SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended April 30, 2000 or Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________.

Commission File No. 0-9143

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

Indiana	35-1150732
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

One Technology Way

Indianapolis, Indiana	46268
(Address of principal executive offices)	(Zip code)

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

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

Yes X No

The number of shares of the Registrant's common stock outstanding as of June 4, 2000 was 5,951,859.

HURCO COMPANIES, INC.
April 2000 Form 10-Q Quarterly Report

Table of Contents

Part I - Financial Information

Part II - Other Information

PART I - FINANCIAL INFORMATION

Item 1. CONDENSED FINANCIAL STATEMENTS

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2000	1999	2000	1999
	(unaudited)		(unaudited)	
Sales and service fees.....................	$ 24,197	$ 21,532	$ 48,722	$ 42,679
Cost of sales and service..................	17,465	15,674	35,270	30,817
Gross profit..........................	6,732	5,858	13,452	11,862
Selling, general and administrative expenses....................	5,623	5,352	11,443	10,686
Restructuring credit........................	--	(103)	--	(103)
Operating income	1,109	609	2,009	1,279
Interest expense...........................	228	340	520	640
Other expense (income), net................	231	(18)	213	(62)
Income before taxes...................	650	287	1,276	701
Income tax expense (benefit)...............	48	(267)	215	(28)
Net income.................................	$ 602	$ 554	$ 1,061	$ 729
Earnings per common share				

Basic	$ .10	$ .09	$ .18	$ .12
Diluted	$ .10	$ .09	$ .18	$ .12
Weighted average common shares outstanding				
Basic	5,952	5,945	5,952	6,011
Diluted	6,024	6,031	6,015	6,100

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

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	April 30, 2000 (unaudited)	October 31, 1999 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,980	$ 3,495
Accounts receivable	17,352	17,154
Inventories	25,254	30,767
Other	1,219	1,440
Total current assets	46,805	52,856
Property and equipment:		
Land	761	761
Building	7,168	7,168
Machinery and equipment	11,396	11,182
Leasehold improvements	982	1,005
Less accumulated depreciation and amortization	(11,474)	(11,165)
	8,833	8,951
Software development costs, less amortization	3,658	3,951
Other assets	4,137	3,874
	$ 63,433	$ 69,632
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,729	$ 10,891
Accrued expenses	6,030	6,903
Current portion of long-term debt	1,786	1,786
Total current liabilities	18,545	19,580
Non-current liabilities:		
Long-term debt	7,500	12,386
Deferred credits and other obligations	1,342	1,518
Total non-current liabilities	8,842	13,904
Shareholders' equity:		
Preferred stock: no par value per share; 1,000,000 shares authorized; no shares issued	--	--
Common stock: no par value; $.10 stated value per share; 12,500,000 shares authorized; 5,951,859 and 5,951,859 shares issued and outstanding, respectively	595	595
Additional paid-in capital	46,340	46,340
Accumulated deficit	(4,287)	(5,348)
Foreign currency translation adjustment	(6,602)	(5,439)
Total shareholders' equity	36,046	36,148
	$ 63,433	$ 69,632

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

HURCO COMPANIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)

	Three Months Ended April 30, 2000 (unaudited)	Three Months Ended April 30, 1999 (unaudited)	Six Months Ended April 30, 2000 (unaudited)	Six Months Ended April 30, 1999 (unaudited)
Cash flows from operating activities:				
Net income	$ 602	$ 554	$ 1,061	$ 729
Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Depreciation and amortization	729	449	1,263	983

