dated July 31, 1995, between the Registrant and Principal Mutual Life Insurance Company.
  - 11 Statement re: computation of per share earnings.
  - 21 Subsidiaries of the Registrant.
  - 23 Consent of Independent Public Accountants - Arthur Andersen LLP.
  - 23.1 Consent of Independent Public Accountants - Coopers & Lybrand LLP.
  - 27 Financial Data Schedule (electronic filing only).
- EXHIBITS INCORPORATED BY REFERENCE. The following exhibits are incorporated into this Report:
- 3.1 Amended and Restated Articles of Incorporation of the Registrant, incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1989.
  - 3.2 Amended and Restated By-Laws of the Registrant, incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1990.
  - 4.1 Stock Purchase Agreement dated June 16, 1986, between the Registrant and Brynwood Partners Limited Partnership, incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 4, 1986.
  - 4.3 Stock Purchase Agreement between the Registrant and Brynwood Partners Limited Partnership, dated April 30, 1987, incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1987.
  - 10.13 The Underlease between Dikappa (Number 220) Limited and Northern & London Investment Trust limited dated December 2, 1982, incorporated by reference to its Registration Statement on Form S-1, No.2-82804 dated April 1, 1983.
  - 10.14 Amended and Restated 1983 Stock Option Plan of the Registrant, effective January 1, 1987, incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 30, 1987.
  - 10.20.1 Term Loan Agreement dated September 9, 1991, between the Registrant and NBD Bank, N.A., incorporated by reference to the

Registrant's Annual Report on Form 10-K for the year ended October 31, 1991.

- 10.20.5 Letter Agreement (European Facility) dated June 17, 1993, between the Registrant's subsidiaries and NBD Bank, N.A., incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1993.
- 10.20.8 Credit Agreement and Amendment to the Term Loan Agreement and Reimbursement Agreement dated March 24, 1994, between the Registrant and NBD Bank, N.A., incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.20.9 Amendment to Letter Agreement (European Facility) dated March 24, 1994, between the Registrant's foreign subsidiaries and NBD Bank, N.A., incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.20.10 Intercreditor, Agency and Sharing Agreement dated March 24, 1994, between the Registrant, NBD Bank, N.A., Principal Mutual Life Insurance Company and NBD Bank, N.A. as collateral agent, incorporated by reference to the Registrant's Current Report of Form 8-K dated August 1, 1994.
- 10.20.11 Security Agreement dated March 24, 1994, between the Registrant and NBD Bank, N.A. as collateral agent, incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.20.13 Guaranty Agreement dated March 24, 1994, between Autocon Technologies, Inc. and NBD Bank, N.A., incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.20.14 Pledge Agreement dated March 24, 1994, between the Registrant and NBD Bank, N.A. as collateral agent, incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.34 Employment Agreement between the Registrant and Brian D. McLaughlin, dated December 14, 1987, incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1987.
- 10.39 Non-qualified Stock Option Agreement between the Registrant and Andrew L. Lewis IV, effective November 17, 1988, incorporated by reference to its Registration Statement on Form S-8 dated February 16, 1989.
- 10.42.2 Amended and Restated Note Agreement dated March 24, 1994, between the Registrant and Principal Mutual Life Insurance Company, incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.42.3 Guaranty Agreement dated March 24, 1994, between Autocon Technologies, Inc. and Principal Mutual Life Insurance Company, incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 1994.
- 10.44 Non-Qualified Stock Option Agreement between the Registrant and O. Curtis Noel effective, March 3, 1993, incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1993.
- 10.45 Employment Agreement between the Registrant and Roger J. Wolf dated January 8, 1993, incorporated by reference to the Registrant's Annual Report on Form 10-K for the year ended October 31, 1993.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, this 29 day of January, 1996.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF

-----  
Roger J. Wolf  
Senior Vice-President,  
Secretary, Treasurer and  
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

SIGNATURE AND TITLE(S)	DATE
/S/BRIAN D. MCLAUGHLIN ----- Brian D. McLaughlin, Director, President and Chief Executive Officer of Hurco Companies, Inc. (Principal Executive Officer)	January 29, 1996
/S/ROGER J. WOLF ----- Roger J. Wolf Senior Vice-President, Secretary, Treasurer and Chief Financial Officer of Hurco Companies, Inc. (Principal Financial Officer)	January 29, 1996
/S/THOMAS L. BROWN ----- Thomas L. Brown Corporate Controller of Hurco Companies, Inc. (Principal Accounting Officer)	January 29, 1996
/S/HENDRIK J. HARTONG ----- Hendrik J. Hartong, Jr., Director	January 29, 1996
/S/ANDREW L. LEWIS	January 29, 1996

- -----  
Andrew L. Lewis, IV, Director

/S/KEITH MOORE  
- -----  
E. Keith Moore, Director

January 29, 1996

/S/RICHARD T. NINER  
- -----  
Richard T. Niner, Director

January 29, 1996

/S/O. CURTIS NOEL  
- -----  
O. Curtis Noel, Director

January 29, 1996

/S/CHARLES E.M. RENTSCHLER  
- -----  
Charles E.M. Rentschler, Director

January 29, 1996

EXHIBIT 10.20.15

First Amendment to the Credit Agreement  
dated January 31, 1995  
between the Registrant and NBD Bank (formerly known as NBD Bank, N.A.)

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of January 31, 1995 (this "First Amendment"), between HURCO COMPANIES, INC., an Indiana corporation (the "Company"), and NBD BANK (formerly known as NBD Bank, N.A.), a Michigan banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into a Credit Agreement and Amendment to Term Loan Agreement, dated as of March 24, 1994 (the "Credit Agreement"), which is in

full force and effect.

B. The Company desires to amend the Credit Agreement as herein provided, and the Bank is willing to so amend the Credit Agreement on the terms and conditions set forth herein.

#### AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in paragraph 4 (the date that this occurs being called the "effective date"), the Credit Agreement shall be amended as follows:

(a) The term "Automatic Termination Date" at Section 1.1 of the Credit Agreement is amended to read as follows:

"'AUTOMATIC TERMINATION DATE' means February 1, 1996."

(b) The term "Guarantor" is added to Section 1.1 following the term "generally accepted accounting principles" to read as follows:

"'GUARANTOR' means Autocon Technologies, Inc., an Indiana corporation and wholly-owned Subsidiary of the Company." (c) Section 7.1(h) is amended by adding the following phrase to the end of the last sentence of that subsection: "except as disclosed on Schedule 6.9"

(d) Section 8.1(e) is amended by adding the following phrase to the end of that subsection (before the semi-colon):

", PROVIDED, HOWEVER, that the occurrence of a Forbearance Default (as defined in the PML Note Agreement) shall not constitute an Event of Default"

(e) Exhibit D is amended in its entirety by substituting therefor the form of Second Amended and Restated NBD Term Note attached hereto as Exhibit D.

2. REFERENCES TO CREDIT AGREEMENT. From and after the effective date of this First Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this First Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this First Amendment and all agreements and documents delivered pursuant hereto; and (iii) this First Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the

Credit Agreement as of the effective date hereof.

4. CONDITIONS TO EFFECTIVENESS. This First Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company with respect to this First Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request;

(b) An Amendment and Notes Modification Agreement of even date herewith between the Company and Principal Mutual Life Insurance Company ("PML"), in the form and substance satisfactory to the Bank;

(c) An Amendment to Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, PML, and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(d) The Second Amended and Restated NBD Term Note executed and delivered by the Company in the form attached hereto as Exhibit D;

(e) A Confirmation of Guaranty of even date herewith executed and delivered by the Guarantor in favor of the Bank; and

(f) Such additional agreements and documents, fully executed by the Company, as are reasonably requested by the Bank.

5. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. COUNTERPARTS. This First Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this First Amendment by signing any such counterpart.

7. EXPENSES. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this First Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this First Amendment and any related agreements and documents.

8. GOVERNING LAW. This First Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK (formerly known as  
NBD Bank, N.A.)

By: /S/ROGER J. WOLF

By: /S/ANDREW P. ARTON

-----  
Roger J. Wolf  
Its: Senior Vice President  
and Chief Financial Officer

-----  
Andrew P. Arton  
Its: Second Vice President

EXHIBIT D  
SECOND AMENDED AND RESTATED NBD TERM NOTE

\$4,086,203.46

January 31, 1995  
Detroit, Michigan

FOR VALUE RECEIVED, HURCO COMPANIES, INC. ("Borrower"), an Indiana corporation, hereby unconditionally promises to pay to the order of NBD Bank (formerly known as NBD Bank, N.A.), a Michigan banking corporation (the "Bank"), at the principal banking office of the Bank in lawful money of the United States of America and in immediately available funds, the principal sum of Four Million Eighty-Six Thousand Two Hundred Three and 46/100 Dollars (\$4,086,203.46), unless earlier payment is required, in installments as follows: (i) \$1,750,000 payable on the Automatic Termination Date, and (ii) the remainder payable on the Maturity Date, when the entire outstanding principal balance of the Term Loan evidenced hereby, and all accrued interest thereon, shall be due and payable; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until such Term Loan shall be paid in full, at the rates per annum and on the dates provided in the Term Loan Agreement referred to below.

The Bank is hereby authorized by the Borrower to record on its books and records the date, amount and type of each Loan, the applicable interest rate, the amount of each payment or prepayment of principal thereon, and any other information required by the Bank, which books and records shall constitute prima facie evidence of the information so recorded, PROVIDED, HOWEVER, that any failure by the Bank to record any such information shall not relieve the Borrower of its obligation to repay the outstanding principal amount of the Term Loan evidenced hereby, all accrued interest thereon and any amount payable with respect thereto in accordance with the terms of this Term Note and the Term Loan Agreement.

The Borrower and each endorser or guarantor hereof waives demand, presentment, protest, diligence, notice of dishonor and any other formality in connection with this Term Note. Should the indebtedness evidenced by this Term Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Borrower agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collecting this Term Note, including attorneys' fees and expenses.

This Term Note evidences a Term Loan made under a Term Loan Agreement dated as of September 9, 1991, as amended by a Credit Agreement and Amendment to Term Loan Agreement dated as of March 24, 1994, and as further amended by a First Amendment to Credit Agreement of even date herewith between the Borrower and the Bank (as amended, the "Term Loan Agreement"), to which reference is made for a statement of the circumstances under which this Term Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Term Note shall have the respective meanings assigned to them in the Term Loan Agreement.

This Term Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

HURCO COMPANIES, INC.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_



EXHIBIT 10.20.16

Second Amendment to Letter Agreement (European Facility)  
dated January 31, 1995  
among the Registrant's Foreign Subsidiaries  
and NBD Bank

NBD BANK  
611 Woodward Avenue  
Detroit, Michigan 48226

Dated as of January 31, 1995

Hurco Europe Limited  
Hurco GmbH Werkzeugmaschinen  
CIM-Bausteine Vertrieb und Service

Re: Second Amendment to European Facility

Ladies and Gentlemen:

This letter amends the letter agreement with you dated June 17, 1993, as previously amended by the letter agreement dated March 24, 1994 (as amended, the "European Facility"), and is being entered into in conjunction with the First Amendment to Credit Agreement of even date herewith with your parent, Hurco Companies, Inc.

The definition of "Expiration Date" in the European Facility is amended to read as follows:

"Expiration Date" means the earlier to occur of (a) February 1, 1996, and (b) the date on which NBD declares under paragraph 13 all principal and interest on indebtedness to NBD provided under this agreement to be immediately due and payable.

Should the foregoing be agreeable to you, as it is to us, please indicate your agreement and acceptance by executing and returning the enclosed copy of this letter, whereupon the European Facility shall be amended as herein provided, and references to the European Facility shall be to the European Facility as so amended. Except as amended hereby, the European Facility shall remain in full force and effect.

Very truly yours,

NBD Bank (formerly known as  
NBD Bank, N.A.)

