HARDINGE INC
Form DEF 14A
March 26, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant ý

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Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

HARDINGE INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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(1) Title of each class of securities to which transaction applies:

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HARDINGE INC.

Notice of 2004 Annual Meeting and Proxy Statement

Dear Stockholder:

The directors and officers of Hardinge Inc. are pleased to invite you to attend the 2004 Annual Meeting of our stockholders, which will be held at the Company's corporate headquarters, One Hardinge Drive, Elmira, New York, on Tuesday, May 4, 2004, at 9:00 A.M.

At the meeting, we will (i) elect three Class I directors and one Class III director and (ii) vote on a proposal to ratify the appointment of Ernst & Young LLP as Hardinge's independent public accountants, each as described in the formal notice of the meeting and Proxy Statement appearing on the following pages. We also will report on the progress of Hardinge and comment on matters of current interest. Stockholders will have an opportunity to comment or ask questions.

Your vote is important. Whether or not you expect to attend the meeting and regardless of the number of shares you own, please be sure to fill in, sign and return the enclosed proxy. A prompt return of your proxy will be appreciated.

Sincerely,

J. Patrick Ervin
Chairman of the Board, Chief Executive Officer and President

Corporate Headquarters One Hardinge Drive, Elmira, NY 14902-1507

HARDINGE INC.

One Hardinge Drive, Elmira, NY 14902

To the Stockholders of

Hardinge Inc.

NOTICE IS HEREBY GIVEN that the 2004 Annual Meeting of the Stockholders of HARDINGE INC. will be held at the Company's corporate headquarters, One Hardinge Drive, Elmira, New York, on Tuesday, May 4, 2004, at 9:00 A.M., for the following purposes:

(1) To elect to the Board of Directors three Class I directors and one Class III director;

(2) To consider ratification of the appointment of Ernst & Young LLP as Hardinge's independent public accountants for the fiscal year ending December 31, 2004; and

(3) To consider and transact such other business as may properly come before the meeting or any adjournment thereof.

The close of business on March 16, 2004 has been fixed as the record date for the determination of the stockholders entitled to notice of and to vote at the meeting.

By Order of the Board of Directors,

J. PHILIP HUNTER
Secretary

Dated: March 31, 2004
Elmira, New York

2004 ANNUAL MEETING OF STOCKHOLDERS

PROXY STATEMENT

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HARDINGE INC.

One Hardinge Drive, Elmira, NY 14902

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors for use at the Annual Meeting of Stockholders (the "Annual Meeting") of Hardinge Inc. (the "Company") to be held on Tuesday, May 4, 2004 at 9:00 A.M., at the Company's corporate headquarters, One Hardinge Drive, Elmira, New York. This Proxy Statement and the accompanying Proxy and Notice of Annual Meeting of Stockholders are being mailed to stockholders on or about April 1, 2004. A stockholder granting a proxy has the right to revoke it by filing with the Secretary of the Company prior to the time such proxy is voted a duly executed proxy bearing a later date, by attending the Annual Meeting and voting in person, or by otherwise notifying the Secretary of the Company in writing of such stockholder's intention to revoke such proxy prior to the time such proxy is voted.

If the enclosed proxy card is returned properly signed, the shares represented will be voted in accordance with your directions. You can specify your choices by marking the appropriate boxes. If your proxy card is signed and returned without specifying choices, the shares will be voted as recommended by the directors. Abstentions are voted neither "for" nor "against," but are counted in the determination of a quorum. If you wish to give your proxy to someone other than those individuals designated on the enclosed proxy card, all three names appearing on the proxy card must be crossed out and the name of another person or persons inserted. The signed card must be presented at the meeting by the person or persons representing you.

As a matter of policy, proxies, ballots and voting tabulations that identify individual shareholders are kept private by the Company. Such documents are available for examination only by the inspectors of election and certain personnel associated with processing proxy cards and tabulating the vote. The vote of any shareholder is not disclosed except as may be necessary to meet legal requirements.

Shares allocated to the accounts of participants in the Hardinge Inc. Savings Plan may be voted through separate participant direction cards that have been mailed to participants in the Plan along with this Proxy Statement. If a participant also owns shares outside this Plan, the participant must return both the proxy card and the participant direction card. The trustee of this Plan will vote the number of shares allocated to a participant's account or accounts under such Plan in accordance with the directions on the participant direction card. Shares for which the trustee receives no instructions will be voted by the trustee in the same proportion as shares for which voting instructions have been received.

Only stockholders of record at the close of business on March 16, 2004 are entitled to receive notice of and to vote at the Annual Meeting. As of March 16, 2004, there were 8,837,517 shares of Common Stock outstanding and entitled to vote. Each share of Common Stock is entitled to one vote. There are no cumulative voting rights. Nominees for director will be elected by a plurality of votes cast at the Annual Meeting by holders of Common Stock present in person or by proxy and entitled to vote on such election. Any other matter requires the affirmative vote of a majority of the votes cast at the meeting, except as otherwise provided in the Certificate or By-laws. Only shares affirmatively voted in favor of a nominee will be counted toward the achievement of a plurality. Votes withheld (including broker non-votes) and abstentions are counted as present for the purpose of determining a quorum but are not counted as votes cast.

ACTION TO BE TAKEN UNDER THE PROXY

It is proposed that at the Annual Meeting action will be taken on the matters set forth in the accompanying Notice of Annual Meeting of Stockholders and described in this Proxy Statement. The Board of Directors does not know of any other business to be brought before the Annual Meeting, but it is

intended that, as to any such other business, a vote may be cast pursuant to the proxies granted in the form of the enclosed proxy card in accordance with the judgment of the person or persons acting thereunder; and should any herein-named nominee for the office of director become unable to accept nomination or election, which is not anticipated, it is intended that the persons acting under such proxies will vote for the election, in the stead of such nominee, such other person as the Board of Directors may recommend.

PROPOSAL NO. 1:

NOMINEES FOR ELECTION AS DIRECTORS

The Company's Board of Directors is divided into three classes. Nominees J. Patrick Ervin, Mitchell I. Quain and Kyle H. Seymour are Class I directors and John J. Perrotti is a Class III director and if elected at the Annual Meeting, Messrs. Ervin, Quain and Seymour will serve a term of three years expiring at the 2007 Annual Meeting and Mr. Perrotti will serve a term of two years expiring at the 2006 Annual Meeting, or when their respective successors have been duly elected and qualified. Messrs. Quain and Seymour were elected by the Board at its February 2004 meeting following the recommendation of the Chief Executive Officer, and the Board unanimously concurred with those recommendations following due deliberation and examination of the Board's needs and said nominees' qualifications. E. Martin Gibson and Richard J. Cole, long-time Hardinge directors, are retiring effective at the Annual Meeting after serving as valued Board members since 1981 and 1991, respectively.

The following table sets forth with respect to each nominee for director and each director continuing in office such person's length of service as a director, age, principal occupation during the past five years, other positions such person holds with the Company, if any, and any other directorships such person holds in companies with securities registered pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act").

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES.