Change in assets and liabilities:				
(Increase) decrease in accounts receivable..............	(2,626)	(638)	(958)	2,657
(Increase) decrease in inventories......................	1,624	306	4,497	(1,701)
Increase (decrease) in accounts payable.................	893	(2,731)	(87)	(6,802)
Increase (decrease) in accrued expenses.................	(1,074)	(198)	(699)	(1,244)
Other...	493	52	586	162
Net cash provided by (used for) operating activities..................................	641	(2,206)	5,663	(5,216)
Cash flows from investing activities:				
Proceeds from sale of equipment...........................	(17)	55	11	72
Purchase of property and equipment........................	(345)	(394)	(553)	(644)
Software development costs................................	(303)	(306)	(479)	(532)
Other investments...	(35)	(49)	(35)	(211)
Net cash provided by (used for) investing activities....................................	(700)	(694)	(1,056)	(1,315)
Cash flows from financing activities:				
Advances on bank credit facilities........................	6,650	25,599	13,100	41,050
Repayment on bank credit facilities	(7,650)	(21,469)	(16,200)	(29,769)
Repayment of term debt	--	--	(1,786)	(1,786)
Proceeds from exercise of common stock options............	--	--	--	2
Purchase of common stock..................................	--	--	--	(2,379)
Net cash provided by (used for) financing activities....................................	(1,000)	4,130	(4,886)	7,118
Effect of exchange rate changes on cash......................	(133)	(150)	(236)	(169)
Net increase (decrease) in cash and temporary investments...................................	(1,192)	1,080	(515)	418
Cash and temporary investments at beginning of period..................................	4,172	2,614	3,495	3,276
Cash and temporary investments at end of period..	$ 2,980	$ 3,694	$ 2,980	$ 3,694

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

HURCO COMPANIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY For the Six Months Ended April 30, 2000 and 1999

	Common Stock				Accumulated Other Comprehensive Income:	
	Shares Issued & Outstanding	Amount	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation Adjustment	Total
			(Dollars in thousands)			
Balances, October 31, 1998 (unaudited)	6,340,111	$634	$48,662	$(7,150)	$(4,406)	$37,740
Net income......................	--	--	--	729	--	729
Translation of foreign currency Comprehensive income (loss)......						(375)
Exercise of Common Stock Options.	1,000	--	2	--	--	2
Purchase of Common Stock.........	(395,752)	(39)	(2,340)	--	--	(2,379)
Balances, April 30, 1999	5,945,359	$595	$46,324	$(6,421)	$(5,510)	$34,988
Balances, October 31, 1999 (unaudited)	5,951,859	$595	$46,340	$(5,348)	$(5,439)	$36,148
Net income......................	--	--	--	1,061	--	1,061
Translation of foreign currency Comprehensive income (loss)......						(102)
Exercise of Common Stock Options.	--	--	--	--	--	--
Balances, April 30, 2000	5,951,859	$595	$46,340	$(4,287)	$(6,602)	$36,046

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. GENERAL

The unaudited Condensed Consolidated Financial Statements include the accounts of Hurco Companies, Inc. and its consolidated subsidiaries. We are an industrial automation company that designs and produces interactive computer controls, software and computerized machine systems for the worldwide metal cutting and metal forming industries.

The condensed financial information as of April 30, 2000 and 1999 is unaudited but includes all adjustments which we consider necessary for a fair presentation of our financial position at those dates and our results of operations and cash flows for the six months then ended. We suggest you read these condensed financial statements in conjunction with the financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended October 31, 1999.

2. HEDGING

We hedge our exposure to fluctuations in foreign currency exchange rates from time to time by using foreign currency forward exchange contracts. The U.S. dollar equivalent notional amount of outstanding foreign currency forward exchange contracts was approximately $6.9 million as of April 30, 2000 ($3.9 million related to firm intercompany sales commitments) and $4.5 million as of October 31, 1999 ($2.1 million related to firm intercompany sales commitments). Deferred losses related to hedges of future sales transactions were approximately $7,000 and $48,000 as of April 30, 2000 and October 31, 1999, respectively. Contracts outstanding at April 30, 2000 mature at various times through August 2000.

3. EARNINGS PER SHARE

Basic and diluted earnings per common share are based on the weighted average number of shares of common stock outstanding. Diluted earnings per common share give effect to outstanding stock options using the treasury stock method. Common stock equivalents totaled approximately 72,000 shares as of April 30, 2000.

4. ACCOUNTS RECEIVABLE

The allowance for doubtful accounts was $618,000 as of April 30, 2000 and $687,000 as of October 31, 1999.

