

For Immediate Release: March 9, 2009

HAMMOND POWER SOLUTIONS INC.

Revenues and Profits Surge

Three months ended:

(dollars in thousands)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>Change</u>
Sales	\$ 65,126	\$ 38,207	\$ 26,919
Earnings from Operations	\$ 11,835	\$ 5,104	\$ 6,731
Net Earnings	\$ 9,751	\$ 2,715	\$ 7,036
Earnings per Share			
Basic	\$ 0.83	\$ 0.24	\$ 0.59
Diluted	\$ 0.82	\$ 0.23	\$ 0.59

Twelve months ended:

(dollars in thousands)

	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>Change</u>
Sales	\$ 226,358	\$ 160,606	\$ 65,752
Earnings from Operations	\$ 29,732	\$ 19,575	\$ 10,157
Net Earnings	\$ 22,829	\$ 12,403	\$ 10,426
Earnings per Share			
Basic	\$ 1.95	\$ 1.08	\$ 0.87
Diluted	\$ 1.93	\$ 1.06	\$ 0.87

Guelph, Ontario, March 9, 2009 - Hammond Power Solutions Inc., ("HPS") (TSX: HPS.A) today announced results for the Fourth Quarter 2008.

Sales for the quarter-ended December 31, 2008 were \$65,126 up \$26,919 or 70.5% from the comparative quarter last year, and are up \$65,752 or 40.9% year-to-date, finishing at \$226,358 compared to \$160,606 last year.

"The Company achieved record sales in the fourth quarter and the year as HPS continued to benefit from the strong demand for resources, the industrialization and urbanization of developing economies, as well as infrastructure investments here in North America and abroad. HPS continues to expand its market share of the electrical distributor channel in both the United States and Canada." said Bill Hammond, Chairman & Chief Executive Officer of Hammond Power Solutions Inc.

Quarter 4, 2008, gross margin dollars increased by 80.2% compared to Quarter 4, 2007 as a result of increased sales levels, the positive margin impact of a weaker Canadian dollar, selling price realization and a favorable product mix. Gross margin rates finished at 31.7% versus 30.0% in Quarter 4, 2007 an increase of 1.7% and were 28.8% for the year compared to 29.3% in 2007, down 0.5%.

Mr. Hammond further commented "we are committed to increasing our manufacturing competitiveness and capacities with a plant expansion underway in Granby, Quebec and the addition of a second manufacturing facility in Monterrey, Mexico. Manufacturing flexibility and cost competitiveness are paramount to improve our service and sales initiatives."

Total selling, general and administrative expenses amounted to \$8,792 in Quarter 4, 2008, versus \$6,343 in Quarter 4, 2007 and were \$35,452 year-to-date versus \$27,518 in 2007.

The Company continued to deliver higher earnings from operations, evidenced by Quarter 4, 2008 growth of \$6,731 or 131.9% over the same quarter last year, finishing at \$11,835 as compared to \$5,104, in Quarter 4, 2007. Earnings from operations were \$29,732 on a year-to-date basis, up \$10,157 or 51.9% from \$19,575 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.

As a result of increased income before income tax, Quarter 4, 2008 current income tax expense was \$2,632 as compared to \$2,409 in Quarter 4, 2007, and was \$9,220 year- to-date, versus \$7,765 last year ,an increase of \$1,455. Future income tax recovery was \$677 in Quarter 4, 2008 as compared to \$308 expense in Quarter 4, 2007, and was a recovery of \$677 year-to-date, versus a \$308 future income tax expense last year, a decrease of \$985.

Net earnings for Quarter 4, 2008 grew by \$7,036 or 259.2%, concluding at \$9,751 compared to \$2,715 in Quarter 4, 2007 and was up \$10,426 or 84.1%, finishing at \$22,829 year-to-date versus \$12,403 last year.

Cash provided by operations for Quarter 4, 2008 was \$7,522, versus \$7,140 in Quarter 4, 2007, an increase of \$382. Cash provided by operations year-to-date, was \$6,254, versus \$7,611 in 2007, a decrease of \$1,357.

Overall bank operating lines of credit and long term debt, net of cash balances increased to \$4,100 as at December 31, 2008, an increase of \$8,495 as compared to a cash balance of \$4.395 as at December 31, 2007. The increase for the year was primarily a result of cash used for the acquisition of Delta Transformers Inc, the purchase of a new Canadian warehouse, a new plant expansion in Mexico, and the Granby plant addition.

Mr. Hammond concluded, "The Company continues to deliver both growth and strong financial results, finishing the year with record revenues and profits. We are very mindful of the global economic storm raging around us. We also recognize that as this downturn continues and perhaps worsens in the year ahead, no market or company will be immune from its effects. We are facing these challenges head on with decisive action. We are better positioned today to address today's market and economic realities with initiatives designed to outpace the competition. We are committed to providing our customers with outstanding products and excellent customer service. We will strengthen HPS's position through diversification of its core business, continued market channel expansion, geographic diversity 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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