

## PRESS RELEASE

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GUELPH, ONTARIO – January 03, 2001

### **HAMMOND MANUFACTURING COMPANY LIMITED HAMMOND POWER SOLUTIONS INC.**

The Plan of Arrangement, which was approved by the shareholders of Hammond Manufacturing Company Limited (HMCL) at a Special Meeting on December 8, 2000, was implemented effective January 1, 2001. The final approval from the Court was received on December 19, 2000, the income tax ruling from Canada Customs & Revenue Agency has been obtained and a conditional listing has been approved by the Toronto Stock Exchange (TSE). Under the Plan of Arrangement the dry-type electrical transformer business has been spun-off into Hammond Power Solutions Inc.(HPSI), a new public company. HMCL will continue to be traded under the symbol HMM.A and HPSI will be listed under HPS.a (trading will commence as authorized by the TSE). As of the record date, to be established by the TSE, all HMCL Class A shareholders will be entitled to receive and trade, on a "one for one" basis, the Class A shares of HPSI. Rob Hammond will remain the Chairman and CEO of HMCL, which will carry on the enclosure, rack and small case businesses and Bill Hammond will be the Chairman and CEO of HPSI, which will operate the dry-type electrical transformer business. The oil-filled distribution transformer business has also been transferred to a separate company, Moloney Electric Inc., which together with the surplus property in Georgetown, Ontario will be jointly owned by HMCL and HPSI.

The re-organization will provide the current and future shareholders with greater flexibility in their investment decisions, based on their analysis and evaluation of prospects for each of the HMCL and HPSI businesses separately. The characteristics, customer bases and investment needs of the two businesses had been growing apart over the last few years and the re-organization will enable them to pursue their strategic goals independently. Through the re-organization, the businesses of HMCL and HPSI are launched on independent paths, providing an orderly succession to the next generation of the Hammond family and an opportunity to create increased enterprise and shareholder value for each of HMCL and HPSI.

**RF Hammond**  
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January 3, 2001 Guelph, Ontario