5. INVENTORIES

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

	April 30, 2000	October 31, 1999
Purchased parts and sub-assemblies	$10,282	$ 9,104
Work-in-process	506	1,070
Finished goods	14,466	20,593
	$25,254	$30,767

6. TAX CONTINGENCY

A German tax examiner has contested the transfer of net operating losses between two of our German subsidiaries that merged in fiscal 1996. The contingent tax liability resulting from this issue is approximately $1.4 million. We have protested this matter and have not yet received a ruling from the German tax authorities on the tax examiner's findings and our protest. In the event an unfavorable ruling is received from the German tax authorities, we will consider whether to appeal to the German Federal Tax Court. No provision for the contingency has been recorded.

7. SEGMENT INFORMATION

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

Substantially all of our machine systems and computer control systems are manufactured to our specifications by contract manufacturing companies in Taiwan and Europe. Our executive offices and principal design, engineering and manufacturing management operations are headquartered in Indianapolis, Indiana. We sell our products through over 240 independent agents and distributors in 45 countries throughout North America, Europe and Asia. We also have our own direct sales and service organizations in the United States, England, France, Germany, Italy and Singapore, which are considered to be among the world's principal computerized machine system consuming countries.

8. RESTRUCTURING CHARGE

In fiscal 1998, we recorded a reserve for anticipated costs associated with the restructuring of a subsidiary to convert its operations from manufacturing computer controls to sales and service of computerized machine systems. At April 30, 2000, the restructuring reserve balance was $351,374 and consisted of the following:

Description	Balance 10/31/99	Charges to Accrual	Adjustment	Balance 4/30/00
Excess Building Capacity	$285,899	--	--	$285,899
Equipment Leases	77,379	11,904	--	65,475
	$363,278	$11,904	$ --	$351,374

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

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and Notes thereto appearing elsewhere herein. Certain statements made in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements of the machine tool industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, (i) changes in general economic and business conditions that affect demand for computerized machine systems, computer numeric control (CNC) systems and software products, (ii) changes in manufacturing markets, (iii) innovations by competitors, (iv) quality and delivery performance by our contract manufacturers and (v) governmental actions and initiatives including import and export restrictions and tariffs.

RESULTS OF OPERATIONS

Three Months Ended April 30, 2000 Compared to Three Months Ended April 30, 1999

Net income for the second quarter ended April 30, 2000 was $602,000, or $.10 per share on a diluted basis, which compares to $554,000, or $.09 per share, reported for the corresponding period a year ago. When comparing the results for the two periods, it should be noted that net income for the 2000 period was unfavorably impacted by approximately $600,000 due to the financial effects of changes in foreign currencies, primarily the stronger U.S. dollar in relation to those linked to the Euro. In addition, results for the second quarter of 1999 were favorably impacted by a $103,000 adjustment to a restructuring reserve and a $377,000 tax asset recorded by a foreign subsidiary, due to a change in tax status, which resulted in a net tax benefit of $267,000, rather than tax expense.

Sales and service fees for the second quarter were $24.2 million, approximately $2.7 million, or 12%, higher than those recorded in the 1999 period, not withstanding the unfavorable currency translation effects of the strengthened dollar when translating sales made in foreign currencies. At exchange rates comparable to those prevailing in the second quarter of fiscal 1999, sales and service fees for the 2000 period would have been $25.3 million, an increase of approximately $3.8 million, or 18%, over the 1999 period. The increase was due almost entirely to increased shipments of computerized machine systems, reflecting stronger order rates on a global basis. Machine system sales increased $3.5 million, or 23%, when measured at exchange rates comparable to those in the 1999 period. International sales, net of currency effects, represented approximately 51% of net sales and service fees, compared to approximately 49% in the 1999 period.

New order bookings during the second quarter of fiscal 2000 were $26.0 million compared to $20.0 million for the corresponding 1999 period, an increase of 30%. When measured at exchange rates comparable to those in the 1999 period, however, new orders in the latest period were approximately 36% higher than in the 1999 period. Orders for computerized machine systems increased 52% in units and 47% in constant dollars, while orders for stand-alone computer controls approximated

the prior year level. Orders for computerized machine systems in the U.S. increased approximately $2.8 million, or 57%, and in Southeast Asia increased $1.0 million, over 300% of the fiscal 1999 level. In Europe, machine system orders increased $2.6 million, or 29%, measured in constant dollars, primarily in Germany and the United Kingdom.

