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## **HAMMOND POWER SOLUTIONS REPORTS STRONG FIRST QUARTER**

Guelph, May 7 -- Hammond Power Solutions Inc. today announced strong results for the first quarter of 2001.

First Quarter Results: (3 months ended March 31, 2001. Results for the previous year were consolidated with those of a former parent and are not readily comparable)

- Revenue was \$23.8 million.
- Net earnings were \$352,000.
- Net earnings per share were \$0.03.

William G. Hammond, Chairman and CEO, said the Company experienced positive growth in several key markets in the quarter. These included power conditioning, power generation, oil and gas pumping, and drive systems. He noted that revenue growth exceeded the Company's internal target of 10% despite unsettled conditions in the IT industries that have resulted in fewer than anticipated orders from Internet data centers.

Among the highlights of the quarter was the commencement of commissioning for the Company's newest manufacturing plant near Monterrey, Mexico. Employee training began early in the second quarter and commercial production of transformers is expected to begin about mid-year.

Subsequent to the end of the quarter, the Company received a \$3 million order from Siemens/Westinghouse to supply 74 transformers to be used in the assembly of turbine generators in large power systems

Mr. Hammond noted that it was particularly gratifying that the order backlog was some 60% higher at the end of the quarter compared with the same period last year.

The Company's outlook is cautiously optimistic. It currently expects to meet its 10% growth target for the balance of the year.

Hammond Power Solutions designs and produces standard and special dry type transformers and is one of North America's leading manufacturers of engineered magnetics. The Company has manufacturing plants in Canada, and the United States. A manufacturing facility in Mexico is scheduled for operation in the second quarter of 2001.

The Company's shares trade on the Toronto Stock Exchange under the symbol HPS.A.

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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