Name and Age	Principal Occupations During Past 5 Years; Other Positions Held with the Company; Other Directorships of Publicly Traded Companies	Length of Service as Director and Expiration of Term
Nominees for Class I Directors:		
J. Patrick Ervin (Age 46)	Chief Executive Officer of the Company since May 1, 2001, Chairman of the Board since January 1, 2003 and President since April 2000; formerly Chief Operating Officer, Executive Vice President Operations, and Senior Vice President Manufacturing, Engineering and Marketing.	Since 2001 Expires 2004
Mitchell I. Quain (Age 52)	Chairman of Register.com, Inc., an internet services provider, since 2002; Vice Chairman of ABN AMRO from which he retired in November 2001, having been with predecessor companies since 1997; Currently Director, DeCrane Aircraft Holdings, Inc., a provider of integrated assemblies, subassemblies and component parts for the aerospace industry; and Mechanical Dynamics, Inc., a provider of virtual prototype solutions.	Since 2004 Expires 2004
Kyle H. Seymour (Age 42)	Chairman, President and Chief Executive Officer, Xtek, Inc., since February 2002; Senior Vice President, UNOVA Corporation from May 2000 to February 2002; President, Cincinnati Machine Division of UNOVA Corporation from October 1998 to May 2000.	Since 2004 Expires 2004

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Nominee for Class III Director:		
John J. Perrotti (Age 43)	Executive Vice President and Chief Financial Officer of Gleason Corporation since March 2002; prior thereto Vice President Finance and	Since 2003 Expires 2004

	Treasurer; Member of the Company's Audit and Investment Committees.	
Continuing in Service:		
Class II Directors:		
Daniel J. Burke (Age 63)	President and Chief Executive Officer, Swift Glass Co., Inc., a fabricator of glass component parts; Member of the Company's Audit and Investment Committees.	Since 1998 Expires 2005
J. Philip Hunter (Age 61)	Partner, Sayles & Evans, a law firm; Secretary of the Company; Member of the Company's Nominating and Governance, Compensation and Investment Committees.	Since 1992 Expires 2005
Albert W. Moore (Age 69)	Retired in January 1998 as President, Association for Manufacturing Technology, a trade association representing the machine tool and related equipment manufacturers of the United States; Interim President of Association for Manufacturing Technology from November 2002 to October 2003. Member of the Company's Compensation, Incentive Compensation, and Nominating and Governance Committees.	Since 1998 Expires 2005
Class III Directors:		
Douglas A. Greenlee (Age 56)	Owner, Harpers Ferry Wood Products; Vice President of the Company from 1993-April, 1999; Member and Chairman of the Company's Investment Committee.	Since 1979 Expires 2006
Richard L. Simons (Age 48)	Executive Vice President and Chief Financial Officer of the Company since April 2000; formerly Senior Vice President and Chief Financial Officer; Member of the Company's Investment Committee.	Since 2001 Expires 2006

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The only persons who, to the knowledge of the management of the Company, owned beneficially on December 31, 2003 (February 1, 2004 for Directors and Executive Officers) more than 5% of the Common Stock of the Company are set forth below. Unless otherwise indicated, each of the persons named below has sole voting and investment power with respect to the shares listed.

Name and Address of Beneficial Owner	Shares Owned and Nature of Beneficial Ownership	%
David L. Babson & Company Inc One Memorial Drive Cambridge, MA 02142	1,214,550	13.71%
Franklin Resources, Inc One Franklin Parkway San Mateo, CA 94403	700,700	7.91%
Dimensional Fund Advisors Inc 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	555,650	6.27%
Hardinge Inc. Savings Plan(1) c/o State Street Bank and Trust Company, Trustee 225 Franklin Street Boston, MA 02110	495,622	5.60%

(1) Includes all shares of Common Stock held by State Street Bank and Trust Company as the Trustee of the Hardinge Inc. Savings Plan. The participants in said Plan may instruct the Trustee as to the voting of such shares. If no instructions are received, the Trustee votes the shares in the same proportion as it votes all of the shares for which instructions are received. The power to dispose of said shares is

restricted by the provisions of the Plan. Does not include 7,300 shares held by State Street Bank and Trust Company acting in other fiduciary capacities.

SECURITY OWNERSHIP OF MANAGEMENT

Set forth below is the number of shares of Common Stock of the Company beneficially owned on February 1, 2004 by the directors and nominees for directors, by the Named Executive Officers employed on December 31, 2003 and listed in the Summary Compensation Table, and by all directors and Executive Officers of the Company as a group. Unless otherwise indicated, each of the persons named below, and directors and officers as a group, has sole voting and investment power with respect to the shares listed.

Name of Beneficial Owner	Shares Owned and Nature of Beneficial Ownership(1)	%
Daniel J. Burke(2)	10,500	*
Richard J. Cole	21,467	*
Joseph T. Colvin(3)	38,452	*
Clive M. Danby	14,239	*
J. Patrick Ervin	86,507	*
E. Martin Gibson	20,660	*
Douglas A. Greenlee(4)	62,498	*
J. Philip Hunter	21,752	*
Albert W. Moore(5)	12,690	*
John J. Perrotti	0	*
Mitchell I. Quain	0	*
Douglas G. Rich	26,334	*
Kyle H. Seymour	0	*
Richard L. Simons	81,215	*
All Executive Officers and Directors as a Group (16 persons including the above)	485,622	5.48%

*Less than one percent of the Company's outstanding shares of Common Stock.

(1) Includes shares which may be purchased pursuant to stock options held by directors and executive officers that were exercisable within 60 days of February 1, 2004. Messrs. Cole, Gibson and Hunter each held 6,000, Mr. Moore 4,500, Mr. Burke 3,750, Mr. Greenlee 3,000, Mr. Ervin 8,667, Mr. Simons 5,667, Mr. Rich 3,334, Mr. Danby 3,000, and Mr. Colvin 3,334 of such options to purchase shares of Common Stock. Also includes all shares held by the Trustee of the Hardinge Inc. Savings Plan allocated to members of the group who have sole voting power with respect to said shares. The Trustee holds for the benefit of Messrs. Colvin, Danby, Ervin, Rich and Simons and all Executive Officers as a group 2,124, 239, 1,372, 0, 2,660 and 7,802 shares, respectively. Also includes shares subject to forfeiture and restrictions on transfer granted pursuant to the Company's 1996 and 2002 Incentive Stock Plans.

(2) Includes 150 shares held by Mr. Burke's spouse, as to which Mr. Burke disclaims beneficial ownership.

(3) Includes 2,190 shares held by Mr. Colvin's spouse, as to which shares Mr. Colvin disclaims beneficial ownership.

(4) Sole beneficial owner of 9,385 shares of Common Stock, and 53,113 shares are held with two others as attorneys-in-fact for another.

(5) Includes 450 shares held by Mr. Moore's spouse, as to which shares Mr. Moore disclaims beneficial ownership.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Company's directors and executive officers, and persons who own more than ten percent of the Company's Common Stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Certain officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and its representatives and certain representations that no other reports were required, all persons subject to these reporting requirements filed the required reports on a timely basis.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information about the Company's equity compensation plans, the Hardinge Inc. 1996 and 2002 Incentive Stock Plans, as of December 31, 2003. All outstanding awards relate to Hardinge Inc.'s Common Stock.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plan (excluding securities reflected in column a) (c)
Equity compensation plans approved by security holders	234,000	$ 12.97	282,500(1)
Equity compensation plans not approved by security holders			
Total	234,000	$ 12.97	282,500

(1) In addition to stock options, warrants and rights, the Hardinge Inc. 2002 Incentive Stock Plan provides for the award of restricted stock. Awards of restricted stock reduce the shares available for stock option grants. As of December 31, 2003, 82,000 restricted stock grants had been awarded under the 2002 plan.