Selling, general and administrative expenses, which include research and development expenses, increased by $271,000, or 5%, over those recorded in the 1999 period, due primarily to the incremental expense associated with direct sales forces in Italy and certain territories in the U.S., which was partially offset by the effects of the strengthened U.S. dollar when translating expenses incurred in foreign currencies.

Interest expense decreased by $112,000, or 33%, from the amount recorded in the corresponding period of 1999, due primarily to a $6.6 million reduction in average debt outstanding for the three months ended April 30, 2000 compared to the prior year period, as a result of enhanced cash flow from operations. The effect on interest expense of increased interest rates was not significant.

Other expense (net) increased to $231,000 compared to other income of $18,000 reported for the corresponding period of fiscal 1999, due primarily to realized and unrealized currency losses associated with accounts receivable denominated in foreign currencies, primarily those linked to the Euro, which for the most part, were not covered by forward hedge contracts during the 2000 period.

Six Months Ended April 30, 2000 Compared to Six Months Ended April 30, 1999

Net income for the six months ended April 30, 2000 was $1.1 million, or $.18 per share on a diluted basis, which compares to $729,000, or $.12 per share, reported for the corresponding period a year ago. The comparability of 2000 results to those for the first half of 1999 was subject to the same factors as those noted in the discussion of quarterly results.

Sales and service fees for the first half of fiscal 2000 were $48.7 million, approximately $6.0 million, or 14%, higher than those recorded in the 1999 period, in spite of the unfavorable effects of a substantially stronger dollar when translating sales made in foreign currencies. At comparable exchange rates, net sales for the first half of 2000 would have been $51.2 million, an increase of approximately $8.6 million, or 20%, over the corresponding 1999 period. The increase was due almost entirely to increased shipments of computerized machine systems, reflecting stronger order rates on a global basis. Machine system sales increased $8.1 million, or 26%, when measured at exchange rates comparable to those in the 1999 period.

New order bookings during the first half of 2000 were $49.1 million compared to $44.7 million for the corresponding 1999 period, an increase of 10%. When measured at exchange rates comparable to those in the 1999 period, however, new orders in the 2000 first half were approximately 15% higher than in the first half of 1999. Orders for computerized machine systems increased 26% in units and 20% in constant dollars, while orders for stand-alone computer controls declined by 16% in constant dollars. Orders for computerized machine systems in the U.S. increased approximately $3.9 million, or 39%, and in Southeast Asia increased $2.4 million, over 400% above the fiscal 1999 level.

Selling, general and administrative expenses, which include research and development expenses, increased by $757,000, or 7%, due primarily to additional direct sales forces in Italy and certain territories in the U.S., which was partially offset by the effects of weaker foreign currencies when translating expenses incurred in foreign currencies.

Interest expense decreased by $120,000, or 19%, from the amount recorded in the corresponding period of 1999, due primarily to a $3.0 million reduction in average debt outstanding for the six months ended April 30, 2000 compared to the prior year period, as a result of enhanced cash flow from operations. The effect on interest expense of increased interest rates was not significant.

Other expense (net) increased to $213,000 compared to other income of $62,000 reported for the corresponding period of fiscal 1999, due primarily to realized and unrealized currency losses associated with accounts receivable denominated in foreign currencies, primarily those linked to the Euro, which for the most part, were not covered by forward hedge contracts during the 2000 period.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2000, we had cash and cash equivalents of $3.0 million compared to $3.5 million at October 31, 1999. Cash provided by operations totaled $5.7 million in the first half of fiscal 2000, compared to $5.2 million used for operations in the same period of fiscal 1999. The cash flow provided by operations resulted in a $4.9 million reduction in long-term debt during the first half of fiscal 2000.

Net working capital was $28.3 million at April 30, 2000, compared to $33.3 million at October 31, 1999. The decline is attributable principally to a decrease in inventory of $4.5 million.

The decrease in inventory, consisting primarily of finished products available for shipment, is attributable to a planned decrease in production by our contract manufacturers, combined with increased shipments in the first half of fiscal 2000.

Capital investments in the first half of fiscal 2000 consisted principally of expenditures for software development projects and purchases of equipment. Cash used for investing activities during the first half was derived from operations.