By: /S/ ANDREW P. ARTON

-----  
Andrew P. Arton

Its: Second Vice President

Agreed and accepted:

HURCO EUROPE LIMITED

By: /S/ ROGER J. WOLF

-----  
Its: Director

Dated as of January 31, 1995

HURCO GmbH WERKZEUGMASCHINEN  
CIM-BAUSTEINE VERTRIEB UND  
SERVICE

By: /S/ GERHARD KOHLBACHER

-----  
Its: General Manager

Dated as of January 31, 1995

EXHIBIT 10.20.17

Amendment to Intercreditor, Agency and Sharing Agreement  
dated January 31, 1995  
among the Registrant, NBD Bank, Principal Mutual Life Insurance Company  
and NBD Bank as Agent for the Lenders

AMENDMENT TO INTERCREDITOR,  
AGENCY AND SHARING AGREEMENT

THIS AMENDMENT, dated as of January 31, 1995 (this "Amendment"), among Hurco Companies, Inc. (the "Company"), NBD Bank (formerly known as NBD Bank, N.A.), a Michigan banking corporation ("NBD"), and Principal Mutual Life Insurance Company, an Iowa corporation ("PML" and, collectively with NBD, the "Lenders"), and NBD as Agent for the Lenders (in such capacity, the "Agent").

R E C I T A L S

A. The parties hereto have entered into an Intercreditor, Agency and Sharing Agreement dated as of March 24, 1994 (the "Intercreditor Agreement"), which is in full force and effect.

B. In connection with amending certain credit facilities described in the Intercreditor Agreement, including entering into a First Amendment to Credit Agreement between the Company and NBD, a letter agreement among Hurco Europe Limited, Hurco GmbH Werkzeugmaschinen CIM-Baustein Vertrieb und Service, and NBD, a Second Amended and Restated NBD Term Note executed by Hurco in favor of NBD, and an Amendment and Notes Modification Agreement between Hurco and PML (such amending documents and all related documents collectively referred to as the "Amending Documents"), the Company desires to amend the Intercreditor Agreement as herein provided, and the Lenders are willing to so amend the Intercreditor Agreement on the terms and conditions set forth herein.

A G R E E M E N T

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. The definition of "Automatic Termination Date" is amended to read as follows:

"'AUTOMATIC TERMINATION DATE' means February 1, 1996."

2. CONSENT OF LENDERS. Each of the Lenders consents to the other Lender entering into each of the Amending Documents to which it is a party, contingent upon all of the Amending Documents being executed by each party thereto and becoming effective in accordance with their terms. Each of the Lenders and the Company agrees to take all actions necessary or appropriate to enter into or cause their respective affiliates to enter into the Amending Documents to which they are respectively a party.

3. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Intercreditor Agreement. Except as expressly amended hereby, the Intercreditor Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Lenders, the Agent, and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

4. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

5. EXPENSES. The Company agrees to pay and save the Agent and the Lenders harmless from liability for all costs and expenses of the Lenders and the Agent arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Agent, in connection with preparing and reviewing this Amendment and any related agreements and documents.

6. GOVERNING LAW. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF

-----  
Roger J. Wolf  
Its: Senior Vice President  
and Chief Financial Officer

NBD BANK (formerly known as  
NBD Bank, N.A.)

PRINCIPAL MUTUAL LIFE  
INSURANCE COMPANY

By: /S/ANDREW P. ARTON

By: /S/STEPHEN G. SKRIVANEK

Andrew P. Arton  
Its: Second Vice President

Its: Counsel

And by: /S/CHRISTOPHER HENDERSON  
-----

Its: Counsel

EXHIBIT 10.20.18

Second Amendment to the Credit Agreement  
dated May 31, 1995  
between the Registrant and NBD Bank

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of May 31, 1995 (this "Second Amendment"), between HURCO COMPANIES, INC., an Indiana corporation (the "Company"), and NBD BANK, a Michigan banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into a Credit Agreement and Amendment to Term Loan Agreement, dated as of March 24, 1994, as amended (the "Credit Agreement"), which is in full force and effect.

B. The Company desires to amend the Credit Agreement as herein provided,

and the Bank is willing to so amend the Credit Agreement on the terms and conditions set forth herein.

#### AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in paragraph 4 (the date that this occurs being called the "effective date"), the Credit Agreement shall be amended as follows:

(A) The terms "Automatic Termination Date", "Letter of Credit", "Letter of Credit Advance", and "Outstanding Facilities" in Section 1.1 of the Credit Agreement are amended to read as follows:

"AUTOMATIC TERMINATION DATE" means May 1, 1996.

"LETTER OF CREDIT" means any Authorization Letter of Credit and any New Facility Letter of Credit.

"LETTER OF CREDIT ADVANCE" means any Authorization Letter of Credit Advance and any New Facility Letter of Credit Advance.

"OUTSTANDING FACILITIES" means, collectively, the New Facility, the New Facility Note, the NBD Term Loan Agreement (as amended hereby), the Amended Term Note, the Reimbursement Agreement, the IRB L/C, the Hurco Guaranty, the NBD Guaranty, the Authorization Note, and the Letters of Credit, each as existing following the execution of this Agreement.

(B) The following definitions are added to Section 1.1 in appropriate alphabetical order:

"AUTHORIZATION NOTE" means the demand promissory note of the Company evidencing the Company's obligations under the Authorization Letters of Credit, in substantially the form of Exhibit G, as amended or modified from time to time and together with any promissory notes issued in exchange or replacement therefor.

"AUTHORIZATION LETTER OF CREDIT" means a standby or commercial letter of credit or bankers acceptance having a stated expiry date not later than January 31, 1996, issued by NBD pursuant to Section 3.1(a)(ii) for the account of the Company under an application and related documentation acceptable to NBD requiring, among other things, the Company to immediately reimburse NBD in respect of all drafts or other demands for payment honored thereunder and all expenses paid or incurred by NBD relative thereto.

"AUTHORIZATION LETTER OF CREDIT ADVANCE" means any issuance of an Authorization Letter of Credit.

"NEW FACILITY ADVANCE" means the issuance of any New Facility Loan or any New Facility Letter of Credit Advance.

"NEW FACILITY LETTER OF CREDIT" means a standby or commercial letter of credit, bankers acceptance, or bank guaranty having a stated expiry date not later than the earlier of (a) eighteen months after the issuance date, and (b) the date which is 30 days prior to the Automatic Termination Date, and issued by NBD under the New Facility for the account of the Company under an application and related documentation acceptable to NBD requiring, among other things, the Company to immediately reimburse NBD in respect of all drafts or other demands for payment honored thereunder and all expenses paid or incurred by NBD relative thereto.

"NEW FACILITY LETTER OF CREDIT ADVANCE" means any issuance of a New Facility Letter of Credit under the New Facility.

"NOTES" means the Authorization Note and the New Facility Note.

C. Section 2.1(a) is amended by deleting the term "Letter of Credit" where it appears in the section and substituting therefor the term "New Facility Letter of Credit".

D. Section 2.1(b) is amended by deleting the term "Advances" in subsection (iii) and substituting therefor the term "New Facility Advances", and deleting the term "Letter of Credit Advances" in subsections (iv) and (v) and substituting therefor the term "New Facility Letter of Credit Advances".

E. A new Section 2.1A is added, to read as follows:

Section 2.1A AUTHORIZATION LETTERS OF CREDIT. NBD, in its sole and uncontrolled discretion, may issue Authorization Letters of Credit for the benefit of the Company pursuant to Section 3.1(a) (ii) from time to time to but excluding September 30, 1995, not to exceed at any time outstanding the aggregate amount of \$2,000,000.

F. A new Section 2.3(e) is added, to read as follows:

(e) AUTHORIZATION USAGE FEE. The Company agrees to pay to NBD a fee of \$10,000 on or before the first date that an Authorization Letter of Credit Advance is made in an amount which, together with the amount of all Authorization Letters of Credit then outstanding, equals or exceeds \$2,000,000.

G. Section 3.1 is amended to read as follows:

3.1 DISBURSEMENT OF ADVANCES. (a) (i) The Company shall give NBD notice of its request for each New Facility Advance in substantially the form of Exhibit B hereto not later than 12:00 p.m. Noon Detroit time (i) five Business Days prior to the date any New Facility Letter of Credit Advance is requested to be made, and (ii) on the Business Day any New Facility Loan is requested to be made, which notice shall specify whether a New Facility Loan or a New Facility Letter of Credit is requested and, in the case of each New Facility Letter of Credit Advance, such information as may be necessary for its issuance by NBD. Subject to the terms of this Agreement, the proceeds of each requested New Facility Advance shall be made available to the Company by depositing the proceeds thereof, in immediately available funds, in an account maintained and designated by the Company at NBD's principal office.

(ii) The Company shall give NBD notice of its request for each Authorization Letter of Credit Advance in accordance with Section 9.2 not later than 12:00 p.m. Noon Detroit time five Business Days prior to the date any Authorization Letter of Credit Advance is requested to be made, which notice shall contain such information as may be necessary for its issuance by NBD. The Company shall contemporaneously provide PML with a copy of such request in the manner specified for notices in the Intercreditor Agreement. Prior to making its first request for an Authorization Letter of Credit Advance, the Company shall provide documents satisfactory to NBD evidencing necessary corporate action by the Company with respect to the Authorization Letters of Credit.

(b) All New Facility Loans shall be evidenced by the New Facility Note, all reimbursement obligations under the Authorization Letters of Credit shall be evidenced by the Authorization Note, and all such loans shall be due and payable and bear interest as provided in this Agreement. NBD is hereby authorized by the Company to record on the schedule attached to the Notes, or in its books and records, the date, amount and type of each loan, the amount of each payment or prepayment of principal thereon, and the other information provided for on such schedule, which schedule or books and records, as the case may be, shall constitute prima facie evidence of the information so recorded, PROVIDED, HOWEVER, that failure of NBD to record, or any error in recording, any such information shall not relieve the Company of its obligation to repay the outstanding principal amount of the loans, all accrued interest thereon, and other amounts payable



with respect thereto in accordance with the terms of the Notes and this Agreement. Subject to the terms of this Agreement, the Company may borrow new Facility Loans under this Section 2.4, prepay New Facility Loans pursuant to Section 5.2, and reborrow New Facility Loans under this Section.

(c) Subject to the terms of this Agreement, NBD shall, on the date any Letter of Credit Advance is requested to be made, issue the related Letter of Credit for the account of the Company. Notwithstanding anything herein to the contrary, NBD may decline to issue any requested Letter of Credit on the basis that the beneficiary, the purpose of issuance, or the terms of the drawing are unacceptable to it.

(d) Notwithstanding any provisions of this agreement, it is understood and agreed that NBD shall at no time be obligated to make any Authorization Letter of Credit Advance hereunder, despite compliance with any express conditions precedent thereto, and NBD shall be privileged at any time to make demand for payment of the Authorization Note, the reimbursement obligations, the cash collateral obligations pursuant to Section 5.2A, and all other indebtedness, obligations and liabilities of the Company to NBD in connection with the Authorization Letters of Credit, despite the fact that there may not then exist an Event of Default.

H. Section 3.3(c) is amended to read as follows:

(c) NBD shall have received the Borrowing Base Certificate required to be delivered under Section 7.1(d) (vi) as of the day next preceding the date such Advance, and the aggregate principal amount of the New Facility Advances then outstanding, after giving effect to the requested Advance, does not exceed the Borrowing Base as calculated in the Borrowing Base Certificate; and

I. Section 4.2(b) is amended to delete the phrase "payable in installments of \$1,750,000 payable on the Automatic Termination Date (as defined in this Agreement)," and substituting therefor the phrase "payable in installments of \$1,750,000 payable on February 1, 1996,".

J. A new Section 5.2A is added, to read as follows:

5.2A AUTHORIZATION NOTE PAYMENTS. Unless earlier payment is required under this Agreement, the Company shall pay to NBD on demand the entire outstanding principal amount of the Authorization Note and to immediately deliver cash collateral to NBD in an amount equal to the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Authorization Letters of Credit, which cash collateral shall be held in the Cash Collateral Account and is hereby pledged to NBD to secure all indebtedness, obligations and liabilities of any kind of the Company to NBD, and the Company agrees to execute such further written agreements and documents in form and substance satisfactory to NBD to further document such pledge.