COMPENSATION OF EXECUTIVE OFFICERS

Report of the Compensation Committees on Executive Compensation:

The Company's annual compensation policies applicable to executive officers are administered by the Compensation Committee (the "Committee") of the Board of Directors, all of which Committee members are non-employee directors. The compensation policies are designed to attract, motivate and retain qualified individuals required to manage the Company to meet its short- and long-term objectives and thereby increase stockholder value. Significant emphasis is also placed on encouraging executive officers to build their holdings of the Company's stock to align their goals with those of the stockholders. The Company's program on executive compensation consists of three primary components base salary, annual incentive bonuses, and long-term incentives under incentive stock plans. The Committee recommends to the Board of Directors the salaries and incentive bonuses of executive officers and the Incentive Compensation Committee administers the incentive stock plans. The Committees consider total individual performance and the overall financial and other significant conditions of the Company in making their compensation recommendations. Each of the three components of executive compensation is reviewed for competitiveness and reasonableness in relation to a group of companies the Committee deems comparable.

Base Salary:

For reasons unrelated to personal performance but instead to the continuing downturn in the machine tool business and the Company's resulting financial performance, there were no adjustments to officers' salaries during the year 2003 but for an increase to Mr. Rich's base salary upon his taking on added responsibilities.

Incentive Bonuses:

The Committee administers the Company's incentive cash bonus program which provides flexibility to the Committee from year to year to meet the ever-changing business environment, provides competitive profit-focused cash incentives for the corporate officers and allows the Chief Executive Officer to establish specific individual objectives for all officers other than himself, the achievement of which is rewarded by year-end cash bonuses if the Company is sufficiently profitable. Although the Committee was pleased with the performance of the executive officers, no bonuses were granted during 2003 to any of the Named Executive Officers nor any other executive officers.

Retention Bonuses:

Due to the severe machine tool recession, in October 2001 executive officer salaries were reduced by 10%, and other than one promotional increase, there were no base salary increases thereafter through the end of 2003. No cash bonuses were paid during the years 2001-2003, the Company's significant reduction in dividends from an annual rate of $.56 to $.02 further impacted the executives' total compensation package, and finally, the Company's traditional restricted stock awards were isolated and modest. In light of the prospect of improving business conditions, the Committee did determine in January 2004 to implement an executive retention bonus program to help in alleviating their concerns in the Company's ability to retain its key executives. All of said bonuses are payable semi-annually during the next three years and are subject to forfeiture if the executive is not employed on the respective payment dates.

During 2003 the Compensation Committee had not yet developed a policy in order to qualify any compensation to the five highest-paid executive officers in excess of $1 Million per year for federal tax deductibility pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee intends to balance the interests of the Company in maintaining flexible incentive plans and the manner and extent to which the Company benefits from the compensation package paid to any executive officer against the possible loss of a tax deduction if and when taxable compensation for any of the five highest-paid executive officers exceeds $1 Million per year.

Compensation of Chief Executive Officer:

The compensation of Mr. Ervin was determined in accordance with the compensation principles and plans discussed in this report. In setting the compensation for the Chief Executive Officer, the Committee considers the total level of compensation resulting from both short-term and long-term compensation elements. Taking into account corporate profitability and not personal performance, which the Committee deems excellent, Mr. Ervin's base salary was unchanged for 2003. In accordance with the Committee's emphasis on long-term equity incentives, Mr. Ervin was awarded during 2003, 18,000 shares of restricted Hardinge Inc. Common Stock under the same terms and conditions as awards made to employees generally.

E. Martin Gibson, Chair	Richard J. Cole
J. Philip Hunter	Albert W. Moore

Report of the Incentive Compensation Committee:

Under the 1996 and 2002 Incentive Stock Plans (the "Plans") shares of Common Stock have been set aside for grants to key employees of restricted stock and stock options. Under the Plans, restricted stock grants and stock options can be selected by the Committee for award to key executives with a view to increasing executive ownership of Company stock to encourage their focus on long-term corporate results and to link a substantial portion of executive pay and financial incentive to increases in stockholder value. Individual restricted stock and stock option awards are based upon an executive's responsibilities and role in increasing stockholder value and the Committee's evaluation of individual performance based upon qualitative and quantitative measurements, together with the Company's financial performance. No consideration is given to the number of shares currently directly or indirectly owned. Restrictions on restricted shares awarded lapse upon passage of time as established by the Committee on the date of the award, if said shares are not earlier forfeited. Under these Plans for the year 2003, Messrs. Ervin, Simons, Rich, Danby and Colvin were awarded grants of 18,000, 12,000, 12,000, 5,000 and 7,000, respectively, restricted shares of Common Stock to be earned generally over an eight-year period (except for one grant which vests over a three year period) subject to forfeiture and restrictions on transfer. Total unconditional vesting will occur only upon the completion of eight years of continuous service (as specified at the time of grant) or, if earlier, upon death, retirement after age 55, retirement prior to age 55 for reasons of total and permanent disability or retirement for other medical or health reasons which render an employee unable to perform his duties and responsibilities or termination in other limited circumstances. Partial vesting will occur if the employee is terminated during a period from one to eight years (as specified at the time of grant) for reasons other than gross deviation from duties and responsibilities. All 2003 grants vest five percent for each of the first four years, ten percent for each of years five through seven, and fifty percent in the eighth year, except for one grant vesting equally over a three-year period. The Plans provide that the possibility of forfeiture shall lapse in its entirety and the Company shall deliver to the employee or his personal representative, free of any restrictions, certificates representing the shares of Restricted Stock in the event of a termination of the employee's employment with the Company or a subsidiary within four years following a change of control as defined in the agreements entered into pursuant to the Plans.

E. Martin Gibson, Chair   Richard J. Cole   Albert W. Moore

Compensation Committee Interlocks and Insider Participation:

Messrs. Gibson, Cole, Hunter and Moore served as members of the Compensation Committee during 2003. Mr. Hunter is the Secretary of the Company and a partner with the law firm of Sayles & Evans. Sayles & Evans has acted as regular outside legal counsel to the Company since 1956 and the Company expects to continue to use such services in 2004. During 2003 the Company paid Sayles & Evans $195,395 for legal services. J. Patrick Ervin participates in the deliberations of the Compensation and Incentive Compensation Committees for the purpose of providing evaluations and recommendations with respect to the compensation paid to officers other than himself. However, Mr. Ervin neither participates nor is otherwise involved in the deliberations of the Compensation and Incentive Compensation Committees with respect to his own compensation, and those deliberations are conducted by the Compensation and Incentive Compensation Committees in executive session without Mr. Ervin present.

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EXECUTIVE COMPENSATION

Summary Compensation Table:

The following table sets forth information with respect to compensation paid by the Company for periods during the last three years to the Chief Executive Officer and the four other most highly compensated executive officers as measured by salary and bonus (the "Named Executive Officers").