We were in compliance with all of our loan covenants at April 30, 2000. We believe that anticipated cash flow from operations and available borrowings under credit facilities will be sufficient to meet our anticipated cash requirements in the foreseeable future.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

Interest on our bank borrowings is affected by changes in prevailing U.S. and European interest rates and/or Libor. The interest rates on the Libor portion of our bank credit facilities are based upon a ratio of total indebtedness to cash flow for the preceding twelve month period and are payable at Libor plus an amount ranging from 1.0% to 2.0% based upon a prescribed formula. At April 30, 2000, outstanding borrowings under our bank credit facilities were $7.5 million and our total indebtedness was $9.3 million. The interest rate on the Libor portion of our bank debt was Libor plus 1.5%.

Foreign Currency Exchange Risk

A significant portion of our products is sourced from foreign suppliers or built to our specifications by contract manufacturers overseas. Our arrangements with these suppliers typically include foreign currency risk sharing agreements, which reduce (but do not eliminate) the effects of currency fluctuations on product costs. The predominant portion of our exchange rate risk associated with product purchases relates to the New Taiwan Dollar.

In fiscal 2000, approximately 57.6% of our sales and service fees, including export sales, were derived from foreign markets. All of our computerized machine systems and computer numerical control systems, as well as certain proprietary service parts, are sourced by our U.S.-based engineering and manufacturing division and re-invoiced to our foreign sales and service subsidiaries, primarily in their functional currencies. We enter into forward foreign exchange contracts from time to time to hedge the cash flow risk related to inter-company sales and inter-company accounts receivable denominated in foreign currencies. We do not speculate in the financial markets and, therefore, do not enter into these contracts for trading purposes.

Forward contracts for the sale of foreign currencies as of April 30, 2000 were as follows:

Weighted

Forward Contracts	Notional Amount in Foreign Currency	Avg. Forward Rate	Notional Amount in U.S. $	Market Value in US$	Maturity Dates
Sterling	975,000	1.5962	1,556,314	1,514,565	May - Aug. 2000
Euro	5,876,000	.9176	5,391,868	5,356,562	May - June 2000

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

As reported in our Annual Report on Form 10-K for the year ended October 31, 1999, our subsidiary, IMS Technology, Inc. (IMS) is a party to an ongoing legal proceeding involving Haas Automation Inc. and its owner (collectively, Haas). IMS has alleged that Haas infringed one of its Interactive Computer Numerical Control patents. In October 1998, the trial court granted summary judgment in favor of Haas, dismissing the action. IMS filed an appeal and Haas filed a cross-appeal. In March 2000, the Court of Appeals reversed the trial court's grant of summary judgment of non-infringement in favor of Haas on two of the claims IMS has asserted against Haas. The Court also ruled that the trial court erred in its construction of a key term and vacated a separate ruling of non-infringement. Finally, the Court of Appeals affirmed the trial court's findings on claim construction issues, which Haas had raised in its cross-appeal. The action has now been remanded to the trial court for further proceedings and the trial is expected to commence in July or August. Although we continue to believe that IMS claims of patent infringement have substantial merit, we are unable to predict the outcome of this matter at this time.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

10.1 Employment Letter Between the Registrant and Bernard C. Faulkner, dated February 4, 2000

11 Statement re: Computation of Per Share Earnings

27 Financial Data Schedule (electronic filing only)

(b) Reports on Form 8-K: None

SIGNATURES

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

HURCO COMPANIES, INC.

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

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

June 13, 2000

Exhibit 10.1

EMPLOYMENT LETTER BETWEEN THE REGISTRANT AND

BERNARD C. FAULKNER, DATED FEBRUARY 4, 2000

February 4, 2000

Mr. Bernard Faulkner
3914 Charmal Place
Charlotte, NC 28226

Dear Bernie:

Thank you for your comprehensive analysis of Hurco's offer of employment and your relocation plan.

The following offer of employment, including compensation, explanation of benefits and relocation reimbursement plan supercedes my previous offer dated January 31, 2000, and has taken into consideration both your proposals and the needs of Hurco.

