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## **For Immediate Release**

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## **Echelon Enhances the NES Advanced Metering System with New Data Concentrator**

### **DC-1000/SL Data Concentrator Dramatically Lowers Installed Costs, Offers Enhanced Features, and Maximizes Installation Flexibility**

**(Copenhagen, Denmark – October 10, 2006)** - Echelon Corporation (NASDAQ: ELON), a global networking company providing technology and solutions for controls, smart metering, and energy and environment management, unveiled the DC-1000/SL Data Concentrator for its Networked Energy Services (NES) advanced metering system today at the Metering & Billing/CRM Europe 2006 event in Copenhagen. The event is attended by leading utility representatives from Europe and across the world.

In the NES system, data concentrators manage and supervise all of the electricity meters connected to a low voltage transformer and provide access to the data, services, and events generated from the meters over a choice of Internet Protocol (IP) wide area networks (WAN), such as GSM, GPRS, fiber optics, IP radio, medium voltage power line, etc. The DC-1000/SL represents the second generation of NES data concentrator, providing a more compact form factor and more robust environmental specifications.

The DC-1000/SL has been designed to enable it be mounted directly behind a meter. It is offered in different capacities, with the ability to manage as few as five meters or as many as 1024, to provide a cost-effective solution for both rural and urban environments. In rural areas the DC-1000/SL can be mounted behind a meter at a customer's house, bringing the WAN connection directly to the meter and eliminating the need and expense for dedicated installation crews or an extra housing for the data concentrator. In urban areas, it can be co-located with an external current transformer meter (often used as part of theft detection programs to measure the total power being supplied to all customers on a given transformer) to provide a compact and simplified installation.

The DC-1000/SL's robust weather-resistant packaging also incorporates an innovative internal modem bay that enables the inclusion of a customer-preferred modem, providing the flexibility to use whichever wide area networks are most convenient. This internal modem bay eliminates external modem wiring, power supply and mounting costs, enabling streamlined installation and more complete and faster (thus lower cost) pre-assembly.

"Echelon's new data concentrator demonstrates our continued commitment to provide market-leading products by directly addressing the needs expressed by utilities and our value added reseller partners to reduce installation costs in advanced metering systems," said Jeff Lund, Echelon's vice-president of business development. "Based on feedback from our customers and partners, the DC-1000/SL has many new features that deliver on our promise to provide our customers with flexibility in installation, improved performance and significantly lower installed costs and to move the NES system forward as the world's leading advanced metering system."

Echelon's NES system provides an open, bidirectional, and extensible infrastructure that enables a comprehensive range of utility applications that can bring benefits to every aspect of a utility's operation, from metering, to customer services, to distribution operations, to value-added services. By choosing the NES system, utilities can expect to have better control over energy usage and save substantial cost in monthly meter reading and other areas of their operations while providing improved customer service.

The DC-1000/SL will be available in volume later this month. More information about the DC-1000/SL Data Concentrator can be found at <http://www.echelon.com/metering>.

### **About Echelon Corporation**

Echelon Corporation (NASDAQ: ELON) is a pioneer and world leader in control networking — networks that connect machines and other electronic devices — for the purpose of sensing, monitoring and controlling the world around us. Echelon's LONWORKS platform for control networking was released in 1990 and has become a worldwide standard in the building, industrial, transportation, and home automation markets. Launched in 2003, Echelon's Networked Energy Services system is an open, extensible, advanced metering infrastructure that can bring benefits to every aspect of a utility's operation, from metering and customer services to distribution operations and value-added business. In 2005 Echelon introduced the world's first embedded control network infrastructure, the Pyxos™ platform, extending the benefits of networking inside machines to the sensors and actuators that make them function.

Echelon is based in San Jose, California, with international offices in China, France, Germany, Italy, Hong Kong, Japan, Korea, The Netherlands, and the United Kingdom. Further information regarding Echelon can be found at <http://www.echelon.com>.

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This press release may contain statements relating to future plans, events or performance relating to the new NES DC-1000/SL Data Concentrator. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to the timing and level of customer orders, demand for products and services, development of markets for Echelon's NES system; risks associated with the ability of the NES system and NES data concentrators to perform as designed and generate the expected advantages, potential production or shipment delays for NES data concentrators and other components, and other risks identified in Echelon's SEC filings. Actual results, events

and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Echelon undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.