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SBE Inc. (dba SB Electronics) announces results for the 2nd quarter. Sales for the quarter continued at a record pace.

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Barre, Vermont: SBE Inc (dba S B Electronics) announced today the results of their 2nd quarter. The company has been growing steadily over the past 2 years after suffering badly in 2000 and 2001 along with the entire electronics industry and manufacturing sector. But, with the introduction of new products and technology, SBE has been growing sales with new markets and with new customers. When combined with the recent rebound in the electronics industry, the result has been impressive growth. Numerous new product development activities are underway which should continue to bring additional growth opportunities into the pipeline for the foreseeable future. One of these efforts resulted in a provisional patent filing during the quarter for one of SBE's new Extreme Energy/Pulse Power™ products.

2nd quarter sales were \$687,000 up 34% over the same period in 2003 and up 12% over the 1st quarter of 2004. Net Income for the 2nd quarter of 2004 was a loss (\$26,500) vs. (\$8,300) for the same period in 2003. Additional expenses related to capital raising efforts, research and development, and increased marketing activities resulted in the loss during the quarter. The losses were expected since expenditures have increased in these areas as growth capital has flowed in.

Bookings for new orders continued to rise in the 2nd quarter. The orders are from across the industry but major contributors include Taser International, GE, Motorola, and our Contract Manufacturing customers. Shipments to Taser International continue to grow month over month and have not been affected, in any way, by the recent press coverage on Taser's defense of its extremely fast growing Stun Gun products.

Additional highlights for the quarter include:

- Filing a third provisional patent for new capacitor technology
- Accelerating the Research & Development pace with newly hired resources
- Realizing immediate industry interest in our renewed marketing activities
- Increasing the number of Significant Customer Opportunities in our Growth Pipeline
- Improving the company's ability to respond to short lead time orders
- Continuing the successful effort of raising Investment Capital from New England Investors
- Delivering our 9th consecutive month of increased sales for the company
- Hiring new employees to increase manufacturing activity and expand product design

The company has been investing in new technology development and winning product design-ins at new and existing customers. This strategy has allowed SBE to continue a transformation from high volume commodity supplier of capacitors into a leading supplier of application solutions in the energy and power electronics industry using its capacitor products and proprietary technology. This process started in the late 1990s and has become more and more successful in the past few years. In an industry known for continuous price pressures, SBE has been able to maintain, and even increase, our prices due to a superior "solution value equation".

SBE Inc. designs and manufactures Capacitors and Capacitor Assemblies for the Electrical and Electronics Industries from its facilities in Barre, Vermont. Originally a Sprague Electric Plant, SBE has been a leader in the Film Capacitor market for over 50 years producing over a Billion Capacitors over the years in the Barre facility. The company continues to produce many of its industry leading standard Orange Drop® products while developing exciting new technology in the field of High Energy, Pulse, and High Voltage Capacitors. More information is available at our website www.sbelectronics.com.

Certain statements contained in this release contain forward looking statements which are not to be considered a projection of future improvements in the company's financial position or increased value in the company's stock valuation.