K. Section 5.4(b) is amended by deleting the term "Advances" and substituting therefor the term "New Facility Advances".

L. Section 5.4(d) is amended to read as follows:

(d) VIOLATION OF LETTER OF CREDIT SUBLIMITS. If at any time the face amount of the New Facility Letters of Credit exceeds the lesser of \$9,500,000 and the New Facility Commitment, or if the face amount of the standby New Facility Letters of Credit exceeds the lesser of \$2,000,000 and the New Facility Commitment, the Company shall immediately pay to NBD an amount to be deposited in the Cash Collateral Account equal to the amount by which this excess exceeds the sum of all amounts then being held in the Cash Collateral Account allocable to the New Facility Letters of Credit. If at any time the face amount of the Authorization Letters of Credit exceeds \$2,000,000, the Company shall immediately pay to NBD an amount to be deposited in the Cash Collateral Account equal to the amount by which this excess exceeds the sum of all amounts then being held in the Cash Collateral Account allocable to the Authorization Letters of Credit.

M. Section 7.2(c) is amended by adding the following after the phrase "first fiscal quarter of fiscal year 1996":

, and \$375,000 during the second fiscal quarter of fiscal year 1996

N. Section 7.2(m) is amended by adding the following at the end of that subsection:

, or (iii) if the aggregate purchase price and other acquisition costs of all such Capital Expenditures made by the Company or any of its Subsidiaries during the second fiscal quarter of fiscal year 1996, when combined with all other Capital Expenditures made during that fiscal year, would exceed \$875,000.

O. Exhibit D is amended by substituting therefor the form of Third Amended and Restated NBD Term Note attached as Exhibit D.

P. A new Exhibit G, Demand Promissory Note, is added to the Credit Agreement in the form attached as Exhibit G.

2. REFERENCES TO CREDIT AGREEMENT. From and after the effective date of this Second Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this Second Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award

presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this Second Amendment and all agreements and documents delivered pursuant hereto; and (iii) this Second Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the effective date hereof.

4. CONDITIONS TO EFFECTIVENESS. This Second Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company with respect to this Second Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request, except that the Company may provide evidence of proper corporate authorization for requesting the Authorization Letters of Credit at the time of its first request for an Authorization Letter of Credit Advance, as contemplated by Section 3.1(a)(ii) of the Credit Agreement;

(b) An Amendment to Amended and Restated Note Agreement of even date herewith between the Company and Principal Mutual Life Insurance Company ("PML"), in the form and substance satisfactory to the Bank;

(c) An Amendment to Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, PML, and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(d) The Third Amended and Restated NBD Term Note executed and delivered by the Company in the form attached as Exhibit D;

(e) The Demand Promissory Note executed and delivered by the Company in the form attached as Exhibit G;

(f) A Confirmation of Guaranty of even date herewith executed and delivered by the Guarantor in favor of the Bank;

(g) An initial usage fee of \$10,000 paid to NBD; and

(h) Such additional agreements and documents, fully executed by the Company, as are reasonably requested by the Bank.

5. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. COUNTERPARTS. This Second Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Second Amendment by signing any such counterpart.

7. EXPENSES. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this Second Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this Second Amendment and any related agreements and documents.

8. GOVERNING LAW. This Second Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and

without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK

By: /S/ROGER J. WOLF

By: /S/ANDREW P. ARTON

-----  
Roger J. Wolf  
Its: Senior Vice President  
and Chief Financial Officer

-----  
Andrew P. Arton  
Its: Second Vice President

EXHIBIT D

THIRD AMENDED AND RESTATED NBD TERM NOTE

\$4,035,936.42

Dated as of May 31, 1995  
Detroit, Michigan

FOR VALUE RECEIVED, HURCO COMPANIES, INC. ("Borrower"), an Indiana corporation, hereby unconditionally promises to pay to the order of NBD Bank (formerly known as NBD Bank, N.A.), a Michigan banking corporation (the "Bank"), at the principal banking office of the Bank in lawful money of the United States of America and in immediately available funds, the principal sum of Four Million Thirty-Five Thousand Nine Hundred Thirty-six and 42/100 Dollars (\$4,035,936.42), unless earlier payment is required, in installments as follows: (i) \$1,750,000 payable on February 1, 1996, and (ii) the remainder payable on the Maturity Date, when the entire outstanding principal balance of the Term Loan evidenced hereby, and all accrued interest thereon, shall be due and payable; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until such Term Loan shall be paid in full, at the rates per annum and on the dates provided in the Term Loan Agreement referred to below.

The Bank is hereby authorized by the Borrower to record on its books and records the date, amount and type of each Loan, the applicable interest rate, the amount of each payment or prepayment of principal thereon, and any other information required by the Bank, which books and records shall constitute prima facie evidence of the information so recorded, PROVIDED, HOWEVER, that any failure by the Bank to record any such information shall not relieve the Borrower of its obligation to repay the outstanding principal amount of the Term Loan evidenced hereby, all accrued interest thereon and any amount payable with respect thereto in accordance with the terms of this Term Note and the Term Loan Agreement.

This Term Note evidences a Term Loan made under a Term Loan Agreement dated as of September 9, 1991, as amended by a Credit Agreement and Amendment to Term Loan Agreement dated as of March 24, 1994, and as further amended by a First Amendment to Credit Agreement dated as of January 31, 1995, and by a Second Amendment to Credit Agreement of even date herewith between the Borrower and the Bank (as amended, the "Term Loan Agreement"), to which reference is made for a statement of the circumstances under which this Term Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Term Note shall have the respective meanings assigned to them in the Term Loan Agreement.

This Term Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to

choice of law principles of such State.

HURCO COMPANIES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT G  
MASTER PROMISSORY NOTE

\$2,000,000

Detroit, Michigan  
Dated as of May 31, 1995

For value received, on demand or at such other maturity or maturities as are set forth in the Bank's records, Hurco Companies, Inc. (the "Borrower"), promises to pay to the order of NBD Bank (the "Bank"), at the Bank's principal office in the State of Michigan, in lawful money of the United States of America and in immediately available funds, the principal sum of TWO MILLION AND 00/100 DOLLARS (\$2,000,000), or such lesser amount as is indicated on the Bank's records, together with interest computed on the balance from time to time unpaid on the basis of the actual number of days elapsed in a year of 360 days at the rate(s) per annum determined from time to time pursuant to the Credit Agreement, as defined below, and reflected on the Bank's records, which interest shall be payable in accordance with the terms set forth in the Credit Agreement, and to pay interest on overdue principal from the date of demand or default until paid at the rate which is three percent (3%) per annum in excess of the rate announced from time to time by the Bank as its prime rate.

In no event shall the interest rate exceed the maximum rate allowed by law. Any interest which would for any reason be deemed unlawful under applicable law shall be applied to principal.

WAIVER: The Borrower and each endorser of this note and any other party liable for the debt evidenced by this note severally waives demand, presentment, notice of dishonor and protest of this note, and consents to any extension or postponement of time of its payment without limit as to number or period, to the addition of any party, and to the release, discharge, or suspension of any rights and remedies against any person who may be liable for the payment of this note. No delay on the part of the holder in exercising any right or remedy shall operate as a waiver. No single or partial exercise by the holder of any right or remedy shall preclude any future exercise of that right or remedy or the exercise of any other right or remedy. No waiver or indulgence by the holder of any default shall be effective unless it is in writing and signed by the holder, nor shall a waiver on one occasion be construed as a bar to or waiver of any right on any future occasion.

This note evidences a debt under the terms of a certain Credit Agreement and Amendment to Term Loan Agreement between the Bank and the Borrower dated as of March 24, 1994, and any amendments (the "Credit Agreement"), which is incorporated by reference for additional terms and conditions, including default and acceleration provisions.

WAIVER OF JURY TRIAL: The Bank and the Borrower, after consulting or having had the opportunity to consult with counsel, knowingly, voluntarily and intentionally waive any right either of them may have to a trial by jury in any litigation based upon or arising out of this note, or any related instrument or agreement, or any of the transactions contemplated by this note, or any course of conduct, dealing, statements (whether oral or written), or actions of either of them. Neither the Bank nor the Borrower shall seek to consolidate, by counterclaim or otherwise, any such action in which a jury trial cannot be or has not been waived. These provisions shall not be deemed to have been modified in any respect or relinquished by either the Bank or the Borrower except by a written instrument executed by both of them.

HURCO COMPANIES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT 10.20.19

Third Amendment to Letter Agreement (European Facility)  
dated May 31, 1995  
among the Registrant's Foreign Subsidiaries and NBD Bank

NBD BANK  
611 Woodward Avenue  
Detroit, Michigan 48226

Dated as of May 31, 1995

CIM-Bausteine Vertrieb und Service

Re: Third Amendment to European Facility

Ladies and Gentlemen:

This letter amends the letter agreement with you dated June 17, 1993, as previously amended by the letter agreements dated March 24, 1994, and as of January 31, 1995 (as amended, the "European Facility"), and is being entered into in conjunction with the Second Amendment to Credit Agreement of even date herewith with your parent, Hurco Companies, Inc.

The definition of "Expiration Date" in the European Facility is amended to read as follows:

"Expiration Date" means the earlier to occur of (a) May 1, 1996, and (b) the date on which NBD declares under paragraph 13 all principal and interest on indebtedness to NBD provided under this agreement to be immediately due and payable.

Should the foregoing be agreeable to you, as it is to us, please indicate your agreement and acceptance by executing and returning the enclosed copy of this letter, whereupon the European Facility shall be amended as herein provided, and references to the European Facility shall be to the European Facility as so amended. Except as amended hereby, the European Facility shall remain in full force and effect.

Very truly yours,

NBD Bank (formerly known as  
NBD Bank, N.A.)

By: /S/ ANDREW P. ARTON

-----  
Andrew P. Arton  
Its: Second Vice President

Agreed and accepted:

HURCO EUROPE LIMITED

By: /S/ ROGER J. WOLF

-----  
Its: Director

Dated as of May 31, 1995

HURCO GmbH WERKZEUGMASCHINEN  
CIM-BAUSTEINE VERTRIEB UND  
SERVICE

By: /S/ GERHARD KOHLBACHER

-----  
Its: General Manager

Dated as of May 31, 1995



EXHIBIT 10.20.20

Second Amendment to Intercreditor, Agency and Sharing Agreement  
dated May 31, 1995  
among the Registrant, NBD Bank, Principal Mutual  
Life Insurance Company and NBD Bank as Agent

SECOND AMENDMENT TO INTERCREDITOR,  
AGENCY AND SHARING AGREEMENT

THIS AMENDMENT, dated as of May 31, 1995 (this "Amendment"), among Hurco Companies, Inc. (the "Company"), NBD Bank, a Michigan banking corporation ("NBD"), and Principal Mutual Life Insurance Company, an Iowa corporation ("PML" and, collectively with NBD, the "Lenders"), and NBD as Agent for the Lenders (in such capacity, the "Agent").

R E C I T A L S

A. The parties hereto have entered into an Intercreditor, Agency and

Sharing Agreement dated as of March 24, 1994 (as amended, the "Intercreditor Agreement"), which is in full force and effect.

B. In connection with amending certain credit facilities described in the Intercreditor Agreement, including entering into a Second Amendment to Credit Agreement between the Company and NBD, a Third Amended and Restated NBD Term Note executed by Hurco in favor of NBD, and an Amendment to Amended and Restated Note Agreement between Hurco and PML (such amending documents and all related documents collectively referred to as the "Amending Documents"), the Company desires to amend the Intercreditor Agreement as herein provided, and the Lenders are willing to so amend the Intercreditor Agreement on the terms and conditions set forth herein.

#### A G R E E M E N T

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in Section 3 (the date that this occurs being called the "effective date"), the Intercreditor Agreement shall be amended as follows:

2. (A) The definitions of "Automatic Termination Date", "Interim Exposure Percentage", and "Outstanding Facilities", and Subsection (a) of "Final Exposure Percentage", each in Section 4.1, are amended to read as follows:

"AUTOMATIC TERMINATION DATE' means May 1, 1996."

