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## **For Immediate Release**

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## **New Digital Home Alliance Launched to Bring Home Control Solutions to Consumers**

**(SAN JOSE, CA & BERLIN, GERMANY – November 14, 2006)** - Echelon Corporation (NASDAQ: ELON), a global networking company providing technology and solutions for controls, smart metering, and energy and environment management, along with twelve consumer products companies, announced today the formation of the Digital Home® Alliance. Working together, the Digital Home Alliance will bring to market networked home control products based upon Echelon's open, standards-based LONWORKS® control networking technology and promote to consumers the value of the Digital Home Alliance logo as a mark of products that network together, are easy to install, and add value to consumers' lives. The Digital Home Alliance was announced in a keynote given by Echelon's CEO, Ken Oshman, at the CONNECTIONS™ Europe conference, a leading event for the home networking community, being held November 14-16 in Berlin, Germany.

“The market for ‘smart homes’ has been limited to the upper one percent of the consumer market,” said Ken Oshman, Echelon's CEO and chairman. “We believe that

the long awaited automated home is about to become reality. The technology, price points, consumer sophistication and external market drivers and incentives are in place to enable a massive new industry. The Digital Home Alliance is a group of companies committed to delivering products and services that fit this evolved home control market based on consumer choice, simplicity, and enduring value.”

Membership in the Alliance is open to all companies building interoperable LONWORKS based products. The first companies to join the Alliance include 4HomeMedia, ADIC, Alpha Telecom, Daelim, Echelon, Intelligent Community Solutions (ICS), Kolon, Lithium House, MAT, Nico Technology, Secyourit, and Viconics. This global alliance of companies will bring products to market that bear the Digital Home logo, signifying to consumers products that work together on a home network. These companies will work cooperatively to promote the benefits of using Digital Home branded products to consumers and installers.

Digital Home products utilizing Echelon’s technology will be marketed to two distinct segments: consumers and professional installers. Products utilizing Echelon’s patented interoperable self-installation (ISI) technology, which enables products to install themselves automatically without using any installation tools, will be targeted to the consumer mass market. Homeowners seeking professional grade home automation solutions will be able to purchase Digital Home products utilizing both ISI and standard LONWORKS software installation tools.

“We have always felt that an ecosystem approach to home automation was a necessity,” said Kurt Scherf, vice president and principal analyst at Parks Associates. “The Digital Home Alliance approach is compelling because its underpinnings require a solid ecosystem – one that can accommodate device manufactures, service providers, professional installers, retailers, and of course a homeowner’s demand to purchase what they want, when they want.”

### **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<sup>TM</sup> 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 regarding the Digital Home Alliance and Echelon's products. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to market acceptance of home control products developed by members of the Digital Home Alliance using Echelon's products, risks associated with the timing and level of customer orders, demand for products and services, and development of worldwide markets for home automation products utilizing Echelon's technology; risks associated with the ability of Echelon's products to perform as designed, including in the areas of energy usage, cost savings and customer service improvements; 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.