

**For Immediate Release: March 6, 2008**

**HAMMOND POWER SOLUTIONS INC.**

**Quarter 4, 2007 Sales Grow  
 2007 Annual Net Earnings Up 43%**

**Three months ended:**

	<u>December 31, 2007</u>	<u>December 31, 2006</u>	<u>Change</u>
Sales	\$ 38,207,000	\$ 36,846,000	\$ 1,361,000
Earnings from Operations	\$ 5,104,000	\$ 6,165,000	\$ (1,061,000)
Net Earnings	\$ 2,715,000	\$ 4,349,000	\$ (1,634,000)
<b>Earnings per Share</b>			
Basic	\$ 0.24	\$ 0.38	\$ (.14)
Diluted	\$ 0.23	\$ 0.38	\$ (.15)

**Twelve months ended:**

	<u>December 31, 2007</u>	<u>December 31, 2006</u>	<u>Change</u>
Sales	\$ 160,606,000	\$ 131,978,000	\$ 28,628,000
Earnings from Operations	\$ 19,575,000	\$ 14,067,000	\$ 5,508,000
Net Earnings	\$ 12,403,000	\$ 8,674,000	\$ 3,729,000
<b>Earnings per Share</b>			
Basic	\$ 1.08	\$ .76	\$ .32
Diluted	\$ 1.06	\$ .75	\$ .31

**Guelph, Ontario, March 6, 2008** - Hammond Power Solutions Inc., ("HPS") (TSX: HPS.A) today announced results for the Fourth Quarter 2007:

Sales for the quarter ended December 31, 2007, were \$38,207,000, up \$1,361,000 or 3.7% from the comparative quarter last year, and increased 21.7% year-to-date, finishing at \$160,606,000 for the year, compared to \$131,978,000 for the same period last year, an increase of \$28,628,000. The Company's focus on sales growth in its strategic market segments and the electrical distributor channel in both Canada and the United States resulted in the increased sales for the quarter.

"Our significant year over year increase in sales and profits continues to be driven by the strong demand for equipment and machinery used in the extraction of natural resources as well as electrical equipment that's being exported abroad. We have also benefited from strong commercial, utility and institutional project business and market share growth in the US and Canadian distributor channels. This has contributed to the record booking rates, elevated backlog levels, increased sales, and solid financial performance." Mr. W. G. Hammond, Chairman & CEO stated.

Gross margin rates finished at 30.0% in Quarter 4, 2007 versus 32.9% in Quarter 4, 2006, and were 29.3% year-to-date versus 28.0% last year. Quarter 4, 2007, gross margin rates softened from the negative impact of the higher Canadian dollar, and product mix. Gross margin rates and dollar contribution increased year over year as a result of the higher sales levels, product mix, increased manufacturing plant utilization and realized selling price increases.

Mr. Hammond commented. "We are very aware of the negative impact a rising Canadian dollar and volatile raw material commodity costs have on our margin rates and overall profitability. We are aggressively attacking these profit deterrents through the aggressive implementation of cost reduction, efficiency improvement operational projects, as well strategically investing in projects that will enhance our cost competitiveness and manufacturing capacity."

Earnings from operations for Quarter 4, 2007 finished at \$5,104,000, versus \$6,165,000 for the same quarter last year. Earnings from operations were \$19,575,000 for the year, up \$5,508,000 or 39.2% from the \$14,067,000 last year.

Net earnings for Quarter 4, 2007 were down \$1,634,000, finishing at \$2,715,000 compared to \$4,349,000, in Quarter 4, 2006. Quarter net earnings when compared to last year were negatively impacted by an 18 % appreciation of the Canadian dollar; costs relating to the implementation of our capacity expansion and sales growth strategies taking effect in 2008; lower plant throughput and final year income tax provisions. Net earnings grew by \$3,729,000 or 43.0%, finishing at \$12,403,000 year-to-date versus \$8,674,000 last year which increased due to higher sales and margin growth.

The company continues to generate cash, as cash provided by operations for Quarter 4, 2007, was \$7,185,000 versus \$5,571,000, in Quarter 4, 2006, an increase of \$1,614,000. Cash provided by operations for the year was relatively unchanged, finishing at \$7,611,000 versus \$7,661,000, in 2006.

Net overall bank indebtedness including bank operating lines of credit, current and long-term portion of long term debt of cash balances, resulted in a net cash position of \$4,395,000 as at December 31, 2007. This was an improvement in our position of \$4,575,000 over 2006.

Mr. Hammond concluded, "We are running hard at HPS to take full advantage of the expected strong demand for dry transformers in a number of the major markets we serve. We will continue to invest our capital in expansion of our manufacturing capacities, improve our product flow, and further reduce our product costs. We are mindful of the slowing U.S. economy and the rising Canadian dollar but will continue to expand our operations, pursue a variety of attractive growth opportunities, and invest in our future."

### **About Hammond Power Solutions Inc.**

Hammond Power Solutions Inc. (the "Company") is the North American leader for the design and manufacture of dry-type custom electrical engineered and 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, one in the United States and one in Mexico.

FOR FURTHER INFORMATION PLEASE CONTACT:

Dawn Henderson  
Manager Investor Relations  
519-822-4366 x 414

If you would prefer to receive press releases via email contact Investor Relations at:

(ir@hammondpowersolutions.com).