	Annual Compensation(1)			Long Term Compensation		
Name and Principal Position	**Year**	**Salary**	**Bonus**	**Restricted Stock Awards(2)**	**Securities Underlying Options (#)**	**All Other Compensation(3)**
J. Patrick Ervin	2003	$ 207,000	$ -0-	$ 144,540	-0-	$ -0-
Chairman of the Board,	2002	207,000	-0-	-0-	26,000	1,108
Chief Executive Officer and President	2001	205,667	-0-	-0-	-0-	2,350
Richard L. Simons	2003	$ 144,000	$ -0-	$ 96,360	-0-	-0-
Executive Vice President and	2002	144,000	-0-	-0-	17,000	901
Chief Financial Officer	2001	148,000	-0-	-0-	-0-	1,852
Douglas G. Rich	2003	$ 141,250	$ -0-	$ 100,955	-0-	$ -0-
Vice President General	2002	130,000	-0-	46,600	10,000	-0-
Manager U.S. Machine Division	2001	99,589(4)	-0-	88,740	-0-	-0-
Clive M. Danby	2003	$ 130,000	$ -0-	$ 40,150	-0-	$ -0-
Vice President Engineering	2002	130,000	-0-	-0-	9,000	-0-
	2001	102,201(4)	-0-	88,740	-0-	-0-
Joseph T. Colvin	2003	$ 121,500	$ -0-	$ 56,210	-0-	$ -0-
Vice President General	2002	121,500	-0-	-0-	10,000	762
Manager Workholding Operations	2001	128,833	-0-	11,938	-0-	1,616

(1) Any perquisites or other personal benefits received from the Company by any of the Named Executive Officers were substantially less than the reporting thresholds for "other annual compensation" established by the Securities and Exchange Commission (the lesser of $50,000 or 10% of the individual's cash compensation).

(2) Reflects grants made in each of the respective years. In the year 2001, 100% of the shares granted to Messrs. Ervin and Simons and 75% of the shares granted to Mr. Colvin were forfeited on December 31, 2001 on account of the Company's failure to meet earnings per share targets and other performance criteria upon which said grants were conditioned. The awards shown for Mr. Colvin for the year 2001 reflect those shares not forfeited as of said date. As of December 31, 2003, Messrs. Ervin, Simons, Rich, Danby and Colvin held 56,900, 47,500, 23,000, 11,000 and 30,125, respectively, restricted shares of Common Stock having an aggregate value on that date of $658,333, $549,575, $266,110, $127,270 and $348,546, respectively, based upon the closing price of the Company's Common Stock on NASDAQ on December 31, 2003. The restrictions on these shares lapse on a scheduled time basis, or earlier, upon death and other conditions as provided in restricted stock agreements with said persons. The officers are entitled to vote said shares and to receive any and all dividends paid on the stock. No restricted stock shares will unconditionally vest, in whole or in part, in under three years from the date of the grant. Upon a change in control, all conditions and restrictions on all restricted stock will lapse in their entirety in the event of a termination of the employee's employment with the Company or a subsidiary within four years following a change of control as defined in the agreements entered into pursuant to the Plans.

(3) Represents Company contributions to the Hardinge Inc. Savings Plan for each Named Executive Officer.

(4) Represents salary for only a portion of the year, said executive having been first employed in 2001.

The following table shows information about options exercised in 2003 and options held at the end of 2003 for each of the Named Executive Officers in the Summary Compensation Table.

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

Name	Shares Acquired On Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Year-End		Value of Unexercised In-the-Money Options at Year-End	
			Exercisable	Unexercisable	Exercisable	Unexercisable
J. Patrick Ervin			8,667	17,333	$ 100,277	$ 200,543
Richard L. Simons			5,667	11,333	$ 65,567	$ 131,123
Douglas G. Rich			3,334	6,666	$ 38,574	$ 77,126
Clive M. Danby			3,000	6,000	$ 34,710	$ 69,420
Joseph T. Colvin			3,334	6,666	$ 38,574	$ 77,126

All options shown above, when exercisable, entitle the holder to purchase shares of Hardinge Inc. Common Stock.

Performance Graph:

The graph below compares the five-year cumulative total return for Hardinge Inc. Common Stock with the comparable returns for the NASDAQ National Market Composite Index and a group of six peer issuers selected for their presence in the machine tool industry. Said peer group includes Bridgeport Machines, Inc. (ceased public trading 8/19/99), Genesis Worldwide, Inc. (ceased public trading 3/29/00), Hurco Companies Inc., and Milacron, Inc. Cumulative total return represents the change in stock price and the amount of dividends received during the indicated period, assuming reinvestment of dividends. The graph assumes an investment of $100 on December 31, 1998. The stock performance shown in the graph is included in response to SEC requirements and is not intended to forecast or to be indicative of future performance.

COMPARATIVE FIVE-YEAR TOTAL RETURNS

Hardinge Inc., NASDAQ Composite, Peer Group
(Performance Results from 12/31/98 through 12/31/03)

	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03
Hardinge Inc.	$ 100	$ 74	$ 84	$ 59	$ 51	$ 72
NASDAQ-Composite	$ 100	$ 185	$ 112	$ 89	$ 61	$ 92
Peer Group	$ 100	$ 91	$ 97	$ 96	$ 37	$ 30

Pension Plan:

The Company maintains a non-contributory defined benefit Pension Plan for all employees. Normal retirement is at age 65; however, retirement before age 65 can be selected under certain conditions. Annual pensions are computed on the basis of adjusted career average compensation, excluding bonuses. The adjusted career average compensation formula is the sum of (a) for service prior to December 1, 1993, 1.25% of the annual compensation rate as of December 1, 1993, times the number of years of service prior to December 1, 1993, plus (b) 1.5% of the annual compensation on or after December 1, 1993. Pension amounts are not subject to reductions for Social Security benefits or offset amounts but are subject to federal law limitations on pensions payable under tax qualified plans.

If the Named Executive Officers remain continuously employed at current compensation levels until retirement at the normal retirement age of 65, the estimated annual pension amounts payable under the Pension Plan for Messrs. Ervin, Simons, Rich, Danby and Colvin would be $93,245, $64,048, $42,645, $43,621 and $24,151, respectively. Pensions described are straight-life annuity amounts not reduced by joint and survivorship provisions which are available to all retirees through reductions in pensions otherwise payable.

Employment Agreements:

The Company has entered into written employment contracts with Messrs. Ervin, Simons, Rich, Danby and Colvin (the "officers"). The term of each employment agreement is two years, with automatic, successive one-year extensions unless either party provides the other with 60 days' prior notice of termination. In the case of a change of control (as such term is defined in the employment agreements), the term of each officer's employment agreement will be automatically extended for a period of two years following the date of the change of control. Officers' bonuses shall be determined in accordance with an annual bonus policy.

If an officer is terminated without cause, or resigns for good reason (as such term is defined in the employment agreements), such officer will be entitled to continued payment of his base salary for the greater of six months or the remainder of the current term. If an officer is terminated without cause or resigns for good reason (as such term is defined in the employment agreements) on or after a change of control, or resigns for any reason at any time six months or more following a change of control, such officer will be entitled (i) to receive a lump sum cash payment equal to one and one-half times the sum of his base salary in effect immediately prior to his termination or resignation (or as in effect immediately prior to the change of control, if higher) and his average annual bonus for the three years preceding the change of control, and (ii) to participate, at the Company's expense, in the Company's welfare benefit plans for a period of three years following his resignation or termination. Such lump sum cash payments shall be subject to reduction to the extent necessary to prevent any amounts or benefits due from being deemed "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code.

INDEPENDENCE AND COMPENSATION OF DIRECTORS AND COMMITTEE FUNCTIONS AND MEETINGS

Board of Directors:

The Board of Directors has determined that Messrs. Burke, Greenlee, Moore, Perrotti, Quain, and Seymour are "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, the listing standards of the NASDAQ Stock Market ("NASDAQ"), and other applicable laws (without reliance on any exemptions provided therein) and that none of said persons have any relationship with the Company that would impair their independence as so defined.