"FINAL EXPOSURE PERCENTAGE' means, for each Lender, the percentage obtained as follows:

(a) a preliminary exposure percentage shall be calculated for each Lender by dividing that Lender's portion of the principal amount of the Credit Obligations outstanding on the Termination Date by the total principal amount of the Credit Obligations outstanding on the Termination Date. For purposes of the above calculation, there shall be subtracted from the principal amount of the Credit Obligations:

(i) in the case of PML, any payments applied by it pursuant to Section 3.1 on make-whole premiums;

(ii) in the case of NBD, any amounts held by it in the NBD Cash Collateral Account in respect of Letters of Credit (as defined in the New Facility), and the face amount of any outstanding Authorization Letters of Credit;

(iii) in the case of NBD, amounts that exceed the maximum limitations contained in Section 2.1(b) of the New Facility, PROVIDED, HOWEVER, that the full amount of Advances that were within the Borrowing Base when made shall be included in the calculation, irrespective of a subsequent decline in the Borrowing Base; and

(iv) in the case of NBD, amounts loaned by it following receipt of written notice from the other Lender or the Company of, or otherwise becoming aware of, the existence of an Event of Default, except for Advances made during any period following such receipt for which the other Lender has delivered to NBD its waiver of this requirement that those Advances be subtracted in calculating NBD's Final Exposure Percentage (the Lender may withdraw its waiver as to any Advances not yet made by delivering written notice of its withdrawal to NBD)."

"INTERIM EXPOSURE PERCENTAGE' means, for NBD, the percentage obtained by dividing (a) the sum of the outstanding principal amount of the Amended Term Note, plus the face amount of the IRB L/C and the Authorization Letters of Credit, plus the lesser of (i) the aggregate amount of the Borrowing Base as of the last Borrowing Base Certificate, and (ii) the aggregate amount (not to exceed \$27,000,000) of the New Facility Commitment plus the Amended European Facility, all as of the date of calculation, by

(b) the sum of the amount calculated under subsection (a) above plus the outstanding principal amount of the Amended PML Notes as of the date of calculation. For PML, the term "Interim Exposure Percentage" means the percentage obtained by dividing the outstanding principal amount of the Amended PML Notes as of the date of calculation by the amount calculated under subsection (b) above."

"'OUTSTANDING FACILITIES' means, collectively, the New Facility, the New Facility Note, the Authorization Letters of Credit, the Authorization Note, the NBD Term Loan Agreement as amended by the New Facility, the Amended Term Note, the Amended European Facility, the Reimbursement Agreement, the IRB L/C, the Hurco Guaranty, the Amended PML Note Agreement, the Amended PML Notes, and the Autocon Guaranties."

(B) The following definitions of "Authorization Letters of Credit" and "Cash Collateral Account" added to Section 4.1 in appropriate alphabetical order, to read as follows:

"'AUTHORIZATION LETTERS OF CREDIT' means the Authorization Letters of Credit as defined in the Credit Agreement and Amendment to Term Loan Agreement dated as of March 24, 1994, between NBD and the Company, as amended, which may be issued by NBD in a face amount not to exceed \$2,000,000, which amount may not be increased without the prior written consent of PML."

"'CASH COLLATERAL ACCOUNT' means the Cash Collateral Account referred to in Section 3.4(b)."

(C) Section 3.2 is amended by redesignating subsections (b), (c), and (d) thereof as subsections (c), (d), and (e), respectively, and adding new subsection (b), to read as follows:

"(b) Next, but only out of the proceeds of the Cash Collateral Account, to pay (i) interest and letter of credit commissions then owed to NBD under or with respect to Authorization Letters of Credit or that portion of any New Facility Loans drawn to reimburse NBD for draws under Authorization Letters of Credit, (ii) the principal balance then owed NBD under the Authorization Note or that portion of any New Facility Loans drawn to reimburse NBD for draws under Authorization Letters of Credit, and (iii) amounts to be deposited in the NBD Cash Collateral Account equal to the face amount of all undrawn Authorization Letters of Credit, any such deposit NOT being treated as a payment for purposes of the sharing obligations of the Lenders under this Agreement, PROVIDED, HOWEVER, that the sum of all amounts paid under subsections (ii) and (iii) above shall not exceed \$2,000,000, and, PROVIDED, FURTHER, that no amounts shall be paid under this subsection (b) with respect to (A) any Authorization Letter of Credit issued with an expiry date beyond January 31, 1996, or whose expiry date is extended beyond January 31, 1996, without the other Lender's prior written consent, and (B) any Authorization Letter of Credit issued following NBD receiving written notice from the other Lender or the Company of, or otherwise becoming aware of, the existence of an Event of Default, except for Authorization Letters of Credit issued following such receipt for which the other Lender has delivered to NBD its waiver of this requirement that those Authorization Letters of Credit be excluded from coverage under this subsection (b) (the Lender may withdraw its waiver as to any Authorization Letters of Credit not yet made by delivering written notice of its withdrawal to NBD)."

(D) Section 3.3(b) is amended to add the phrase "other than under Section 3.2(b)" to the second sentence, after the phrase "deposited in the NBD Cash Collateral Account", and by adding the following sentence after the second sentence:

"To the extent that an Authorization Letter of Credit then outstanding shall not have been drawn upon at the date of its expiry, the amount not drawn upon which has been deposited in the

NBD Cash Collateral Account under Section 3.2(b) shall be paid to the Agent for application under this Section 3.3(b) or otherwise shared in accordance with the Final Exposure Percentages of the Lenders."

(E) Section 3.4(b) is amended by deleting the phrase "in accordance with their respective Final Exposure Percentages" and substituting therefor the phrase "in accordance with Section 3.2".

2. CONSENT OF LENDERS. Each of the Lenders consents to the other Lender entering into each of the Amending Documents to which it is a party, contingent upon all of the Amending Documents being executed by each party thereto and becoming effective in accordance with their terms. Each of the Lenders and the Company agrees to take all actions necessary or appropriate to enter into or cause their respective affiliates to enter into the Amending Documents to which they are respectively a party.

3. AMENDMENT FEE. The Company shall pay to the Agent for the benefit of the Lenders an amendment fee of \$25,000 concurrently with executing this Amendment, and \$25,000 on August 1, 1995. The amendment fee will be paid by the Agent to each Lender within one Business Day of being received in the proportion of 72.1% to NBD, and 27.9% to PML.

4. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Intercreditor Agreement. Except as expressly amended hereby, the Intercreditor Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Lenders, the Agent, and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

5. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

6. EXPENSES. The Company agrees to pay and save the Agent and the Lenders harmless from liability for all costs and expenses of the Lenders and the Agent arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Agent and NBD, and Sidley & Austin, counsel to PML, in connection with preparing and reviewing this Amendment and any related agreements and documents.

7. GOVERNING LAW. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.  
By: /S/ROGER J. WOLF  
-----  
Roger J. Wolf  
Its: Senior Vice President and  
Chief Financial Officer

NBD BANK  
By: /S/ANDREW P. ARTON  
-----  
Andrew P. Arton  
Its: Second Vice President

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY  
By: /S/JON M. DAVIDSON  
-----  
Its: Assistant Director-  
Securities Investment  
And by: /S/NORA M. EVERETT  
-----  
Its: Counsel

EXHIBIT 10.20.21

Third Amendment to Credit Agreement  
dated July 31, 1995  
between the Registrant and NBD Bank

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT, dated as of July 31, 1995 (this "Third Amendment"), between HURCO COMPANIES, INC., an Indiana corporation (the "Company"), and NBD BANK, a Michigan banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into a Credit Agreement and Amendment to Term Loan Agreement, dated as of March 24, 1994, as amended (the "Credit Agreement"), which is in full force and effect.

B. The Company desires to amend the Credit Agreement as herein provided, and the Bank is willing to so amend the Credit Agreement on the terms and conditions set forth herein.

AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in paragraph 4 (the date that this occurs being called the "effective date"), the Credit Agreement shall be amended as follows:

(A) The term "Automatic Termination Date" in Section 1.1 of the Credit Agreement is amended to read as follows: "AUTOMATIC TERMINATION DATE" means November 1, 1996.

(B) New Sections 7.1(i) and 7.1(l) are added, to read as follows:

(I) MOST FAVORED LENDER. In the event that the Company shall enter into any modification of the PML Note Agreement or any other contract or agreement pursuant to which the Company shall have available to it a credit facility (a "Credit Agreement"), which increases the fees, expenses, interest rate spreads over prime rate, LIBOR rate, or any other such base rate or any other charges which are or may be payable to a lender pursuant to a Credit Agreement (but excluding (I) reimbursements for actual out-of-pocket expenses of the lender or its counsel and excluding reasonable commitment fees to obtain, increase, or extend or renew a credit facility, including lines of credit and term loan facilities, default rate interest, and reasonable fees and expenses or costs actually incurred for collection arising out of default under any Credit Agreement AND (II) ANY INCREASES IN FEES, EXPENSES, INTEREST RATE SPREADS, BASE RATES OR OTHER CHARGES RESULTING SOLELY FROM THE OPERATION OF SECTION 6.14 OF THE PML NOTE AGREEMENT OR ANY COMPARABLE PROVISION OF ANY OTHER CREDIT AGREEMENT) over the interest rate spreads, fees, charges, and expenses provided for in the PML Note Agreement or such other Credit Agreement, as applicable, then, effective as of the date of such increase, the amount of the increase in the interest rate spread (i.e., the number of basis points added to the interest rate spread), if any, shall be added to the interest rate payable to NBD under the Notes issued in connection with this Agreement, as amended, and as and when the amount representing the increase of fees, expenses, and/or charges, if any, becomes due and payable under the Credit Agreement, the Company shall pay to NBD a comparable amount as a fee. In no event will the fee payable to NBD

pursuant to the foregoing exceed the amount of the corresponding increase in fee, charge, or expense payable under the modified Credit Agreement. Failure of the Company to make the payments which become due and payable under this Section shall constitute an Event of Default under Section 8.1(a). Upon any increase in the interest rate to be charged under the Notes pursuant to this Section, the Company shall execute such amendments to the Notes and this Agreement as NBD may reasonably request to confirm and evidence the increase in the interest rate.

(l) COMMON COVENANTS. During the period from May 1, 1996, through October 31, 1996, the Company agrees to immediately and automatically grant NBD the same loan covenants, including financial covenants, and terms it grants PML or any replacement lender therefor during such period, if such covenants and terms are different in kind or more restrictive (on the Company) than NBD's existing covenants or terms. If the Company defaults in the performance of such new covenants or terms, an Event of Default shall arise under Section 8.1(c).

(C) Section 7.2(c)(iii) is amended by adding the following after the phrase "second fiscal quarter of fiscal year 1996":

, and \$1,500,000 in the aggregate during the fiscal year 1996

(D) Section 7.2(e) is amended by adding the phrase "through July 30, 1996" after the word "thereafter" in the column entitled "Fiscal Period Ended", and adding the following dates and amounts under the headings "Fiscal Period Ended" and "Calculated Amount":

FISCAL PERIOD ENDED

CALCULATED AMOUNT

July 31, 1996	\$6,500,000
October 31, 1996	\$7,000,000

(E) Section 7.2(e) is further amended by adding the following to the end of the subsection:

, provided, however, that in the event there is any capital contribution or cash infused by shareholders or third parties to the Company ("Equity Infusion"), then the Calculated Amounts set forth above for the fiscal period during which the Equity Infusion is made and each fiscal period thereafter shall be increased by 85% of the amount of the Equity Infusion.

(F) Section 7.2(I) is amended by deleting the phrase "at any time thereafter." and substituting the following:

from November 1, 1994, through July 30, 1996, or to exceed 4.5 to 1.0 from July 31, 1996, through October 30, 1996, or to exceed 4.0 to 1.0 on October 31, 1996, or at any time thereafter, provided, however, that in the event there is one or more Equity Infusions which aggregate at least \$3,000,000, then the Company shall not permit such ratio to exceed 3.55 to 1.0 on July 31, 1996, or at any time thereafter.

