



**For Immediate Release: March 9, 2010**

**Hammond Power Solutions Inc.**

**Reports Results for Quarter 4, 2009  
Strong Finish for the Year**

**Three months ended:**

(dollars in thousands)

	<b>December 31, 2009</b>	<b>December 31, 2008</b>	<b>Change</b>
<b>Sales</b>	\$ 48,621	\$ 65,126	\$ (16,505)
<b>Earnings from Operations</b>	\$ 6,687	\$ 8,999	\$ (2,312)
<b>Exchange gain / (loss)</b>	\$ 214	\$2,836	\$ (2,622)
<b>Net Earnings</b>	\$ 4,860	\$ 9,751	\$ (4,891)
<b>Earnings per share</b>			
<b>Basic</b>	.42	.83	(.41)
<b>Diluted</b>	.41	.82	(.41)

**Twelve months ended:**

(dollars in thousands)

	<b>December 31,2009</b>	<b>December 31,2008</b>	<b>Change</b>
<b>Sales</b>	\$ 195,437	\$ 226,358	\$ (30,921)
<b>Earnings from Operations</b>	\$ 18,943	\$ 26,558	\$ (7,615)
<b>Exchange gain / (loss)</b>	\$ (2,370)	\$ 3,174	\$ (5,544)
<b>Net Earnings</b>	\$ 9,631	\$ 22,829	\$ (13,198)
<b>Earnings per share</b>			
<b>Basic</b>	.83	1.95	(1.12)
<b>Diluted</b>	.82	1.93	(1.11)

**Guelph, Ontario, March 9, 2010;** Hammond Power Solutions Inc., (HPS) (TSX: HPS.A) today announced results for the Fourth Quarter 2009.



"The Company increased sales and profits in the fourth quarter from the previous two quarters despite the negative effects of the weak global economy. We are now seeing moderate increases in booking rates. 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.

Sales for the quarter-ended December 31, 2009 were \$48,621 down \$16,505 or 25.3% from the comparative quarter last year, and are lower by \$30,921 or 13.7% year-to-date, finishing at \$195,437 compared to \$226,358 last year.

Quarter 4, 2009 gross margin dollars decreased by 30.9% compared to Quarter 4, 2008. Gross margin rates finished at 29.3% versus 31.7% in Quarter 4, 2008 and were 27.0% for the year compared to 28.8% in 2008 down 1.8%. Fourth Quarter 2009 gross margin dollars decreased as a result of lower sales levels, due to the current economic conditions. Margin rates in the quarter were negatively impacted by a lower U.S. dollar to Canadian dollar exchange rate, and a reduction in capacity utilization.

Mr. Hammond commented, "We are continuing to focus on reducing operating costs and improving productivity in order to preserve gross margins in this challenging economy."

Total selling, general and administrative ("SG&A") expenses amounted to \$7,557 in Quarter 4, 2009 versus \$11,628 in Quarter 4, 2008, a decrease of \$4,071 or 35.0% and were \$33,784 year-to-date versus \$38,626 in 2008, a decrease of \$4,842 or 12.5%. SG&A expenses for the quarter were positively impacted by strong credit and collection administration which resulted in the reversal of previously provided allowance for doubtful accounts, decreased commission and freight expenses and salary cost reductions.

The foreign exchange gain in Quarter 4, 2009 was \$214 compared to a foreign exchange gain of \$2,836 in Quarter 4, 2008 and there was a year-to-date foreign exchange loss of \$2,370 compared to a gain of \$3,174 in 2008. Foreign exchange hedges buffered Quarter 4 balance sheet translation losses. The majority of the year's foreign exchange gains and losses are as a result of realized and unrealized gains and losses from U.S. Balance Sheet translation and the Company's settled U.S. dollar hedge contracts. Foreign exchange hedges buffered Quarter 4 balance sheet translation losses.

Earnings from operations for the quarter continue to be seriously impacted by the significant effect of U.S. dollar translation exchange losses, lower sales and lower gross margin rates. Quarter 4, 2009 earnings from operations were down \$2,312 or 25.7% from the same quarter last year, finishing at \$6,687 in the quarter, as compared to \$8,999 in Quarter 4, 2008. On a year-to-date basis results were lower by \$7,615 or 28.7% finishing at \$18,943 compared to \$26,558 for the same period last year.

Quarter 4, 2009 income tax expense was \$1,766 as compared to \$1,955 in Quarter 4, 2008 and was \$6,441 year-to-date, versus \$8,543 last year a decrease of \$2,102. The percentage of tax booked on earnings before income taxes is distorted by the impact of Balance Sheet translation losses of \$871 for Quarter 4, 2009 and \$4,194 year-to-date which are not tax effected.

Net earnings for the quarter were negatively impacted by the recession. As a result of decreased sales, lower margin dollars, and foreign exchange losses, net earnings for Quarter 4, 2009 were lower by \$4,891 or 50.2% concluding at \$4,860 compared to \$9,751 in Quarter 4, 2008 and was down \$13,198 or 57.8%, finishing at \$9,631 year-to-date versus \$22,829 last year. Net income was significantly reduced by foreign exchange gains and losses from foreign Balance Sheet translation.



This reduced net earnings by \$4,194 in 2009 compared to a \$3,537 earnings gain in 2008. The reduction on basic earnings per share was .36 cents in 2009.

Cash provided by operations for Quarter 4, 2009 was \$10,045 versus \$7,522, in Quarter 4, 2008, an increase of \$2,523. Cash provided by operations year-to-date was \$25,404 versus cash provided by operations of \$6,254 in 2008, an increase in cash provided by operations of \$19,150.

Net overall bank operating lines of credit and long-term debt, net of cash balances was a \$9,813 cash balance as at December 31 2009, an increase of \$13,913 or 339.3% as compared to a debt balance of \$4,100 as at December 31, 2008.

Mr. Hammond concluded, "We still delivered respectable operating performance, during the worst recession in recent times. We are proud of these results in light of the very challenging economic environment we have faced, but recognize that it is the result of sound strategic planning, diversified markets and channels, as well as the hard work and commitment of our employees."

**Hammond Power Solutions Inc. will hold a conference call on Wednesday, March 10, 2010 at 4:00 p.m. to discuss the Company's financial results for the Fourth Quarter 2009.**

**The dial in number for the live audio call beginning on March 10, 2010 at 4:00 p.m. EST is:**

**Participant dial-in number(s)**

Local access: 416-340-2216  
Toll Free access: 866-226-1792

**Instant replay Access Information:**

Local access: 416-695-5800  
Toll Free access: 800-408-3053  
Pass code: 3108503

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc., ("HPS" or the "Company") is the North American leader for the design of custom electrical engineered magnetics as well as the leading manufacturer of standard electrical dry type transformers. Advanced engineering capabilities, high quality products and fast responsive service to customers' needs have established the Company, as a technical and innovative leader in the electrical and electronic industries. The Company has manufacturing plants in Canada, the United States and Mexico.

FOR FURTHER INFORMATION PLEASE CONTACT:

Dawn Henderson  
Manager Investor Relations  
(519) 822-2441 x414  
ir@hammondpowersolutions.com.