

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
HURCO COMPANIES, INC.**

Purpose

The Compensation Committee has been appointed by the Board of Directors (the "Board") of Hurco Companies, Inc. (the "Company") to (1) discharge the Board's responsibilities relating to compensation of the Company's Chief Executive Officer and the Company's other executive officers; (2) to review and recommend compensation for the directors serving on the Board; and (3) to approve and evaluate all compensation plans, policies and programs of the Company as they affect the Executive Officers and non-employee directors.

Committee Membership

The Committee shall consist of at least two members. Each of the members of the Committee shall meet the independence and experience standards under the corporate governance requirements of the Nasdaq Stock Market ("Nasdaq") and applicable rules of the Securities and Exchange Commission ("SEC"), including any enhanced independence standards applicable to members of compensation committees. Each member shall also be a "Non-Employee Director" as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

Committee Responsibilities

1. The Committee shall annually review the performance of the executive officers and have the sole authority to determine the compensation of the Chief Executive Officer and all other executive officers of the Company. Executive officers are those officers designated by the Board as executive officers for purposes of SEC disclosure and reporting requirements. The Company's Chief Executive Officer may not be present during voting or deliberations on his or her compensation. In making its decisions affecting executive compensation policies and practices, the Committee shall consider the results of voting on advisory proposals submitted to shareholders relating to executive compensation.
2. The Committee shall have the authority to enter into, and approve the terms of, any employment, separation, supplemental benefit, or other compensation-related agreements with any executive officers.
3. The Committee shall oversee the process for identifying and addressing any material risks relating to the Company's compensation policies and practices for all employees. The Committee shall consider the extent, if any, to which risks arising from the Company's

compensation policies and practices are reasonably likely to have any material adverse effects. The Committee shall also consider the extent, if any, to which incentive compensation programs encourage unnecessary or excessive risk taking or illegal or improper behavior by employees.

4. The Committee shall oversee, monitor and administer stock ownership guidelines and recoupment, or "clawback," policies applicable to the executive officers of the Company.
5. The Committee shall monitor total personnel costs and may provide input on guidelines for the general wage structure of the Company's entire work force that senior management may establish.
6. The Committee is a responsible for producing the Compensation Committee Report to be included in the Company's proxy statement and must review the compensation discussion and analysis and recommend its inclusion in the Company's Annual Report on Form 10-K and its proxy statement, all in accordance with applicable rules and regulations.
7. The Committee may recommend to the Board that new incentive or equity-based plans be adopted or existing plans be amended. The Committee shall administer the Company's equity incentive or option plans and shall have the authority to make awards under such plans.
8. The Committee shall have the authority, in its sole discretion, to retain or obtain the advice of any consultant, legal counsel or other advisor engaged to assist the Committee in the performance of its duties, shall be directly responsible for the appointment, compensation and oversight of the work of any such advisors it retains and shall receive appropriate funding, as determined by the Committee, from the Company for payment of reasonable compensation to such advisors. Approval of the Committee shall also be required in order for any such consultant or advisor to provide any services to the Company not related to services provided to the Committee.
9. The Committee may select, or receive advice from, a consultant or other advisor only after evaluating all factors relevant to assessing such consultant's or advisor's independence, including the factors required to be considered under applicable Nasdaq and SEC rules.
10. The Committee shall periodically review the Company's policies on perquisites for executive officers and directors. No changes in perquisites for executive officers and directors shall be made without prior Committee approval.
11. The Committee shall approve the amount of any discretionary contribution by the Company under any retirement or savings plan.
12. The Committee shall periodically review the Company's policies concerning non-employee director compensation and shall recommend to the Board for final determination any changes in the form or amount of non-employee director compensation.

13. The Committee may delegate its authority to its Chairman, a subcommittee or a member of the Company's Board of Directors, when appropriate, in compliance with applicable laws and regulations.
14. The Committee shall keep written minutes of meetings and report to the Board on material actions it has taken or discussed.
15. The Committee shall periodically review this Charter and recommend any proposed changes to the Board for approval as conditions dictate.
16. The Committee shall periodically review its own performance.