(G) Section 7.2(m) is amended by adding the following at the end of that subsection:

, or (iv) if the aggregate purchase price and other acquisition costs of all such Capital Expenditures made by the Company or any of its Subsidiaries during the third and fourth fiscal quarters of fiscal year 1996, when combined with all other Capital Expenditures made during that fiscal year, would exceed \$1,750,000

2. REFERENCES TO CREDIT AGREEMENT. From and after the effective date of this Third Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this Third Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this Third Amendment and all agreements and documents delivered pursuant hereto; and (iii) this Third Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the effective date hereof.

4. CONDITIONS TO EFFECTIVENESS. This Third Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company with respect to this Third

Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request;

(b) A Third Amendment to Amended and Restated Note Agreement of even date herewith between the Company and Principal Mutual Life Insurance Company ("PML"), in form and substance satisfactory to the Bank;

(c) A Third Amendment to Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, PML, and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(d) A Confirmation of Guaranty of even date herewith executed and delivered by the Guarantor in favor of the Bank;

(e) A Fourth Amendment to European Facility of even date herewith among Hurco Europe, Hurco GmbH and the Bank, together with a Confirmation of Guaranty of even date herewith executed by the Company in favor of the Bank; and

(f) Such additional agreements and documents, fully executed by the Company, as are reasonably requested by the Bank.

5. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. COUNTERPARTS. This Third Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Third Amendment by signing any such counterpart.

7. EXPENSES. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this Third Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this Third Amendment and any related agreements and documents.

8. GOVERNING LAW. This Third Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.



IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK

By: /s/ Roger J. Wolf

By: /s/ Bruce Thomson

-----  
Its: Sr. Vice President & CFO

-----  
Its: Vice President

EXHIBIT 10.20.22

Fourth Amendment to Letter Agreement (European Facility)  
dated August 1, 1995  
among the Registrant's Foreign Subsidiaries and NBD Bank

NBD BANK  
611 Woodward Avenue  
Detroit, Michigan 48226

Dated as of August 1, 1995

Hurco Europe Limited  
Hurco GmbH Werkzeugmaschinen  
CIM-Bausteine Vertrieb und Service

Re: Fourth Amendment to European Facility

Ladies and Gentlemen:

This letter amends the letter agreement with you dated June 17, 1993, as previously amended by the letter agreements dated March 24, 1994, as of January 31, 1995, and as of May 31, 1995 (as amended, the "European Facility"), and is

being entered into in conjunction with the Third Amendment to Credit Agreement of even date herewith with your parent, Hurco Companies, Inc.

The definition of "Expiration Date" in the European Facility is amended to read as follows:

"Expiration Date" means the earlier to occur of (a) November 1, 1996, and (b) the date on which NBD declares under paragraph 13 all principal and interest on indebtedness to NBD provided under this agreement to be immediately due and payable.

Should the foregoing be agreeable to you, as it is to us, please indicate your agreement and acceptance by executing and returning the enclosed copy of this letter whereupon the European Facility shall be amended as herein provided, and references to the European Facility shall be to the European Facility as so amended. Except as amended hereby, the European Facility shall remain in full force and effect.

Very truly yours,  
NBD Bank

By: /S/ BRUCE THOMSON  
-----  
Its: Vice President

Agreed and accepted:  
HURCO EUROPE LIMITED

By: /S/ ROGER J. WOLF  
-----

Its: Director  
Dated as of August 1, 1995

HURCO GmbH WERKZEUGMASCHINEN  
CIM-BAUSTEINE VERTRIEB UND  
SERVICE

By: /S/ GERHARD KOHLBACHER  
-----

Its: General Manager  
Dated as of August 1, 1995

EXHIBIT 10.20.23

Third Amendment to Intercreditor, Agency and Sharing Agreement  
dated July 31, 1995  
among the Registrant, NBD Bank, Principal Mutual  
Life Insurance Company and NBD Bank as Agent

THIRD AMENDMENT TO INTERCREDITOR  
AGENCY AND SHARING AGREEMENT

THIS AMENDMENT, dated as of July 31, 1995 (this "Amendment") among Hurco Companies, Inc. (the "Company"), NBD Bank, a Michigan banking corporation ("NBD"), and Principal Mutual Life Insurance Company, an Iowa corporation ("PML" and, collectively, with NBD, the Lenders"), and NBD as Agent for the Lenders (in such capacity, the "Agent").

RECITALS

A. The parties hereto have entered into an Intercreditor, Agency and Sharing Agreement dated as of March 24, 1994 (as amended, the "Intercreditor Agreement"), which is in full force and effect.

B. In connection with amending certain credit facilities described in the Intercreditor Agreement, including entering into a Third Amendment to Credit Agreement between the Company and NBD, and a Third Amendment to Amended and Restated Note Agreement between Hurco and PML (such amending documents and all related documents collectively referred to as the "Amending Documents"), the Company desires to amend the Intercreditor Agreement as herein provided, and the Lenders are willing to so amend the Intercreditor Agreement on the terms set forth herein.

#### AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in Section 3 (the date that this occurs being called the "effective date"), the Intercreditor Agreement shall be amended as follows:

(A) The definition of "Automatic Termination Date" is amended to read as follows:

"AUTOMATIC TERMINATION DATE" means November 1, 1996."

2. CONSENT OF LENDERS. Each of the Lenders consents to the other Lender entering into each of the Amending Documents to which it is a party, contingent upon all of the Amending Documents being executed by each party thereto and becoming effective in accordance with their terms. Each of the Lenders and the Company agrees to take all actions necessary or appropriate to enter into or cause their respective affiliates to enter into the Amending Documents to which they are respectively a party.

3. AMENDMENT FEE. The Company shall pay to the Agent for the benefit of the Lenders an Amendment fee of \$25,000 concurrently with executing this Amendment. The amendment fee will be paid by the Agent to each Lender within one Business Day of being received in the proportion of 72.1% to NBD, and 27.9% to PML.

4. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Intercreditor Agreement. Except as expressly amended hereby, the Intercreditor Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Lenders, the Agent, and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

5. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

6. EXPENSES. The Company agrees to pay and save the Agent and the Lenders harmless from liability for all costs and expenses of the Lenders and the Agent arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Agent and NBD, and of counsel to PML, in connection with preparing and reviewing this Amendment and any related agreements and documents.

7. GOVERNING LAW. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

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

NBD BANK

PRINCIPAL MUTUAL LIFE  
INSURANCE COMPANY

By: /s/ Bruce Thomson  
-----  
Its: Vice President

By: /s/ Donald D. Brattebo  
-----  
Its: Second Vice President  
Securities Investment

And by: /s/ Nora Everett  
Its: Counsel

EXHIBIT 10.20.24

Fourth Amendment to Credit Agreement  
dated December 22, 1995  
between the Registrant and NBD Bank

FOURTH AMENDMENT TO CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO CREDIT AGREEMENT, dated December 22, 1995 (this "Amendment"), between HURCO COMPANIES, INC., an Indiana corporation (the "Company"), and NBD BANK, a Michigan banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into a Credit Agreement and Amendment to Term Loan Agreement, dated as of March 24, 1994, as amended (the "Credit Agreement"), which is in full force and effect.

B. The Company desires to amend the Credit Agreement as herein provided, and the Bank is willing to so amend the Credit Agreement on the terms and conditions set forth herein.

AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in paragraph 4 (the date that this occurs being called the "effective date"), the Credit Agreement shall be amended as follows:

(a) The term "Authorization Letter of Credit" in Section 1.1 of the Credit Agreement is amended to read as follows:

"AUTHORIZATION LETTER OF CREDIT" means a standby or commercial letter of credit or bankers acceptance having a stated expiry date not later than June 30, 1996, issued by NBD pursuant to Section 3.1(a)(ii) for the account of the Company under an application and related documentation acceptable to NBD requiring, among other things, the Company to immediately reimburse NBD in respect of all drafts or other demands for payment honored thereunder and all expenses paid or incurred by NBD relative thereto.

(b) Section 2.1(b) is amended to read as follows:

"(b) LIMITATION ON AMOUNTS OF ADVANCES. Notwithstanding anything in this Agreement to the contrary,

(i) the aggregate principal amount of Advances under the New Facility outstanding at any time shall not exceed the New Facility Commitment;

(ii) the aggregate principal amount of Advances outstanding under the New Facility plus the principal amount outstanding under the European Facility plus the aggregate principal amount of Authorization Letter of Credit Advances outstanding and principal amounts outstanding under the Authorization Note at any time shall not exceed the lesser of (A) the amount of the Borrowing Base as of the last Borrowing Base Certificate and (B) the aggregate amount of the New Facility Commitment plus the amount available under the European Facility plus the amount available for issuance of Authorization Letters of Credit under Section 2.1A;

(iii) the aggregate principal amount of New Facility Advances made to the Company, together with the aggregate amount of loans made to Hurco Europe and Hurco GmbH under the European Facility, at any time shall not exceed \$27,000,000;

(iv) the aggregate principal amount of any New Facility Letter of Credit Advances outstanding at any time shall not exceed \$9,500,000, and

(v) the aggregate principal amount of any New Facility Letter of Credit Advances outstanding at any time in the form of standby letters of credit shall not exceed \$2,000,000.

(c) Section 2.1A is amended, to read as follows:

Section 2.1A AUTHORIZATION LETTERS OF CREDIT. NBD, in its sole and uncontrolled discretion, and subject to Section 2.1(b)(ii), may issue Authorization Letters of Credit for the benefit of the Company



pursuant to Section 3.1(a)(ii) from time to time to but excluding February 29, 1996, not to exceed at any time outstanding the aggregate amount of \$2,000,000.

(d) Section 3.3(c) is amended to read as follows:

(c) NBD shall have received the Borrowing Base Certificate required to be delivered under Section 7.1(d)(vi) as of the date next preceding the date such Advance is made, and the aggregate principal amount of the Advances then outstanding, after giving effect to the requested Advance, does not exceed the Borrowing Base as calculated in the Borrowing Base Certificate; and

(e) Section 5.4(b) is amended by deleting the term "New Facility Advances" and substituting therefor the term "Advances".

2. REFERENCES TO CREDIT AGREEMENT. From and after the effective date of this Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this Amendment and all agreements and documents delivered pursuant hereto; and (iii) this Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the effective date hereof.

4. CONDITIONS TO EFFECTIVENESS. This Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company with respect to this Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request;

(b) A Fourth Amendment to Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, PML, and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(c) An initial usage fee of \$10,000 paid to NBD; and

(d) Such additional agreements and documents, fully execute by the Company, as are reasonably requested by the Bank.

5. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

7. EXPENSES. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this Amendment and any related agreements and documents.

8. GOVERNING LAW. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK

By: /S/ROGER J. WOLF

By: /S/BRUCE E. THOMSON

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Its: Sr. Vice President and  
Chief Financial Officer

Bruce E. Thomson  
Its: Vice President

EXHIBIT 10.20.25

Fourth Amendment to Intercreditor, Agency and Sharing Agreement  
dated December 22, 1995  
among the Registrant, NBD Bank, Principal Mutual  
Life Insurance Company and NBD Bank as Agent

FOURTH AMENDMENT TO INTERCREDITOR,  
AGENCY AND SHARING AGREEMENT

THIS AMENDMENT, dated as of December 22, 1995 (this "Amendment"), among Hurco Companies, Inc. (the "Company"), NBD Bank, a Michigan banking corporation ("NBD"), and Principal Mutual Life Insurance Company, an Iowa corporation ("PML" and, collectively with NBD, the "Lenders"), and NBD as Agent for the Lenders (in such capacity, the "Agent").

R E C I T A L S

A. The parties hereto have entered into an Intercreditor, Agency and

Sharing Agreement dated as of March 24, 1994 (as amended, the "Intercreditor Agreement"), which is in full force and effect.

B. In connection with amending certain credit facilities described in the Intercreditor Agreement, including entering into a Fourth Amendment to Credit Agreement between the Company and NBD (such amending document and all related documents collectively referred to as the "Amending Documents"), the Company desires to amend the Intercreditor Agreement as herein provided, and the Lenders are willing to so amend the Intercreditor Agreement on the terms and conditions set forth herein.

