HARDINGE INC.

PROXY STATEMENT and
2009 ANNUAL REPORT to STOCKHOLDERS

March 31, 2010

To Our Shareholders, Employees, Customers and Partners:

While the continuing global economic recession made 2009 very challenging for Hardinge—and for just about every other industrial company—we believe we made substantial progress over the year positioning the Company for significantly improved performance as the economy and the machine tool industry recover.

Our Strategic Repositioning

Most important, throughout 2009, our people worked hard to transform the Company to operate under a more variable cost business model while still ensuring that we can design and manufacture some of the world's best machine tools and accessories. We took decisive actions to increase cash flow, permanently reduce costs, more efficiently manage inventory, simplify worldwide sourcing and supply chain operations, and significantly strengthen our balance sheet.

While our financial results in 2009 were clearly not what we would have hoped, the steps we have taken have already had a meaningful impact on the Company. For example, fourth quarter orders of $50.9 million were up 9% compared with the prior year quarter, the first increase in total orders, on a comparative quarter basis, since the third quarter of 2008. Additionally, cash, net of current debt increased to $22.7 million from $16.4 million in the third quarter alone, and for the full year, inventories decreased by $47.7 million. We were also able to reduce our debt by $23.1 million during the full year.

As we entered 2009, we were already evaluating our business processes and identifying changes that would improve our competitive position. This review considered our strengths in the markets we serve, as well as the range of products we offer. We performed a detailed analysis of our cost structure, and reviewed our process for designing and building products. We also looked closely at our product distribution channels, as well as how we provide after-sale support.

Specific opportunities that were identified included refining our product mix and geographic focus, eliminating and consolidating sales offices in Europe, and outsourcing non-critical parts manufacturing from our Elmira, NY, facility. These initiatives reduced our worldwide working capital requirements, eliminated $20.0 million in fixed costs in our European operations, and reduced our fixed costs of manufacturing in the U.S. by $10.0 million. In our U.S.-based machine division, which has struggled to operate in the black for several years, we reduced overall employment in our manufacturing operations by nearly two-thirds to better align our cost structure with current demand.

Late in the year we announced a new strategic alliance with three premier distributors: Gosiger, Inc., Hartwig, Inc., and Morris Group, Inc. This strong new group of partners will have exclusive sales and support responsibilities for Hardinge machine products in most of the United States. Each distributor has at least a 50-year track record of superior performance led by teams of highly trained sales, service and applications people. Combined, they have a workforce of more than 700 employees and 2008 sales in excess of $600 million. We are confident that partnering with these companies provides Hardinge with the best opportunity to grow U.S. market share. This new U.S. distribution strategy, along with a resized and refocused distribution organization in Europe and a strong, experienced and energetic distribution organization in China—where over 50% of our machine orders were derived in 2009—will underpin our growth as customers start buying again.

A Strong Competitive Position

Hardinge's machines and accessories—sold under the Hardinge brand, as well as under other well respected brands such as Kellenberger, Bridgeport, Hauser and Tschudin—are recognized as the highest precision, longest lasting and most reliable machine tools in the world. With a global manufacturing, engineering and customer support footprint covering Asia, Europe and North America, we possess the breadth, strength and flexibility to respond to opportunities anywhere in the world.

We are building on our strong competitive position by leveraging our engineering and manufacturing resources in the U.S., Switzerland, Taiwan, China and the UK to continue designing and building "best-in-class" products. Our engineering resources continue to develop market-leading machining technology for the future, and we are working closely with our new U.S. distributors to broaden our customer base and market share. In February, we announced our intention to further invest in the manufacturing capabilities of our Swiss subsidiary, Kellenberger. We have committed to a CHF 9.0 million ($8.7 million) capital investment for a new manufacturing facility, which will include upgrades to our existing parts manufacturing capability. This significant capital improvement will increase Kellenberger's manufacturing capacity and efficiency, and is expected to be completed in late 2011.

Additionally, we are investigating ways to increase manufacturing capacity in our plants in Taiwan and China to further strengthen the Company's already efficient and flexible Asian manufacturing base. Economists predict that by the year 2012 over 55% of the world's machine tools will be purchased in Asia. We are fortunate to have established our manufacturing presence there in the late 1990's using proven U.S. processes to produce consistent quality. From this strong base, we are currently working to bring the quality and precision levels of our products there to an even higher standard. We will be adding more turning, milling and grinding products to the portfolio of products manufactured in Asia. We are also continuing to expand our sales and support organizations in China. In sum, we are well positioned to take advantage of the enormous growth potential of the Asian markets.

The Year Ahead

Economists and analysts who follow our industry are predicting a difficult 2010, followed by 25 to 30 percent year-on-year improvements in 2011 and into the future. This kind of recovery would be consistent with past machine tool industry recoveries from less severe recessions. Historically, Hardinge has participated in those market recoveries, and we have found ways, through new product development, acquisitions and partnerships, to exhibit top line growth equal to or greater than the overall market.

We are well positioned—both strategically and financially—to navigate through this year's continuing challenges, to take advantage of opportunities where we see them, and to be ready for a better 2011 and beyond. As the recovery takes hold and over the next decade, we expect to deliver strong revenue growth consistent with our historical participation in earlier recoveries, driven by an improved business model that also generates better returns and requires lower levels of working capital investment.

Hardinge's pursuit of operating excellence depends on the dedication and hard work of our employees. We are fortunate and grateful to have a workforce of talented, committed people who have shown that they can adapt constructively to changing circumstances and to think globally in everything they do, and we thank them for that. To our shareholders, on behalf of our board, management and all of Hardinge's employees, thank you for your continued support.

Sincerely,

Richard Simons
President and Chief Executive Officer