Position and Responsibilities:

- President of Hurco's North American operations.
- Assume effective date of March 1, 2000.
- The responsibilities include direct management of Autocon Technologies, Inc., Hurco Machine Tool Products and Hurco Metal Fabrication Products effective March 1, 2000, in lieu of a phased-in transition, which was discussed in our previous offer.

Compensation:

- Base salary $150,000 annually.
- Annual compensation and performance review January 2001.
- Executive Bonus Plan - The Company's Bonus Plan is November 1, 1999 to October 31, 2000, our fiscal year.
- Annual bonus potential - $50,000.
- Thirty percent of your bonus is based on performance compared to specific personal objectives.
- Thirty percent of your bonus is based on performance compared to Division Operating Profit Business Plans.
- Forty percent of your bonus is based on the Corporation's performance when compared to the annual Corporate Financial Plan.
- You would have 8 months to affect the Fiscal 2000 Plan. Your Fiscal 2000 bonus potential assuming a March 1, 2000 start date: 8/12 of $50,000 = $33,328.
- In consideration of product training, organization analysis and immediate management responsibility of all three Divisions, the Company would guarantee $16,000 of a potential $33,328 bonus. The $16,000 guarantee, and any additional bonus earned, would be paid during January 2001.
- Specific personal, division and corporate financial objectives would be prepared and agreed upon with you during the first 30 days of employment.
- Stock options: 25,000 options subject to grant by the Compensation

Committee and in accordance with the Company's 1997 Stock Option Plan. The option price will be the market price of the Company's stock at the date of grant.

- You are eligible to participate in the Executive Management Deferred Compensation Plan. An outline of the Plan is attached.

- The Company's 401(k) Plan contributes $.50 for each employee dollar invested, up to the maximum allowed by law and in accordance with the formula outlined in the Benefits Plan previously sent to you.

- Automobile: The Company agrees to pay for the remainder of your existing car lease and insurance up to a maximum of $8,400 per annum or $700 per month, or until the automobile is out of warranty, whichever comes first.

Social or Country Club:

- The Company will pay up to $200.00 per month dues and in addition, would pay normal expenses associated with the business use of the club.

Vacation:

- Three weeks vacation would be available during year 2000.

Split Dollar Life Insurance:

- You are eligible to participate in the executive split dollar life insurance program in accordance with the split dollar insurance plan attached.

Health Coverage:

- The health plan, which you previously received, is supplemented by an S125 Medical Reimbursement Plan that permits $3,900 tax-deferred per year for ineligible medical or dental expenses. Orthodontia is not covered by the health plan and therefore the S125 Plan could be used. The Company would pay your COBRA costs for health insurance prior to your eligibility under Hurco's health plan.

Relocation Plan:

- Reimbursable expenses: The Company has modified the relocation policy in consideration of your special circumstances.

- Assumption - the family relocates by June 30, 2000.

- The Company will reimburse you the following expenses in accordance with the terms in the following paragraphs.

- Temporary housing expenses during the period of March 1, 2000 to June 30, 2000. This includes payment of monthly rent, utilities, rented furniture, telephone, one-bedroom apartment up to $1,600 per month for four months.

- Travel expenses between Charlotte and Indianapolis March 1, 2000 to June 30, 2000: Advance ticket purchases should be made in order to minimize cost. Assume 6 trips (every two weeks) and assume between family cars and company leased vehicles, a rental car expense would not be required. Some trips could be tied in with sales calls to the area.

- Travel expenses for your family while house hunting: Reasonable travel (advance tickets, economy) and lodging and meal expenses for up to three house-hunting trips (for a maximum total 10 days, including one trip with the children. Assume the rented apartment would cover lodging expenses other than the children's trip.

- Temporary housing expense for the family in Indianapolis, assuming the relocation to Indianapolis occurs in advance of the availability of the Indianapolis residence: The Company would assume the month-to-month costs up to a maximum of three months and for rental of apartment and furniture and utilities or the equivalent hotel costs. The employee is responsible for meals.

- The Company will pay reasonable expenses for travel and lodging and meals for your family during the relocation trip to the new location.

Moving Expenses:

- The Company will reimburse all reasonable expenses associated with the shipping of household furnishings and personal property, as well as shipper's charges for shipping containers, packing and unpacking, insurance and reasonable fees for storage up to 60 days. Any unusual moving and installation/set-up expenses relating to personal property such as boats, recreational vehicles, aircraft, livestock, etc. will not be reimbursed by the Company.