#### A G R E E M E N T

Based upon these recitals, the parties agree as follows:

1. Amendment. Upon the Company satisfying the conditions set forth in Section 3 (the date that this occurs being called the "effective date"), the Intercreditor Agreement shall be amended as follows:

2. (a) Section 3.2(b) of the Intercreditor Agreement shall be amended to read as follows:

"(b) Next, but only out of the proceeds of the Cash Collateral Account, to pay (i) interest and letter of credit commissions then owed to NBD under or with respect to Authorization Letters of Credit or that portion of any New Facility Loans drawn to reimburse NBD for draws under Authorization Letters of Credit, (ii) the principal balance then owed NBD under the Authorization Note or that portion of any New Facility Loans drawn to reimburse NBD for draws under Authorization Letters of Credit, and (iii) amounts to be deposited in the NBD Cash Collateral Account equal to the face amount of all undrawn Authorization Letters of Credit, any such deposit not being treated as a payment for purposes of the sharing obligations of the Lenders under this Agreement, provided, however, that the sum of all amounts paid under subsections (ii) and (iii) above shall not exceed \$2,000,000, and, provided, further, that no amounts shall be paid under this subsection (b) with respect to (A) any Authorization Letter of Credit issued with

an expiry date beyond June 30, 1996, or whose expiry date is extended beyond June 30, 1996, without the other Lender's prior written consent, and (B) any Authorization Letter of Credit issued following NBD receiving written notice from the other Lender or the Company of, or otherwise becoming aware of, the existence of an Event of Default, except for Authorization Letters of Credit issued following such receipt for which the other Lender has delivered to NBD its waiver of this requirement that those Authorization Letters of Credit be excluded from coverage under this subsection (b) (the Lender may withdraw its waiver as to any Authorization Letters of Credit not yet made by delivering written notice of its withdrawal to NBD)."

(b) The definition of "Interim Exposure Percentage" in Section 4.1 is amended to read as follows:

"'Interim Exposure Percentage'" means, for NBD, the percentage obtained by dividing (a) the sum of the outstanding principal amount of the Amended Term Note, plus the face amount of the IRB L/C, plus the lesser of (i) the aggregate amount of the Borrowing Base as of the last Borrowing Base Certificate, and (ii) the face amount of the Authorization Letters of Credit plus the aggregate amount (not to exceed \$27,000,000) of the New Facility Commitment plus the Amended European Facility, all as of the date of calculation, by (b) the sum of the amount calculated under subsection (a) above plus the outstanding principal amount of the Amended PML Notes as of the date of calculation. For PML, the term "Interim Exposure Percentage" means the percentage obtained by dividing the outstanding principal amount of the Amended PML Notes as

of the date of calculation by the amount calculated under subsection (b) above."

2. Consent of Lenders. Each of the Lenders consents to the other Lender entering into each of the Amending Documents to which it is a party, contingent upon all of the Amending Documents being executed by each party thereto and becoming effective in accordance with their terms. Each of the Lenders and the Company agrees to take all actions necessary or appropriate to enter into or cause their respective affiliates to enter into the Amending Documents to which they are respectively a party.

3. Miscellaneous. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Intercreditor Agreement. Except as expressly amended hereby, the Intercreditor Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Lenders, the Agent, and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

4. Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

5. Expenses. The Company agrees to pay and save the Agent and the Lenders harmless from liability for all costs and expenses of the Lenders and the Agent arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Agent and NBD, and Sidley & Austin, counsel to PML, in connection with preparing and reviewing this Amendment and any related agreements and documents.

6. Governing Law. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF

-----

Roger J. Wolf

Its: Senior Vice President and  
Chief Financial Officer

NBD BANK

PRINCIPAL MUTUAL LIFE  
INSURANCE COMPANY

By: /S/BRUCE E. THOMSON

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Bruce E. Thomson

Its: Vice President

By: /S/DONALD D. BRATTEBO

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Its: Second Vice President

And by: /S/JOHN D. CLEAVENGER

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Its: Counsel



EXHIBIT 10.42.4

Amendment and Notes Modification Agreement  
dated January 31, 1995  
between the Registrant and Principal Mutual Life Insurance Company

AMENDMENT AND NOTES MODIFICATION AGREEMENT

THIS AMENDMENT AND NOTES MODIFICATION AGREEMENT ("Amendment") dated as of January 31, 1995 is entered into between Hurco Companies, Inc., an Indiana corporation (the "Company"), and Principal Mutual Life Insurance Company (the "Purchaser").

WITNESSETH:

The Company and the Purchaser have entered into that certain Hurco Companies, Inc. Amended and Restated Note Agreement dated as of March 24, 1994 (the "Note Agreement"), and the Company has executed and delivered to the Purchaser the "Notes" (as defined in the Note Agreement). The Company and the Purchaser agree to amend the Note Agreement and to modify the Notes on the terms and conditions

hereinafter set forth. Terms defined in the Note Agreement which are used herein shall have the same meaning set forth in the Note Agreement unless otherwise specified herein.

1. AMENDMENT. Effective as of January 31, 1995 and subject to the conditions precedent set forth in paragraph 3 hereof, the Note Agreement is hereby amended as follows:

1.1 In SECTION 2.1(A), the date "January 31, 1996" is deleted and is replaced by "February 1, 1996".

1.2 In clause FIRST of the third sentence of SECTION 2.1(B), the date "January 31, 1996" is deleted and is replaced by "February 1, 1996".

1.3 In the definition of "FORBEARANCE DEFAULT" in SECTION 5.1, the date "January 31, 1996" is deleted and is replaced by "February 1, 1996".

1.4 In clauses (i) and (ii) of the definition of "TARGET INDEBTEDNESS" in SECTION 5.1, the date "January 31, 1996" is deleted and is replaced by "February 1, 1996".

2. NOTES MODIFICATION. In clause (b) of the fourth paragraph of each of the Notes, the date "January 31, 1996" is deleted and is replaced by "February 1, 1996".

3. CONDITIONS PRECEDENT. This Amendment shall become effective as of the latest to occur of the date (i) the Company shall have delivered to the Purchaser reaffirmations of each of the Subsidiary Guaranties and the Autocon Guaranty executed in favor of Purchaser, (ii) the Company and NBD execute and deliver amendments to the NBD Agreement and the NBD Term Loan in the form of EXHIBIT A attached hereto, and (iii) the Purchaser and NBD execute and deliver an amendment to the Intercreditor Agreement in the form of EXHIBIT B attached hereto.

4. REPRESENTATION AND WARRANTY. The Company hereby represents and warrants to the Purchaser that this Amendment constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

5. COSTS AND EXPENSES. In accordance with SECTION 11.1 of the Note Agreement, the Company acknowledges that it is liable to pay all reasonable expenses of Purchaser, including, without limitation, reasonable charges and disbursements of special counsel, incurred in connection with the preparation, execution and delivery of this Amendment.

6. RATIFICATION. Except as specifically amended or modified above, the Note Agreement and each of the Notes shall remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall neither operate as a waiver of any right, power or remedy of the Purchaser under the Note Agreement or the Notes nor operate as a waiver of any provision of the Note Agreement or the Notes except as specifically set forth herein.

IN WITNESS WHEREOF, the Company and the Purchaser have caused this Amendment to be executed and delivered by their respective officer or officers thereunto duly authorized.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF

-----  
Title: Senior Vice President  
and Chief Financial Officer

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY

By: /S/STEPHEN G. SKRIVANEK

-----



Title: Counsel

By: /S/CLINT WOODS

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Title:Counsel

EXHIBIT A

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of January 31, 1995 (this "First Amendment"), between HURCO COMPANIES, INC., an Indiana corporation (the "Company"), and NBD BANK (formerly known as NBD Bank, N.A.), a Michigan banking corporation (the "Bank").

RECITALS

A. The parties hereto have entered into a Credit Agreement and Amendment to Term Loan Agreement, dated as of March 24, 1994 (the "Credit Agreement"), which is in full force and effect.

B. The Company desires to amend the Credit Agreement as herein provided, and the Bank is willing to so amend the Credit Agreement on the terms and conditions set forth herein.

AGREEMENT

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. Upon the Company satisfying the conditions set forth in paragraph 4 (the date that this occurs being called the "effective date"), the Credit Agreement shall be amended as follows:

(a) The term "Automatic Termination Date" at Section 1.1 of the Credit Agreement is amended to read as follows:

"'AUTOMATIC TERMINATION DATE' means February 1, 1996."

(b) The term "Guarantor" is added to Section 1.1 following the term "generally accepted accounting principles" to read as follows:

"'GUARANTOR' means Autocon Technologies, Inc., an Indiana corporation and wholly-owned Subsidiary of the Company." (c) Section 7.1(h) is amended by adding the following phrase to the end of the last sentence of that subsection: "except as disclosed on Schedule 6.9"

(d) Section 8.1(e) is amended by adding the following phrase to the end of that

subsection (before the semi-colon):

" , PROVIDED, HOWEVER, that the occurrence of a Forbearance Default (as defined in the PML Note Agreement) shall not constitute an Event of Default"

(e) Exhibit D is amended in its entirety by substituting therefor the form of Second Amended and Restated NBD Term Note attached hereto as Exhibit D.

2. REFERENCES TO CREDIT AGREEMENT. From and after the effective date of this First Amendment, references to the Credit Agreement in the Credit Agreement and all other documents issued under or with respect thereto (as each of the foregoing is amended hereby or pursuant hereto) shall be deemed to be references to the Credit Agreement as amended hereby.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants to the Bank that:

(a) (i) The execution, delivery and performance of this First Amendment and all agreements and documents delivered pursuant hereto by the Company have been duly authorized by all necessary corporate action and do not and will not violate any provision of any law, rule, regulation, order, judgment, injunction, or award presently in effect applying to it, or of its articles of incorporation or bylaws, or result in a breach of or constitute a default under any material agreement, lease or instrument to which the Company is a party or by which it or its properties may be bound or affected; (ii) no authorization, consent, approval, license, exemption or filing of a registration with any court or governmental department, agency or instrumentality is or will be necessary to the valid execution, delivery or performance by the Company of this First Amendment and all agreements and documents delivered pursuant hereto; and (iii) this First Amendment and all agreements and documents delivered pursuant hereto by the Company are the legal, valid and binding obligations of the Company, enforceable against it in accordance with the terms thereof.

(b) After giving effect to the amendments contained herein, the representations and warranties contained in Article VI (other than Section 6.5) of the Credit Agreement are true and correct on and as of the effective date hereof with the same force and effect as if made on and as of such effective date.

(c) No Event of Default has occurred and is continuing or will exist under the Credit Agreement as of the effective date hereof.

4. CONDITIONS TO EFFECTIVENESS. This First Amendment shall not become effective until the Bank has received the following documents and the following conditions have been satisfied, each in form and substance satisfactory to the Bank:

(a) Copies, certified as of the effective date hereof, of such corporate documents of the Company as the Bank may request, including articles of incorporation, bylaws (or certifying as to the continued accuracy of the articles of incorporation and by-laws previously delivered to the Bank), and incumbency certificates, and such documents evidencing necessary corporate action by the Company with respect to this First Amendment and all other agreements or documents delivered pursuant hereto as the Bank may request;

(b) An Amendment and Notes Modification Agreement of even date herewith between the Company and Principal Mutual Life Insurance Company ("PML"), in the form and substance satisfactory to the Bank;

(c) An Amendment to Intercreditor, Agency, and Sharing Agreement of even date herewith among the Company, the Bank, PML, and the Bank as Agent for the Bank and PML, in form and substance satisfactory to the Bank;

(d) The Second Amended and Restated NBD Term Note executed and delivered by the Company in the form attached hereto as Exhibit D;

(e) A Confirmation of Guaranty of even date herewith executed and delivered by

the Guarantor in favor of the Bank; and

(f) Such additional agreements and documents, fully executed by the Company, as are reasonably requested by the Bank.

5. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement. Except as expressly amended hereby, the Credit Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Bank and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

6. COUNTERPARTS. This First Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this First Amendment by signing any such counterpart.

7. EXPENSES. The Company agrees to pay and save the Bank harmless from liability for all costs and expenses of the Bank arising in respect of this First Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Bank, in connection with preparing and reviewing this First Amendment and any related agreements and documents.