All members of the Board attended at least 75% of the aggregate number of Board meetings and meetings of committees of which they are members held during 2003. It is the policy of the Company that all Board members and Board nominees attend the Annual Meeting unless unavoidable circumstances, business or personal, arise. All Board members and 2003 nominees attended the 2003 Annual Meeting.

During 2003, the members of the Board who are not full-time employees of the Company were paid a quarterly fee of $500 and were paid $700 for each Board and Committee meeting attended. In addition, each director received 1,290 shares of Common Stock, or the fair market value cash equivalent thereof if elected by the director, and pursuant to the Company's 2002 Incentive Stock Plan, an option to purchase 750 shares of Common Stock effective on the date of the Company's Annual Meeting at its then fair market value. There is a Deferred Directors Fee Plan that allows a director at his election to defer receiving up to 100% of his fees payable in cash until the later of separation or age 70.

The Board of Directors held five scheduled meetings during the year ended December 31, 2003. The Board acted by unanimous written consent two times during 2003. The Board has standing Audit, Nominating and Governance, Compensation, Incentive Compensation and Investment Committees.

Audit Committee:

The Chair of the Audit Committee is Mr. Cole. Other members are Messrs. Burke and Perrotti. Mr. Moore was a member of the Committee for a three month period during the year. All members have been determined to be independent under all applicable laws. Mr. Perrotti has been designated by the Board of Directors as the Audit Committee's "financial expert" in accordance with applicable law, the Committee having determined that Mr. Perrotti meets all required qualifications therefor as that term is defined in Item 401(h) of Regulation S-K and "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934 and NASDAQ Listing Standards. The functions of the Audit Committee are to recommend engagement of independent accountants, review the arrangement and scope of the audit, review the activities and consider any comments made by the independent auditors with respect to any weaknesses in internal controls and consideration given, or the corrective action taken, by management, and to perform all other functions, duties and responsibilities as described in the Hardinge, Inc. Audit Committee Charter. A copy of the Audit Committee Charter is available at the Company's website (*www.hardinge.com*) under the heading "Investor Relations." During the year 2003, there were eight Audit Committee meetings.

Nominating and Governance Committee:

The Chair of the Nominating and Governance Committee is Mr. Gibson. Other members during 2003 were Messrs. Hunter and Moore. The Committee held three meetings during 2003. The Charter for the Nominating and Governance Committee of the Board of Directors was adopted by the Board at its February 17, 2004 meeting. A copy of the Nominating and Governance Committee Charter is available at the Company's website (*www.hardinge.com*) under the heading "Investor Relations." The Nominating and Governance Committee is expected to identify, evaluate and recommend nominees for the Board of Directors for purposes of each annual meeting of stockholders and evaluate the composition and organization of the Board of Directors and its committees.

It is the policy of the Nominating and Governance Committee to consider both recommendations and nominations for candidates to the Board of Directors from stockholders. Stockholder recommendations for candidates to the Board of Directors must be directed in writing to the Chairman of the Board, Hardinge Inc., One Hardinge Drive, Elmira, NY 14902, and must include: the candidate's name, age, business address and residence address, the candidate's principal occupation or employment, the number of shares of the Company which are beneficially owned by such candidate, a description of all arrangements or understandings between the stockholder making such nomination and each candidate and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, detailed biographical data and qualifications and information regarding any relationships between the candidate and the Company within the last three years, and any other information relating to such nominee that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. A stockholder's recommendation to the Chairman of the Board must also set forth: the name and address, as they appear on the Company's books, of the stockholder making such recommendation, the class and number of shares of the Company which are beneficially owned by the

stockholder and the date such shares were acquired by the stockholder, any material interest of the stockholder in such nomination, any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, in his capacity as a proponent to a stockholder proposal, and a statement from the recommending stockholder in support of the candidate, references for the candidate, and an indication of the candidate's willingness to serve, if elected.

The Hardinge Inc. by-laws establish an advance notice procedure with regard to certain matters, including stockholder proposals and director nominations, which are properly brought before an annual meeting of stockholders. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the Company's principal executive offices not less than 120 calendar days prior to the date proxy statements were mailed to stockholders in connection with the previous year's annual meeting of stockholders. In the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder, to be timely, must be so received a reasonable time before the solicitation is made.

Except as may be required by rules promulgated by NASDAQ, the SEC, or other applicable law, there are currently no specific, minimum qualifications that must be met by each candidate for the Board of Directors, nor are there specific qualities or skills that are necessary for one or more of the members of the Board of Directors to possess. During 2003, the Committee rejected no candidate recommended by a beneficial owner of more than 5% of the Company's stock.

In identifying and evaluating the individuals that it recommends that the Board of Directors select as director nominees, the Nominating and Governance Committee utilizes the following process:

- The Committee reviews the qualifications of any candidates who have been properly recommended or nominated by the stockholders, as well as those candidates who have been identified by management, individual members of the Board of Directors or, if the Committee determines, a search firm. During 2003, no third party fee was paid to assist in identifying or evaluating nominees.

- The Committee evaluates the performance and qualifications of individual members of the Board of Directors eligible for re-election at the annual meeting of stockholders.

- The Committee considers the suitability of each candidate, including the current members of the Board of Directors, in light of the current size and composition of the Board of Directors. In evaluating the suitability of the candidates, the Committee considers many factors, including, among other things, issues of character, judgment, independence, age, expertise, diversity of experience, length of service, other commitments and the like. The Committee evaluates such factors, among others, and considers each individual candidate in the context of the current perceived needs of the Board of Directors as a whole.

- After such review and consideration, the Committee recommends that the Board of Directors select the slate of director nominees, either at a meeting of the Committee at which a quorum is present or by unanimous written consent of the Committee.

The Committee will endeavor to notify, or cause to be notified, all director candidates of its decision as to whether to nominate such individual for election to the Board of Directors.

As of the date of this proxy statement, the members of the Nominating and Governance Committee are all "independent directors" as defined in Rule 4200(a)(15) of the Marketplace Rules of the NASDAQ Stock Market.

Compensation Committees:

The Chair of the Compensation and Incentive Compensation Committees is Mr. Gibson. Other members of the Compensation Committee during 2003 included Messrs. Cole, Hunter and Moore and the Incentive Compensation Committee has two other members, Mr. Cole and Mr. Moore. The Compensation

Committee reviews and recommends to the Board bonuses paid to employees, and salaries and bonuses of all officers. The Incentive Compensation Committee also administers the Company's 1996 and 2002 Incentive Stock Plans and grants stock options and restricted stock awards thereunder. There were three meetings of the Compensation Committee and three meetings of the Incentive Compensation Committee during 2003 and each Committee acted by unanimous consent one time. A copy of the Compensation Committee Charter is available at the Company's website (*www.hardinge.com*) under the heading "Investor Relations."

As of the date of this proxy statement, the members of the Compensation Committee are all "independent directors" as defined in Rule 4200(a)(15) of the Marketplace Rules of the NASDAQ Stock Market.

Investment Committee:

The Chair of the Investment Committee is Mr. Greenlee. Other members include Messrs. Burke, Cole, Hunter, Perrotti and Simons. The Committee reviews the investments and performance of the Trustees of the Pension and Savings Plans, fixes desirable goals and consults with the Trustees thereon. There were five meetings of the Committee during 2003.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The Audit Committee of the Board of Directors of Hardinge Inc. is comprised of directors who are all "financially literate" and "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, the listing standards of the NASDAQ Stock Market ("NASDAQ"), and other applicable laws (without reliance on any exemptions provided therein) and that none of said persons have any relationship with the Company that would impair their independence as so defined. The Audit Committee operates under a written charter adopted by the Committee and the Board of Directors, which was reviewed and revised in February 2004 and which is attached to this proxy statement as Appendix A.