Sale of Principal Residence:

- The Company will reimburse the employee all reasonable and customary expenses connected with the sale of employee's home, such as brokerage and legal fees customary in the area, tax stamps, recording fees, appraisal costs, advertising expense. In the event that you sell your own home, without the use of a realtor, the Company will pay a bonus of 50.0 percent of the customary real estate fee to the employee as a bonus for selling the home without real estate agent fees. The employee and the Company must agree on the range of asking price, marketing plans and period of time this personal sales plan would continue.

Incidental Expenses:

- To compensate for incidental and out-of-pocket expenses, not expressly reimbursed under this policy, the Company will pay $6,000 for such incidental expenses related to the relocation.

Accounting Treatment of Relocation Expenses:

- After filing your 2000 tax returns in 2001, Hurco's tax manager will calculate what your Federal, State and Local taxes payable for 2000 would have been exclusive of the relocation costs included in adjusted gross income and the related deductible moving expenses. Both the "with" and "without" calculations of taxes payable will exclude capital gains/losses and any significant non-recurring income, such as severance pay from your prior employer received after being employed by Hurco. The incremental income taxes paid as a result of the relocation expenses will be "grossed up" based on an effective Federal, State and Local tax rate of 34%. Example: If the incremental taxes paid are $10,000, the reimbursement will be $10,000 / (1-34%) equals $15,151.

Employment Termination Agreement:

- In the event Hurco terminates your employment as President, of Hurco's North American operations, Hurco shall pay you twelve (12) months severance, at the then present base salary rate, from the date you are relieved of your responsibilities which would be thirty (30) days following written notice. Health and life insurance benefits will be maintained during the twelve-month severance period or until you have obtained alternate employment, if earlier. The Corporation will also provide you with the services of a professional outplacement firm.

- In the event you resign prior to the termination of your employment, Hurco will not be obligated to continue making salary payments after your last day of employment.

- If you resign during the first year of employment, you will repay the Company the total relocation expenses.

Carrying Costs of Prior Home:

- The Company policy will not pay for the costs of the prior home if the purchase of the new home occurs prior to closing the sale of the prior home.

Accommodations:

- The Company's policy does not include the provision for a bridge loan assuming the new house is purchased prior to the sale of the existing home.

Expenses Associated with the Purchase of a New Home:

- o The Company policy does not reimburse the employee for expenses on the purchase of a new home

Cost of Living:

- o Attached is a cost of living comparison between Charlotte and Indianapolis. Please note the 4.65% net benefit for sales/income tax by moving to Indianapolis. This represents approximately $7,000 savings on $150,000 annual income.

Bernie, I believe this revised offer provides compensation, benefits and relocation plan which is commensurate with the responsibilities and relocation timetable. I am hopeful you accept this offer as I look forward to working with you again. Please call me if you have questions. I would appreciate your acceptance by signing this acknowledgement by February 7, 2000.

Sincerely,

/s/ Brian D. McLaughlin
Brian D. McLaughlin
President and CEO

Acknowledged and accepted,

/s/ Bernard Faulkner	February 8, 2000
Bernard Faulkner	Date

Exhibit 11

STATEMENT RE: COMPUTATION OF PER SHARE EARNINGS

Exhibit 11

Statement Re: Computation of Per Share Earnings

	Three Months Ended April 30,				Six Months Ended April 30,			
	2000		1999		2000		1999	
(in thousands, except per share amount)	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net income	$ 602	$ 602	$ 554	$ 554	$ 1,061	$ 1,061	$ 729	$ 729
Weighted average shares outstanding	5,952	5,952	5,945	5,945	5,952	5,952	6,011	6,011
Assumed issuances under stock options plans	-	72	-	86	-	63	-	89
	5,952	6,024	5,945	6,031	5,952	6,015	6,011	6,100
Earnings per common share	$ 0.10	$ 0.10	$ 0.09	$ 0.09	$ 0.18	$ 0.18	$ 0.12	$ 0.12

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE QUARTERLY REPORT 10-Q FOR THE PERIOD ENDED APRIL 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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