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## **News Information                      For Immediate Release**

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## **Echelon Announces First Advanced Metering Deployment in Germany**

**(San Jose, CA – September 3, 2008)** - Echelon Corporation (NASDAQ: ELON) announced today the first full-scale roll-out of its Networked Energy Services (NES) System in Germany. The public utility of Hassfurt awarded the contract to Echelon's NES value-added reseller partner EVB Energie AG to provide all of its approximately 10,000 customers with an advanced metering infrastructure over the next three years. Hassfurt does not anticipate any rate increases to consumers as a result of the project.

Germany recently proposed a new energy law requiring all new and remodeled homes to be equipped with smart meters by 2010 to promote energy conservation and efficiency.

“Stadtwerk Hassfurt is taking the lead in providing the most advanced smart metering solution to its customers. We're pleased that they have chosen our partner, EVB Energie AG, as the provider of the system. Building on a large volume of successful pilots and trials, this project represents the first full-scale roll-out of Echelon's NES

System in Germany, and we're excited to enter this energy-conscious market," said Frits Bruggink, Echelon's senior vice-president and general manager, service provider group.

"For the public utility of Hassfurt, smart metering is not only a digital metering system, but an instrument for process optimization and customer relationship management. Furthermore, the management of Stadtwerk Hassfurt sees this instrument as an enabler of a new business segment. Only by using innovative technologies will medium-sized utility companies be able to survive in the German energy market," said Johannes Alte-Teigeler, chairman at EVB Energie AG.

The NES advanced metering infrastructure from Echelon consists of a family of highly integrated, advanced electronic electricity meters accessed via a web services based network operating system over an IP networking infrastructure. Unlike systems with a dedicated radio per metering point, multiple NES meters can share a single IP connection through the use of Echelon's proven standards-based power line networking technology. This drives down the per-point connection cost and enables the system to easily and cost-effectively incorporate new wide area networking technologies over the life of the system. The system's open interfaces allow the system to be cost-effectively expanded, adapted, and customized in ways unlike any competing system.

The NES system's powerful web services based network operating system provides a standards-based platform for enterprise applications and integration that enables applications to be quickly and cost-effectively deployed. Open interfaces within NES meters enable a market for third-party add-ons that can expand and enhance the functionality of the meters, much as open interfaces in personal computers have lead to an explosion of plug-in and external devices that transform the functionality of PCs.

### **About Stadtwerk Hassfurt**

The Stadtwerk Hassfurt was founded in 1955 as a supplier of electricity and water. Today, Stadtwerk Hassfurt is a multi-utility provider, responsible for delivering gas, water, electricity and local heat. With regards to electricity, Stadtwerk Hassfurt supplies 88 million kWh annually to the city of Hassfurt, with more than 13,000 inhabitants. More information about Stadtwerk Hassfurt can be found at <http://www.stwhas.de>.

## **About EVB Energie AG**

EVB Energie is a leading service provider in the energy industry, supporting the change from traditional meter management to digital meter management. EVB's expertise includes smart meter planning, supply and management, billing and customer care, and automation and power engineering. More information about EVB can be found at <http://www.evb.net>.

## **About Echelon Corporation**

Echelon Corporation (NASDAQ:ELON) is a networking company that provides products and systems that can monitor and save energy; lower costs; improve productivity; and enhance service, quality, safety, and convenience by connecting everyday devices in utility, buildings, industrial, transportation, and home control systems. Tens of millions of smart devices based on Echelon's LonWorks® products and Networked Energy Services (NES) systems are used around the world today, bringing benefits to consumers and industry. This year, Echelon and LonWorks technology celebrate its 20<sup>th</sup> anniversary. More information about 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, including statements regarding the size and timing of the Stadtwerk Hassfurt project with EVB Energie. Such statements may involve risks and uncertainties, including risks associated with the ability of EVB Energie's system, and the NES system on which it is based, to perform as designed; the risk that the Stadtwerk Hassfurt project is cancelled; risks associated with potential production or shipment delays for NES meters and other components; risks that the deployment and system integration activities with EVB Energie or other partners in the project are not successful or do not meet their target dates; the risk that the application of U.S. generally accepted accounting principles could affect the timing of NES revenues that Echelon expects to recognize under the project; 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.