The Audit Committee met with management periodically during the year to consider the adequacy of the Company's internal controls and the objectivity of its financial reporting. The Audit Committee discussed these matters with the Company's independent auditors and with appropriate Company financial personnel. The Audit Committee also discussed with the Company's senior management and independent auditors the process used for certifications by the Company's chief executive officer and chief financial officer which are required for certain of the Company's filings with the Securities and Exchange Commission.

The Audit Committee met privately at its regular meetings with both the independent auditors and the Company's chief executive officer and chief financial officer, each of whom has unrestricted access to the Audit Committee.

The Audit Committee appointed Ernst & Young LLP as the independent auditors for the Company after reviewing the firm's performance and independence from management and approved all of Ernst & Young's fees in accordance with the terms of the Committee's Charter, all of which fees are detailed in the discussion of Proposal No. 2 herein.

Management has primary responsibility for the Company's financial statements and the overall reporting process, including the Company's system of internal controls.

The independent auditors audited the annual financial statements prepared by management, expressed an opinion as to whether those financial statements fairly present the financial position, results of operations and cash flows of the Company in conformity with generally accepted accounting principles and discussed with the Audit Committee any issues they believe should be raised with the Audit Committee.

The Audit Committee reviewed with management and Ernst & Young LLP the Company's audited financial statements and met separately with both management and Ernst & Young LLP to discuss and review those financial statements and reports prior to issuance. Management has represented, and Ernst & Young LLP has confirmed to the Audit Committee, that the financial statements were prepared in accordance with generally accepted accounting principles.

The Audit Committee received from and discussed with Ernst & Young LLP the written disclosure and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). These items relate to that firm's independence from the Company. The Audit Committee also discussed with Ernst & Young LLP matters required to be discussed by the Statement on Auditing Standards No. 61 (Communication with Audit Committees) of the Auditing Standards Board of the American Institute of Certified Public Accountants to the extent applicable. The Audit Committee implemented a procedure to monitor auditor independence, reviewed audit and non-audit services performed by Ernst & Young LLP and discussed with the auditors their independence.

In reliance on these reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

Richard J. Cole, Chair
Daniel J. Burke
John J. Perrotti

PROPOSAL NO. 2:

PROPOSAL TO RATIFY THE APPOINTMENT OF INDEPENDENT AUDITORS

The Board of Directors is seeking stockholder ratification of the appointment of Ernst & Young LLP as its independent auditors for 2004.

The Audit Committee of the Board of Directors has reviewed and evaluated all criteria it considered relevant in assessing the performance of Ernst & Young LLP, such as the quality of its audit work, its knowledge of the industry and the Company's affairs, the availability of its professional advice on a timely basis and the reasonableness of its fees. Based upon such review and evaluation, the engagement of Ernst & Young LLP as independent auditors has been approved by the Board of Directors upon the recommendation of the Audit Committee. If stockholders do not ratify the appointment of Ernst & Young LLP, the appointment of independent auditors will be reconsidered by the Audit Committee and the Board of Directors. Even if the appointment is ratified, the Audit Committee in its discretion may nevertheless recommend to the Board of Directors another firm of independent auditors at any time during the year if the Audit Committee determines such a change would be in the best interests of the stockholders and the Company.

The following table summarizes fees billed to the Company by Ernst & Young LLP during 2003 and 2002:

	Worldwide Fees ($ in thousands)	
Service	**2003**	**2002**
Audit Fees		
Consolidated Annual Audit	$ 196	$ 193

	Worldwide Fees ($ in thousands)	
Statutory Audits	122	112
SEC Quarterly Filings	43	22
Accounting Research & Consultation	7	11
Total	$ 368	$ 338
Audit-Related Fees		
Employee Benefit Plan Audits	$ 38	$ 34
Sarbanes-Oxley Planning	12	-0-
Other	18	21
Total	$ 68	$ 55
Tax Fees		
International Subsidiaries, Tax Return Preparation & Consultation	$ 47	$ 16
Federal, State, Local Tax Services and Filings for Pension & Employee Benefits	107	168
Total	$ 154	$ 184
Other Fees	$ -0-	$ -0-
Total	$ 590	$ 577

Since the May 6, 2003 effective date of the Securities and Exchange Commission rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each new engagement of Ernst & Young LLP was pre-approved by the Audit Committee, and none of those engagements made use of the *de minimus* exception to pre-approval contained in the Commission's rules. All subsequent adjustments to pre-approved fees were also approved by the Audit Committee. The Audit Committee has adopted a policy for pre-approval of audit and permitted non-audit services by Hardinge's independent auditor which is incorporated in the Committee's Charter, a copy of which is attached to this Proxy Statement as Appendix A.

In making its recommendation to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2004, the Audit Committee has considered whether services other than audit and audit-related provided by Ernst & Young LLP are compatible with maintaining the independence of Ernst & Young LLP.

Ernst & Young LLP has audited the Company's financial statements annually since 1984. A representative of Ernst & Young LLP is expected to attend the Annual Meeting, and will have the opportunity to make a statement if such representative desires to do so and will be able to respond to appropriate questions from stockholders.

Vote Required

The affirmative vote of a majority of the votes cast at the Annual Meeting is required for ratification of the appointment of Ernst & Young LLP.

YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP

STOCKHOLDER PROPOSALS

Any stockholder proposal, including director nominations, intended to be presented at the 2005 Annual Meeting and included in the Company's Proxy Statement and Proxy relating to that meeting must be received by the Company at One Hardinge Drive, Elmira, NY 14902, Attention: The Secretary, not later than December 1, 2004. Such proposals also will need to comply with Securities and Exchange Commission regulations regarding the inclusion of stockholder proposals in Company-sponsored proxy materials.

DIRECTOR COMMUNICATIONS

Stockholders may communicate with directors by contacting the Chairman of the Board or Chief Financial Officer at (607) 734-2281 or in writing at our headquarters. With no screening, the Chairman of the Board or Chief Financial Officer will relay the question or message to the specific director identified by the stockholder or, if no specific director is requested, to a director selected by the Chairman of the Board or Chief Financial Officer. During 2003 there was no material action taken by the Board as a result of a non-director stockholder communication.

OTHER MATTERS

The Board of Directors knows of no business other than that set forth above to be transacted at the meeting, but if other matters requiring a vote of the stockholders arise, the persons designated as proxies will vote the shares of Common Stock represented by the proxies in accordance with their judgment on such matters. The cost of soliciting proxies will be borne by the Company. In addition to solicitations by mail, some of the directors, officers and regular employees of the Company may conduct additional solicitations by telephone and personal interviews without remuneration. The Company may also request nominees, brokerage houses, custodians and fiduciaries to forward soliciting material to beneficial owners of stock held of record and will reimburse such persons for any reasonable expense.

The Company has purchased insurance from National Union providing for reimbursement of directors and officers of the Company and its subsidiary companies for costs and expenses incurred by them in actions brought against them in connection with their actions as directors or officers, including actions as fiduciaries under the Employee Retirement Income Security Act of 1974. The insurance coverage, which expired on January 27, 2004, and which was renewed for another year, costs $200,000 on an annual basis, which was paid by the Company.

