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## **HAMMOND POWER SOLUTIONS REPORTS RESULTS FOR FIRST QUARTER 2002**

Guelph, May 9 – Hammond Power Solutions Inc. (HPS) today announced results for the first quarter of 2002.

First Quarter Results: (three months ended March 30, 2002 compared with three months ended March 30, 2001)

- Revenue was \$17.1 million compared with \$24.6 million.
- Loss from operations was \$254,000 compared with earnings of \$852,000. (1)
- Net loss was \$240,000 compared with earnings of \$115,000.
- Net loss per share was \$0.02 basic and diluted compared with earning of \$0.01 basic and diluted.

William G. Hammond, Chairman and CEO, said that the first quarter results were adversely affected by lower industrial demand and residual managed costs associated with the manufacturing operations at the Baraboo, Wisconsin facility as announced at year end. The Baraboo plant closure is proceeding as planned and the full impact benefit will be realized during the third and fourth quarters of 2002. Mr. Hammond noted that since HPS has now completed this difficult restructuring process, the Company is well on its way to improved earnings and profitability.

During the quarter, HPS received a supplemental order from Siemens/Westinghouse of Orlando, Florida, increasing the original contract agreement signed in the second quarter of 2001. The order increase is valued at approximately C\$1 million. The additional transformers will also be utilized in the assembly of turbine generators in the United States. HPS also received an order from Cutler-Hammer of Ashville North Carolina for C\$1.6 million for a capacity expansion with B.C. Hydro.

The difficult economic conditions of 2001 caused a number of downsizings within the transformer industry, creating new growth opportunities for HPS. New expansion opportunities are being pursued in the Company's custom electrical magnetics business and in the U.S. distribution channel.

A number of current indicators have revealed an increasingly more positive economic outlook, suggesting that the second half of 2002 will witness improved growth and earnings. HPS anticipates a rise in both sales and profits in subsequent quarters as the benefits of the more buoyant business climate and the Company's cost cutting and restructuring take full effect. As the economic conditions continue to improve, HPS is anticipating a recovery in the transformer industry.

(1) Amounts reflect a change in Canadian Institute of Chartered Accountants accounting standards for the treatment of foreign exchange gains and losses on long term debt.

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Hammond Power Solutions Inc. is the North American stand-alone leader for the design and manufacture of custom electrical engineered magnetics and is also the leading manufacturer of standard electrical dry-type transformers. Leading edge engineering capabilities, high quality products, and fast and 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 two manufacturing plants in Canada, one in the United States and one in Mexico.

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

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FOR FURTHER INFORMATION PLEASE CONTACT:

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