8. GOVERNING LAW. This First Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

NBD BANK (formerly known as  
NBD Bank, N.A.)

By:/S/ROGER J. WOLF

By:/S/ANDREW P. ARTON

-----  
Roger J. Wolf  
Its: Senior Vice President  
and Chief Financial Officer

-----  
Andrew P. Arton  
Its: Second Vice President

EXHIBIT D  
SECOND AMENDED AND RESTATED NBD TERM NOTE

\$4,086,203.46

January 31, 1995  
Detroit, Michigan

FOR VALUE RECEIVED, HURCO COMPANIES, INC. ("Borrower"), an Indiana corporation, hereby unconditionally promises to pay to the order of NBD Bank (formerly known as NBD Bank, N.A.), a Michigan banking corporation (the "Bank"), at the principal banking office of the Bank in lawful money of the United States of America and in immediately available funds, the principal sum of Four Million Eighty-Six Thousand Two Hundred Three and 46/100 Dollars (\$4,086,203.46), unless earlier payment is required, in installments as follows: (i) \$1,750,000 payable on the Automatic Termination Date, and (ii) the remainder payable on the Maturity Date, when the entire outstanding principal balance of the Term Loan evidenced hereby, and all accrued interest thereon, shall be due and payable; and to pay interest on the unpaid principal balance hereof from time to time outstanding, in like money and funds, for the period from the date hereof until

such Term Loan shall be paid in full, at the rates per annum and on the dates provided in the Term Loan Agreement referred to below.

The Bank is hereby authorized by the Borrower to record on its books and records the date, amount and type of each Loan, the applicable interest rate, the amount of each payment or prepayment of principal thereon, and any other information required by the Bank, which books and records shall constitute prima facie evidence of the information so recorded, PROVIDED, HOWEVER, that any failure by the Bank to record any such information shall not relieve the Borrower of its obligation to repay the outstanding principal amount of the Term Loan evidenced hereby, all accrued interest thereon and any amount payable with respect thereto in accordance with the terms of this Term Note and the Term Loan Agreement.

The Borrower and each endorser or guarantor hereof waives demand, presentment, protest, diligence, notice of dishonor and any other formality in connection with this Term Note. Should the indebtedness evidenced by this Term Note or any part thereof be collected in any proceeding or be placed in the hands of attorneys for collection, the Borrower agrees to pay, in addition to the principal, interest and other sums due and payable hereon, all costs of collecting this Term Note, including attorneys' fees and expenses.

This Term Note evidences a Term Loan made under a Term Loan Agreement dated as of September 9, 1991, as amended by a Credit Agreement and Amendment to Term Loan Agreement dated as of March 24, 1994, and as further amended by a First Amendment to Credit Agreement of even date herewith between the Borrower and the Bank (as amended, the "Term Loan Agreement"), to which reference is made for a statement of the circumstances under which this Term Note is subject to prepayment and under which its due date may be accelerated. Capitalized terms used but not defined in this Term Note shall have the respective meanings assigned to them in the Term Loan Agreement.

This Term Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF  
Its: Senior Vice President  
and Chief Financial Officer

EXHIBIT B  
AMENDMENT TO INTERCREDITOR,  
AGENCY AND SHARING AGREEMENT

THIS AMENDMENT, dated as of January 31, 1995 (this "Amendment"), among Hurco Companies, Inc. (the "Company"), NBD Bank (formerly known as NBD Bank, N.A.), a Michigan banking corporation ("NBD"), and Principal Mutual Life Insurance Company, an Iowa corporation ("PML" and, collectively with NBD, the "Lenders"), and NBD as Agent for the Lenders (in such capacity, the "Agent").

R E C I T A L S

A. The parties hereto have entered into an Intercreditor, Agency and Sharing Agreement dated as of March 24, 1994 (the "Intercreditor Agreement"), which is in full force and effect.

B. In connection with amending certain credit facilities described in the Intercreditor Agreement, including entering into a First Amendment to Credit Agreement between the Company and NBD, a letter agreement among Hurco Europe Limited, Hurco GmbH Werkzeugmaschinen CIM-Baustein Vertrieb und Service, and NBD, a Second Amended and Restated NBD Term Note executed by Hurco in favor of NBD, and an Amendment and Notes Modification Agreement between Hurco and PML (such amending documents and all related documents collectively referred to as the "Amending Documents"), the Company desires to amend the Intercreditor Agreement as herein provided, and the Lenders are willing to so amend the Intercreditor Agreement on the terms and conditions set forth herein.

A G R E E M E N T

Based upon these recitals, the parties agree as follows:

1. AMENDMENT. The definition of "Automatic Termination Date" is amended to read as follows:

"'AUTOMATIC TERMINATION DATE' means February 1, 1996."

2. CONSENT OF LENDERS. Each of the Lenders consents to the other Lender entering into each of the Amending Documents to which it is a party, contingent upon all of the Amending Documents being executed by each party thereto and becoming effective in accordance with their terms. Each of the Lenders and the Company agrees to take all actions necessary or appropriate to enter into or cause their respective affiliates to enter into the Amending Documents to which they are respectively a party.

3. MISCELLANEOUS. The terms used but not defined herein shall have the respective meanings ascribed thereto in the Intercreditor Agreement. Except as expressly amended hereby, the Intercreditor Agreement and all other documents issued under or with respect thereto are hereby ratified and confirmed by the Lenders, the Agent, and the Company and shall remain in full force and effect, and the Company hereby acknowledges that it has no defense, offset or counterclaim with respect thereto.

4. COUNTERPARTS. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart.

5. EXPENSES. The Company agrees to pay and save the Agent and the Lenders harmless from liability for all costs and expenses of the Lenders and the Agent arising in respect of this Amendment, including the reasonable fees and expenses of Dickinson, Wright, Moon, Van Dusen & Freeman, counsel to the Agent, in connection with preparing and reviewing this Amendment and any related agreements and documents.

6. GOVERNING LAW. This Amendment is a contract made under, and shall be governed by and construed in accordance with, the laws of the State of Michigan applicable to contracts made and to be performed entirely within such state and without giving effect to the choice law principles of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the date first written above.

HURCO COMPANIES, INC.

By: /S/ROGER J. WOLF  
-----  
Roger J. Wolf  
Its: Senior Vice President  
and Chief Financial Officer

NBD BANK (formerly known as  
NBD Bank, N.A.)

PRINCIPAL MUTUAL LIFE  
INSURANCE COMPANY

By: /S/ANDREW P. ARTON  
-----  
Andrew P. Arton  
Its: Second Vice President

By: /S/STEPHEN G. SKRIVANEK  
-----  
Its: Counsel

And by: /S/CHRISTOPHER HENDERSON  
-----  
Its: Counsel

EXHIBIT 10.42.5

Amendment to Amended and Restated Note Agreement  
dated May 31, 1995  
between the Registrant and Principal Mutual Life Insurance Company

AMENDMENT

THIS AMENDMENT ("Amendment") dated as of May 31, 1995 is entered into between Hurco Companies, Inc., an Indiana corporation (the "Company"), and Principal Mutual Life Insurance Company (the "Purchaser").

WITNESSETH:

The Company and the Purchaser have entered into that certain Hurco Companies, Inc. Amended and Restated Note Agreement dated as of March 24, 1994, as amended by that certain Amendment and Notes Modification Agreement dated as of January 31, 1995 (as so amended, the "Note Agreement"). The Company and the Purchaser

agree to amend the Note Agreement on the terms and conditions hereinafter set forth. Terms defined in the Note Agreement which are used herein shall have the same meaning set forth in the Note Agreement unless otherwise specified herein.

1. AMENDMENT. Effective as of May 31, 1995 and subject to the conditions precedent set forth in paragraph 2 hereof, the Note Agreement is hereby amended as follows:

1.1 In SECTION 7.1, the word "and" before "January 31, 1996" is deleted and replaced by ",", the words "and April 30, 1996" are added after "January 31, 1996", and the following fiscal period and amount are added under the headings "FISCAL QUARTER ENDED" and "MINIMUM CONSOLIDATED ADJUSTED NET WORTH":

FISCAL QUARTER ENDED	MINIMUM CONSOLIDATED ADJUSTED NET WORTH
April 30, 1996	\$5,100,000

1.2 In SECTION 7.2, the date "January 31, 1996" in the fifth line is replaced by the date "May 1, 1996", and the following fiscal period and amount are added under the headings "FISCAL QUARTER ENDED" and "MINIMUM CURRENT ASSETS":

FISCAL QUARTER ENDED	MINIMUM CURRENT ASSETS
April 30, 1996	\$38,500,000

1.3 In SECTION 7.3, the following fiscal period and percentage are added under the headings "FISCAL QUARTER ENDED" and "PERCENTAGE":

FISCAL QUARTER ENDED	PERCENTAGE
April 30, 1996	87%

1.4 In SECTION 7.4, the following fiscal period and amount are added under the headings "FISCAL PERIOD" and "MAXIMUM LOANS, ETC.":

FISCAL PERIOD	MAXIMUM LOANS, ETC.
Fiscal Quarter Ending April 30, 1996	\$375,000

1.5 In SECTION 7.5, the following fiscal period and ratio are added under the headings "FISCAL QUARTER ENDED" and "RATIO":

FISCAL QUARTER ENDED	RATIO
April 30, 1996	0.67 to 1.0

2. CONDITIONS PRECEDENT AND SUBSEQUENT. This Amendment shall become effective as of the latest to occur of the date (i) the Company shall have delivered to the Purchaser reaffirmations of each of the Subsidiary Guaranties and the Autocon Guaranty executed in favor of Purchaser, (ii) the Company and NBD execute and deliver amendments to the NBD Agreement and the NBD Term Loan in the form of EXHIBIT A attached hereto, (iii) the Purchaser and NBD execute and deliver an amendment to the Intercreditor Agreement in the form of EXHIBIT B attached hereto (the "Intercreditor Amendment"), and (iv) the Company shall have paid to the Collateral Agent the first \$25,000 amendment fee referred to in paragraph 3 of the Intercreditor Amendment, and shall be subject to the condition subsequent that the Company shall have paid to the Collateral Agent the second \$25,000 amendment fee referred to in paragraph 3 of the Intercreditor Amendment on or before August 1, 1995.

3. REPRESENTATIONS AND WARRANTIES. The Company hereby represents and warrants to the Purchaser that (i) this Amendment constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, and (ii) that no event has occurred and no condition exists which constitutes an "Event of Default" (as defined in the Note Agreement) or with the

lapse of time or the giving of notice or both, would become an Event of Default.

4. COSTS AND EXPENSES. In accordance with SECTION 11.1 of the Note Agreement, the Company acknowledges that it is liable to pay all reasonable expenses of Purchaser, including, without limitation, reasonable charges and disbursements of special counsel, incurred in connection with the preparation, execution and delivery of this Amendment.

5. RATIFICATION. Except as specifically amended or modified above, the Note Agreement and each of the Notes shall remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall neither operate as a waiver of any right, power or remedy of the Purchaser under the Note Agreement or the Notes nor operate as a waiver of any provision of the Note Agreement or the Notes except as specifically set forth herein.

IN WITNESS WHEREOF, the Company and the Purchaser have caused this Amendment to be executed and delivered by their respective officer or officers thereunto duly authorized.

HURCO COMPANIES, INC.

By: /S/ ROGER J. WOLF  
-----  
Title: Senior Vice President  
and Chief Financial Officer

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY

By: /S/DONALD D. BRATTEBO  
-----  
Title: Counsel  
  
By: /S/CLINT WOODS  
-----  
Title:Counsel





EXHIBIT 10.42.6

Third Amendment to Amended and Restated Note Agreement  
dated July 31, 1995  
between the Registrant and Principal Mutual Life Insurance Company

THIRD AMENDMENT TO AMENDED AND RESTATED NOTE AGREEMENT

THIS AMENDMENT ("Amendment") effective as of July 31, 1995 is entered into between Hurco Companies, Inc., an Indiana corporation (the "Company"), and Principal Mutual Life Insurance Company (the "Purchaser").