Financial statements for the Company and its consolidated subsidiaries are included in Hardinge Inc.'s Annual Report to stockholders for the year 2003 which was mailed to the stockholders on or about April 1, 2004.

A COPY OF HARDINGE INC.'S 2003 ANNUAL REPORT ON FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS AVAILABLE WITHOUT CHARGE TO THOSE STOCKHOLDERS WHO WOULD LIKE MORE DETAILED INFORMATION CONCERNING HARDINGE. TO OBTAIN A COPY, PLEASE WRITE TO: RICHARD L. SIMONS, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER, HARDINGE INC., ONE HARDINGE DRIVE, ELMIRA, NY 14902. THE 10K IS ALSO AVAILABLE ON THE COMPANY'S WEBSITE (www.hardinge.com)

BY ORDER OF THE BOARD OF DIRECTORS,

J PHILIP HUNTER
Secretary

Dated: March 31, 2004

APPENDIX A

AUDIT COMMITTEE CHARTER
(As Adopted February 17, 2004)

I. MEMBERSHIP

A. The Audit Committee (the "Committee") of the Board of Directors (the "Board") shall consist of at least three directors whose qualifications include financial literacy and independence as determined under the Sarbanes-Oxley Act (the "Act"), the applicable rules of the Securities and Exchange Commission ("SEC") and as defined by the listing standards of the National Association of Securities Dealers ("NASDAQ"). At least one member of the Committee must be an "audit committee financial expert" and have "accounting or related financial management expertise" under the requirements of the Act and the applicable rules of NASDAQ and SEC. Members of the Committee and Committee Chair shall be elected by the Board annually and shall serve until their successors are duly elected and qualified. No member of the Committee may serve on the audit committee of more than two public companies, including the Company.

B. No member of the Committee shall receive compensation other than director's fees for service as a director of the Company, including reasonable compensation for serving on the Committee and regular benefits that other directors receive.

II. PURPOSE

A. The Committee serves as the representative of the Board for the general oversight of Company affairs relating to:

1. The quality and integrity of the Company's financial statements,

2. The Company's compliance with legal and regulatory requirements,

3. The independent auditor's qualifications and independence, and

4. The performance of the Company's internal audit function and independent auditors.

B. Through its activities, the Committee facilitates open communication among directors, independent auditors, the internal auditor and management by meeting in private session regularly with these parties. All references in this Charter to the internal audit function and internal auditor shall apply only if the Company establishes an internal audit function.

III. MEETINGS AND PROCEDURES

A. The Committee shall convene at least four times each year.

B. It shall endeavor to determine that auditing procedures and controls are adequate to safeguard Company assets and to assess compliance with Company policies and legal requirements.

C. The Committee shall be given full access to the Company's internal auditors, Board Chairman, Company executives and independent auditors. When any audit has been prepared by a registered public accounting firm for the Company, the Committee shall timely receive a report from such firm on (1) all critical accounting policies and practices; (2) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the issuer, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered public accounting firm; and (3) other material written communications between the registered public accounting firm and company management, such as any management letter or schedule of unadjusted differences.

IV. RESPONSIBILITIES

A. The Committee shall:

1) Have the sole authority to appoint, retain, compensate, oversee, evaluate and, where appropriate, replace the independent auditor.

2) Annually review and approve the proposed scope of each fiscal year's internal and outside audit at the beginning of each new fiscal year.

3) Inform each registered public accounting firm performing audit, review or attest work for the Company that such firm shall report directly to the Committee.

4) Directly oversee the work of any registered public accounting firm employed by the Company, including the resolution of any disagreement between management and the auditor regarding financial reporting, for the purpose of preparing or issuing an audit opinion or related work.

5) Review and approve in advance any audit and non-audit services and fees to be provided by the Company's independent auditor, other than "prohibited non-auditing services" as specified in the Act and the applicable rules of the SEC. The Committee has the sole authority to make these approvals, although such approval may be delegated to any committee member so long as the approval is presented to the full Committee at its next scheduled meeting. The Committee's pre-approval policy is attached hereto as Attachment A.

6) At, or shortly after the end of each fiscal year, review with the independent auditor, the internal auditor and Company management, the audited financial statements and related opinion and costs of the audit of that year.

7) Annually obtain and review a report by the independent auditor describing: the audit firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and, to assess the auditor's independence, all relationships between the independent auditor and the Company.

8) Review all related party transactions for potential conflict of interest situations on an ongoing basis, with all such transactions being subject to approval by the Committee to the extent required by NASDAQ. For purposes of this paragraph, "related party transactions" refers to transactions that would be required to be disclosed by the Company pursuant to Item 404 of Regulation S-K. Item 404(a) of Regulation S-K generally requires, among other things, companies to disclose transactions, currently proposed transactions, or series of similar transactions to which a company or any of its subsidiaries was or is a party, in which the amount involved exceeds $60,000 and in which any of the following persons had, or will have, a direct or indirect material interest: (a) any director or executive officer of such company; (b) any nominee for election as a director; (c) any security holder who is known to such company to own of record or beneficially more than five percent of the Company's voting securities; or (d) any member of the immediate family of any of the foregoing persons. (A person's immediate family shall include such person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, and brothers and sisters-in-law.)

9) Review management's assessment of the effectiveness of internal control over financial reporting as of the end of the most recent fiscal year and the independent auditors' report on management's assessment.

10) Provide any recommendations, certifications and reports that may be required by NASDAQ or the SEC including the report of the Committee that must be included in the Company's annual proxy statement.

11) Review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, together with all required 10-K and 10-Q SEC filings.

12) Discuss with management the type of presentation and type of information to be included in the Company's earnings press releases and the financial information and earnings guidance provided to analysts and rating agencies.

13) Establish and oversee procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (b) the confidential anonymous submission by employees

of the Company of concerns regarding questionable accounting or auditing matters.

14) Have the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties. The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board of Directors, for payment of compensation to any advisers employed by the Committee and to the independent auditor employed by the Company for the purpose of rendering or issuing an audit report or performing other audit, review or attest services and ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

15) Ensure the rotation of the audit partners of the Company's independent auditor as defined in and as required by the Act and the rules of the SEC.

16) Confirm with any independent auditor retained to provide audit services for any fiscal year that the lead (or coordinating) audit partner (having primary responsibility for the audit), or the audit partner responsible for reviewing the audit, has not performed audit services for the Company in each of the five previous fiscal years of the Company, other significant audit partners have not performed audit services for the Company in each of the seven previous fiscal years, and that the firm meets all legal and professional requirements for independence.

17) Discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management.

18) Meet separately, periodically, with management, with internal auditors and with the independent auditor.

19) In consultation with the independent auditor, management and the internal auditors, review the integrity of the Company's financial reporting process, including review of the Company's compliance systems with respect to legal and regulatory requirements.

20) Review periodically major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

21) Review with the independent auditor (a) any audit problems or other difficulties encountered by the auditor in the course of the audit process, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management and (b) management's responses to such matters.

22) Review and discuss with the independent auditor the responsibility, budget and staffing of the Company's internal audit function.

23) Set clear hiring policies for employees or former employees of the independent auditor in accordance with the standards set forth in the Act and the rules of the SEC.

24) Report regularly to the Board of Directors. Such report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report. The Committee shall maintain minutes of its meetings, copies of which shall be distributed to all Board members.

