

For Immediate Release: October 17, 2008

HAMMOND POWER SOLUTIONS INC.

Profits Surge 45%

Three months ended:

(dollars in thousands)

	<u>September 27, 2008</u>	<u>September 29, 2007</u>	<u>Change</u>
Sales	\$ 57,940	\$ 40,995	\$ 16,945
Earnings from Operations	\$ 6,567	\$ 4,108	\$ 2,459
Net Earnings	\$ 4,335	\$ 2,983	\$ 1,352
Earnings per Share			
Basic	\$ 0.37	\$ 0.26	\$ 0.11
Diluted	\$ 0.37	\$ 0.26	\$ 0.11

Nine months ended:

(dollars in thousands)

	<u>September 27, 2008</u>	<u>September 29, 2007</u>	<u>Change</u>
Sales	\$ 161,232	\$ 122,399	\$ 38,833
Earnings from Operations	\$ 17,897	\$ 14,471	\$ 3,426
Net Earnings	\$ 13,078	\$ 9,688	\$ 3,390
Earnings per Share			
Basic	\$ 1.12	\$ 0.84	\$ 0.28
Diluted	\$ 1.11	\$ 0.83	\$ 0.28

Guelph, Ontario, October 17, 2008 - Hammond Power Solutions Inc., (HPS) (TSX: HPS.A) today announced results for the Third Quarter 2008.

Sales for the quarter-ended September 27, 2008 were \$57,940,000 up \$16,945,000 or 41.3% from the comparative quarter last year, and are up \$38,833,000 or 31.7% year-to-date, finishing at \$161,232,000 compared to \$122,399,000 last year.

“The North American economy may have stalled, but many of our OEM customers are building equipment and electrical systems for their global markets which are still showing positive GDP growth. At the same time, we are aggressively increasing our share of the U.S. and Canadian distributor channels,” said Bill Hammond, Chairman & Chief Executive Officer of Hammond Power Solutions Inc.

Quarter 3, 2008, gross margin dollars increased by 36.4% compared to Quarter 3, 2007 as a result of rising sales levels, selling price increases and a beneficial product mix. Gross margin rates finished at 27.0% versus 27.9% in Quarter 3, 2007 and were 27.6% for the year compared to 29.1% in 2007.

Mr. Hammond further commented "Internally, we have a number of projects underway to improve our flexibility and cost competitiveness, which include the commissioning of an additional plant in Mexico which is now operational as well as the expansion of our Granby, Quebec plant which we expect to be completed in late Quarter 1, 2009. Both will provide additional capacity which will improve our service and support sales growth."

The Company continued to deliver higher earnings from operations, evidenced by Quarter 3, 2008 growth of \$2,459,000 or 59.9% over the same quarter last year, finishing at \$6,567,000 as compared to \$4,108,000 in Quarter 3, 2007. Earnings from operations were \$17,897,000 on a year-to-date basis, up \$3,426,000 or 23.7% from the \$14,471,000 for the same period last year. The focus on sales growth from market expansion in the United States and Canada, sales mix, and selling price increases, contributed to this rise in earnings from operations.

Net earnings for Quarter 3, 2008 grew by \$1,352,000 or 45.3%, concluding at \$4,335,000 compared to \$2,983,000 in Quarter 3, 2007 and was up \$3,390,000 or 35.0%, finishing at \$13,078,000 year-to-date versus \$9,688,000 last year.

Cash provided by operations for Quarter 3, 2008 was \$3,735,000, versus \$2,219,000, in Quarter 3, 2007, an increase of \$1,516,000. Cash used by operations year-to-date, was \$1,268,000, versus cash provided by operations of \$426,000 in 2007, an increase in cash used by operations of \$1,694,000.

Overall bank operating lines of credit and long term debt, net of cash balances increased to \$9,884,000 as at September 27, 2008, an increase of \$8,839,000 as compared to a balance of \$1,045,000 as at September 29, 2007. This increase can be attributed to a plant expansion in Mexico, and the purchase of a new warehouse in Canada.

Mr. Hammond concluded, "Considering the current economic, banking and political issues buffeting North America, we are very proud of our accomplishments. HPS has performed extremely well in a difficult North American manufacturing environment. We have delivered strong growth in sales and profits as well as a very high rate of return on net assets year-after-year. The Company continues with its capital investment in the areas of capacity expansion and continuous productivity improvement. We remain focused on minimizing the negative impact of future economic risks and will strengthen its position through diversification of its core business, market channel expansion, geographic diversity of its operations and business hedging strategies."

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc. (the "Company") is a North American leader for the design and manufacture of dry-type custom electrical engineered magnetics and is also a leading manufacturer of standard electrical dry-type transformers. Leading edge engineering capabilities, high quality products, and fast, responsive service to customers' needs have all served to establish HPS as a technical and innovative leader in the electrical and electronic industries. The Company has three manufacturing plants in Canada, two in Mexico and one in the United States.

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