WITNESSETH:

The Company and the Purchaser have entered into that certain Hurco Companies, Inc. Amended and Restated Note Agreement dated as of March 24, 1994, as amended by that certain (1) Amendment and Notes Modification Agreement dated as of January 31, 1995 and (2) Amendment dated May 31, 1995 (as so amended the "Note Agreement"). The Company and the Purchaser agree to amend the Note Agreement on the terms and conditions hereinafter set forth. Terms defined in

the Note Agreement which are used herein shall have the same meaning set forth in the Note Agreement unless otherwise specified herein.

1. AMENDMENT. Effective as of July 31, 1995 and subject to the conditions precedent set forth in paragraph 2 hereof, the Note Agreement is hereby amended as follows:

1.1. In SECTION 7.1, the word "and" before "April 30, 1996" is deleted and replaced by ",," the words "July 31, 1996 and October 31, 1996" are added after "April 30, 1996", and the following fiscal periods and amounts are added under the headings "FISCAL QUARTER ENDED" and "MINIMUM CONSOLIDATED ADJUSTED NET WORTH":

FISCAL QUARTER ENDED	MINIMUM CONSOLIDATED ADJUSTED NET WORTH
July 31, 1996	\$6,500,000
October 31, 1996	\$7,000,000

For the fiscal quarters ending on July 31, 1996 and October 31, 1996, the above-stated Minimum Consolidated Adjusted Net Worth amounts shall not be adjusted by 50% of the cumulative net income.

1.2 In SECTION 7.2, the date "May 1, 1996" in the fifth line is replaced by the date "November 1, 1996",, and the following fiscal periods and amounts are added under the headings "FISCAL QUARTER ENDED" and "MINIMUM CURRENT ASSETS":

FISCAL QUARTER ENDED	MINIMUM CURRENT ASSETS
July 31, 1996	\$40,000,000
October 31, 1996	\$40,000,000

1.3 In SECTION 7.3, the following fiscal periods and percentages are added under the headings "FISCAL QUARTER ENDED" and "PERCENTAGE":

FISCAL QUARTER ENDED	PERCENTAGE
July 31, 1996	82%
October 31, 1996	80%

1.4 In SECTION 7.4, the following fiscal period and amount are added under the headings "FISCAL PERIOD" and "MAXIMUM LOANS, ETC.":

FISCAL PERIOD	MAXIMUM LOANS, ETC.
Fiscal Year Ending October 31, 1996	\$1,500,000

Under the same headings, delete (1) "Fiscal Quarter Ending January 31, 1996" and "\$375,000 and (2) "Fiscal Quarter Ending April 30, 1996" and "\$375,000."

1.5 In SECTION 7.5, the following fiscal period and ratio are added under the headings "FISCAL QUARTER ENDED" and "RATIO":

FISCAL QUARTER ENDED	RATIO
July 31, 1996	1.0 to 1.0
October 31, 1996	1.25 to 1.0

1.6 Amend and restate SECTION 7.16 as follows: "The Company will not permit the ratio of Consolidated Total Indebtedness, as reflected on the Company's consolidated balance sheet, to Consolidated Adjusted Net Worth to exceed at any time (i) from the Closing Date through and including October 31, 1994, 9.5 to 1.0 and (ii) from November 1, 1994 through July 30, 1996, 10.5 to 1.0 and (iii) from July 31, 1996 through October 30, 1996, 4.5 to 1.0 and (iv) on October 31, 1996 and thereafter, 4.0 to 1.0."

1.7 Add Section 6.16 as follows: "6.16 Equity Infusion. The Company agrees that if there is any capital contribution or cash infused by shareholders or third parties to the Company ("Equity Infusion"), then the Minimum

Consolidated Adjusted Net Worth Amounts in paragraph 7.1, for the fiscal quarters ended July 31, 1996 and October 31, 1996, will be immediately and automatically increased by 85% of the value of the Equity Infusion, but only for the period of time commencing on the date of the Equity Infusion through the fiscal quarter ended October 31, 1996. Also, if the Equity Infusion equals or exceeds \$3,000,000 in value, then (1) the percentages set forth in paragraph 7.3 for the fiscal quarters ended July 31, 1996 and October 31, 1996 will immediately and automatically reduce to 78%, but only for the period of time commencing on the date of the Equity Infusion through the fiscal quarter ended October 31, 1996 and (2) the leverage ratios in paragraph 7.16 applicable to the fiscal quarters ended July 31, 1996 and October 31, 1996 will immediately and automatically change to 3.55 to 1.0, but only for the period of time commencing on the date of the Equity Infusion through the fiscal quarter ended October 31, 1996. Default in the performance of this paragraph 6.16 shall create an Event of Default under paragraph 8.1(d).

1.8. Amend and restate in its entirety Section 6.14 to read as follows:

"6.14. MOST FAVORED LENDER. In the event that the Company shall enter into any modification of the NBD Agreement or any other contract or agreement pursuant to which the Company shall have available to it a credit facility (a "Credit Agreement"), which increases the fees, expenses, interest rate spreads over prime rate, LIBOR rate or any other such base rate or any other charges which are or may be payable to a Bank pursuant to a Credit Agreement (but excluding reimbursements

for actual out-of-pocket expenses of the Bank or its counsel and excluding reasonable commitment fees to obtain, increase or extend or renew a credit facility, including lines of credit and term loan facilities, default rate interest and reasonable fees and expenses or costs actually incurred for collection arising out of default under any Credit Agreement and excluding any increase in interest rate, charges, fees or expenses under the NBD Agreement, pursuant to Section 7.1(i) thereof, due to an increase in the interest rates on the Notes or the fees payable under this Agreement) over the interest rate spreads, fees, charges and expenses provided for the NBD Agreement or such other Credit Agreement, as applicable, then, effective as of the date of such increase, the amount of the increase in the interest rate spread (i.e., the number of basis points added to the interest rate spread), if any, shall be added to the interest rate payable to the Purchaser under the Notes, and as and when the amount representing the increase of fees, expenses and/or charges, if any, becomes due and payable under the Credit Agreement, the Company shall pay to the Purchaser a comparable amount as a fee. In no event will the fee payable to the Purchaser pursuant to the foregoing exceed the amount of the corresponding increase in fee, charge or expense payable under the modified Credit Agreement. Failure of the Company to make the payments which become due and payable under this Section 6.14 shall constitute an Event of Default under Section 8.1(a). Upon any increase in the interest rate to be charges under the Notes pursuant to the terms of this Section 6.14, the Company shall execute such amendments to the Notes and this Agreement as the Purchaser reasonably may request to confirm and evidence the increase in the interest rate.

The Company also covenants and agrees to provide to Purchaser, as and when furnished to NBD Bank or any replacement lender, all written reports, business reports and other financial reports and projections furnished by the Company to NBD Bank or such replacement lender, whether pursuant to the terms of the NBD Agreement or otherwise."

1.9 The Company agrees to immediately and automatically grant Purchaser the same loan covenants, and terms as it grants NBD Bank NA or any replacement lender, if such covenants and terms are difference in kind or more restrictive (on the Company) than the Purchaser's existing covenants or terms. If the Company defaults in the performance of such new covenants or terms, an Event of Default shall arise under paragraph 8.1(d). This covenant applies only to the fiscal quarters ended July 31, 1996 and October 31, 1996.

2. CONDITIONS PRECEDENT. This Amendment shall become effective as of the latest to occur of the date (i) the Company shall have delivered to the Purchaser reaffirmations of each of the Subsidiary Guaranties and the

Autocon Guaranty executed in favor of Purchaser, (ii) the Company and NBD execute and deliver amendments to the NBD Agreement and the NBD Term Loan in the form of EXHIBIT A attached hereto, (iii) the Purchaser and NBD execute and deliver an amendment to the Intercreditor Agreement in the form of EXHIBIT B attached hereto (the "Intercreditor Amendments"), and (iv) the Company shall have paid to the Collateral Agent a \$25,000 amendment fee.

3. REPRESENTATIONS AND WARRANTIES. The Company hereby represents and warrants to the Purchaser that (i) this Amendment constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, and (ii) that no event has occurred and no condition exists which constitutes an "Event of Default" (as defined in the Note Agreement) or with the lapse of time or the giving of notice or both, would become an Event of Default.

4. COSTS AND EXPENSES. In accordance with Section 11.1 of the Note Agreement, the Company acknowledges that it is liable to pay all reasonable expenses of Purchaser, including, without limitation, reasonable charges and disbursements of special counsel, incurred in connection with the preparation, execution and delivery of this Amendment.

5. RATIFICATION. Except as specifically amended or modified above, the Note Agreement and each of the Notes shall remain in full force and effect and are hereby ratified and confirmed. The execution, delivery and effectiveness of this Amendment shall neither operate as a waiver of any right, power or remedy of the Purchaser under the Note Agreement or the Notes nor operate a waiver of the provisions of the Note Agreement or the Notes except as specifically set forth herein.

IN WITNESS WHEREOF, the Company and the purchaser have caused this Amendment to be executed and delivered by their respective officer or officers thereunto duly authorized.

HURCO COMPANIES, INC.

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

PRINCIPAL MUTUAL LIFE INSURANCE  
COMPANY

By: /s/ Donald D. Brattebo  
Its: Second Vice President-  
Securities Investment

By: /s/ Nora Everett  
Its: Counsel

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

Exhibit 11

STATEMENT RE: COMPUTATION OF  
PER SHARE EARNINGS

	YEAR ENDED OCTOBER 31, -----		1994		1993	
	1995					
	Primary	Fully Diluted	Primary	Fully Diluted	Primary	Fully Diluted
(in thousands, except per share amount)						

Net income (loss) .....	\$ 204	\$ 204	\$ (5,791)	\$ (5,791)	\$ (21,144)	\$ (21,144)
	=====	=====	=====	=====	=====	=====
Weighted average common shares outstanding .....	5,418	5,418	5,407	5,407	5,438	5,438
Assumed issuances under stock option plans<F1> .....	118	164	--	--	--	--
	-----	-----	-----	-----	-----	-----
	5,536	5,582	5,407	5,407	5,438	5,438
	=====	=====	=====	=====	=====	=====
Earnings (loss) per common share .....	\$ .04	\$ .04	\$ (1.07)	\$ (1.07)	\$ (3.89)	\$ (3.89)
	=====	=====	=====	=====	=====	=====

<FN>

<F1>NO ASSUMED ISSUANCES UNDER STOCK OPTION PLANS WERE MADE IN 1994 AND 1993  
BECAUSE SUCH ISSUANCES WOULD HAVE BEEN ANTI-DILUTIVE.

</FN>

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Exhibit 21

SUBSIDIARIES OF HURCO COMPANIES, INC.

Name	Jurisdiction of Incorporation
- - - - -	-----
Autocon Technologies, Inc.	Indiana
IMS Technologies, Inc.	Virginia
Hurco GmbH	Federal Republic of Germany



Autocon GmbH

Federal Republic of Germany

Hurco S.A.R.L

France

Hurco Europe Limited

United Kingdom

Hurco (S.E. Asia) Pte Ltd.

Singapore

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS  
Arthur Andersen LLP

Exhibit 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Hurco Companies, Inc.  
Indianapolis, Indiana

As independent public accountants, we hereby consent to the incorporation of our report dated December 1, 1995, except with respect to the matters discussed in

Notes 4 and 12 as to which the date is January 26, 1996, included in this Form 10-K, into the Company's previously filed Registration Statement File No. 2-71597.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana  
January 26, 1996

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS  
Coopers & Lybrand L.L.P.

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

Hurco Companies, Inc.  
Indianapolis, Indiana

We consent to the incorporation by reference in the Registration Statement of Hurco Companies, Inc. on Form S-8 (File No. 2-71597) of our report dated December 10, 1993 on our audit of the consolidated financial statements and financial statement schedule of Hurco Companies, Inc., for the year ended October 31, 1993, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

Indianapolis, Indiana  
January 26, 1996

<ARTICLE>

5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE ANNUAL REPORT FORM 10-K FOR THE PERIOD ENDED OCTOBER 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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