25) Oversee and review the Company's controls regarding information technology and management information systems.

26) If necessary, institute special investigations with full access to all books, records, facilities and personnel of the Company.

27) Perform a review and evaluation, at least annually, of the performance of the Committee. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this

Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.

Attachment A

I. STATEMENT OF PRINCIPLES

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services does not impair the auditor's independence. Unless a type of service to be provided by the independent auditor has received general pre-approval, it will require specific pre-approval by the Audit Committee. The term of any pre-approval is 12 months from the date of pre-approval, unless the Audit Committee specifically provides for a different period.

II. DELEGATION

The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated shall report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

III. AUDIT SERVICES

The annual Audit Services engagement terms and fees will be subject to the specific pre-approval of the Audit Committee. The Audit Committee will approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant pre-approval for other Audit services, which are those services that only the independent auditor reasonably can provide. All other Audit services must be separately pre-approved by the Audit Committee.

IV. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor. All Audit-related services must be separately pre-approved by the Audit Committee.

V. TAX SERVICES

The Audit Committee believes that the independent auditor can provide Tax services to the Company such as tax compliance, tax planning and tax advice without impairing the auditor's independence. However, the Audit Committee will not permit the retention of the independent auditor in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. All Tax services must be separately pre-approved by the Audit Committee.

VI. ALL OTHER SERVICES

The Audit Committee may grant pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, and would not impair the independence of the auditor. Permissible All Other services must be separately pre-approved by the Audit Committee.

A list of the SEC's prohibited non-audit services is attached to this policy as Exhibit 1. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

VII. PRE-APPROVAL FEE LEVELS

Pre-approval fee levels for all services to be provided by the independent auditor will be established periodically by the Audit Committee. Any proposed services exceeding these levels will require specific pre-approval by the Audit Committee.

VIII. SUPPORTING DOCUMENTATION

With respect to each proposed pre-approved service, the independent auditor will provide detailed back-up documentation, which will be provided to the Audit Committee, regarding the specific services to be provided.

IX. PROCEDURES

Requests or applications to provide services that require separate approval by the Audit Committee will be submitted to the Audit Committee by both the independent auditor and the Chief Financial Officer and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

EXHIBIT 1

Prohibited Non-Audit Services

Bookkeeping or other services related to the accounting records or financial statements of the audit client

Financial information systems design and implementation

Appraisal or valuation services, fairness opinions or contribution-in-kind reports

Actuarial services

Internal audit outsourcing services

Management functions

Human resources

Broker-dealer, investment adviser or investment banking services

Legal services

Expert services unrelated to the audit

O Mark this box with an X if you have made changes to your name or address details above.

Annual Meeting Proxy Card

A Election of Directors

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

Class I Directors:

	For	Withold
01 - J. Patrick Ervin	O	O
02 - Mitchell I. Quain	O	O
03 - Kyle H. Seymour	O	O

Class III Director:

	For	Withhold
04 - John J. Perrotti	O	O

B Issues

The Board of Directors recommends a vote FOR the following proposal.

		For	Against	Abstain
2.	Proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 2004.	O	O	O

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign your name(s) EXACTLY as your name(s) appear(s) on this proxy. All joint holders must sign. When signing as attorney, trustee, executor, administrator, guardian or corporate officer, please provide your FULL title.

Signature 1 - Please keep signature within the box

Signature 2 - Please keep signature within the box

Date (mm/dd/yyyy)

/ /

Proxy - Hardinge Inc.

Proxy Solicited by Board of Directors of Hardinge Inc. for the Annual Meeting May 4, 2004

The undersigned hereby constitutes and appoints J. Patrick Ervin, Albert W. Moore and John J. Perrotti, and each of them, his or her true and lawful agents and proxies with full power of substitution in each, to represent the undersigned at the Annual Meeting of Stockholders of Hardinge Inc. (the "Company") to be held at the Company's corporate headquarters, One Hardinge Drive, Elmira, New York, on Tuesday, May 4, 2004 at 9:00 a.m., local time, and at any adjournments or postponements thereof, with all powers the undersigned would possess, if then and there personally present, on all matters properly coming before said Annual Meeting, including but not limited to the matters set forth on the reverse side.

You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations. Your proxy cannot be voted unless you sign, date and return this card.

This proxy when properly executed will be voted in the manner directed herein and will be voted in the discretion of the proxies upon such matters as may properly come before the Annual Meeting. If no direction is made, this proxy will be voted **FOR** proposal 1 and 2.

PLEASE DATE, SIGN, AND MAIL THIS PROXY TODAY IN THE ENCLOSED ENVELOPE. IF NO BOXES ARE MARKED, THIS PROXY WILL BE VOTED IN THE MANNER DESCRIBED ABOVE.

O Mark this box with an X if you have made changes to your name or address details above.

Annual Meeting Proxy Card

A Election of Directors

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

Class I Directors:	For	Withold
01 - J. Patrick Ervin	O	O
02 - Mitchell I. Quain	O	O
03 - Kyle H. Seymour	O	O

Class III Director:	For	Withhold
04 - John J. Perrotti	O	O

B Issues

The Board of Directors recommends a vote FOR the following proposal.

	For	Against	Abstain
2. Proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for 2004.	O	O	O

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign your name(s) EXACTLY as your name(s) appear(s) on this proxy. All joint holders must sign. When signing as attorney, trustee, executor, administrator, guardian or corporate officer, please provide your FULL title.

Signature 1 - Please keep signature within the box	Signature 2 - Please keep signature within the box	Date (mm/dd/yyyy)
		/ /

Proxy - Hardinge Inc.

Proxy Solicited by Board of Directors of Hardinge Inc. for the Annual Meeting
May 4, 2004
Hardinge Inc. Savings Plan

The undersigned hereby constitutes and appoints State Street Bank and Trust Company, as Trustee under the Hardinge Inc. Savings Plan, his or her true and lawful agents and proxies with full power of substitution for all shares of Common Stock the undersigned has the power to direct the vote under said Plan, to represent the undersigned at the Annual Meeting of Stockholders of Hardinge Inc. (the "Company") to be held at the Company's corporate headquarters, One Hardinge Drive, Elmira, New York, on Tuesday, May 4, 2004 at 9:00 a.m., local time, and at any adjournments or postponements thereof, with all powers the undersigned would possess, if then and there personally present, on all matters properly coming before said Annual Meeting including but not limited to the matters set forth on the reverse side.

The undersigned hereby directs State Street Bank and Trust Company as Trustee of the Plan to vote all shares of Common Stock in the undersigned's accounts under said Plan in accordance with the instructions given herein. Pursuant to the terms of the Plan, the Trustee of the Plan will vote all shares of Common Stock held in the undersigned's name for which voting instructions have not been received prior to April 30, 2004 in the same proportion as those respective Plan shares for which it has received instructions.

You are encouraged to specify your choices by marking the appropriate boxes, but you need not mark any boxes if you wish to vote in accordance with the Board of Directors' recommendations.

This proxy when properly executed will be voted in the manner directed herein and will be voted in the discretion of the Plan Trustee upon such other matters as may properly come before the Annual Meeting. If no direction is made, this proxy will be voted **FOR** proposal 1 and 2.

PLEASE DATE, SIGN, AND MAIL THIS PROXY TODAY IN THE ENCLOSED ENVELOPE. IF NO BOXES ARE MARKED, THIS PROXY WILL BE VOTED IN THE MANNER DESCRIBED ABOVE.

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