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## For Immediate Release

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## Echelon Signs Agreement to Supply NES Smart Metering System to Duke Energy

**(San Jose, CA – August 10, 2009)** — Echelon Corporation (NASDAQ: **ELON**) announced today that it has entered into a long-term agreement with Duke Energy (NYSE: **DUK**), the nation's third-largest electric utility, to supply Echelon's Networked Energy Services (NES) system as a key part of Duke Energy's smart grid program. Currently, Duke Energy provides electricity service to approximately 4 million customers in five states – North Carolina, South Carolina, Indiana, Ohio and Kentucky.

Duke Energy has received regulatory approval to deploy smart grid infrastructure in Ohio, and plans to launch a five-year mass deployment of smart grid technology later this year including more than 700,000 electric smart meters in Ohio. In Indiana, Duke Energy is seeking approval from the Indiana Utility Regulatory Commission to install smart grid technology, including approximately 800,000 smart meters. The company is also laying the groundwork to bring large-scale smart grid technology to the remaining three states it serves.

The initial order under this framework agreement totals approximately \$15.8 million with deliveries expected to begin at the end of the quarter. Assuming full

deployment of the NES system, the states of Ohio and Indiana represent a revenue opportunity to Echelon of over \$150 million.

“An essential component of Duke Energy’s smart grid design is a scalable, open, interoperable network that supports not just the initial functions we are deploying today, but allows for additional devices and sensors to be attached to the network in the future,” said Todd Arnold, Duke Energy’s senior vice president for smart grid and customer systems. “Echelon’s metering infrastructure is a key enabler of that vision with a smart grid approach that includes smart meters, smart concentrators working in conjunction with the meters, and network operating system software.”

“Duke Energy has described the smart grid as ‘one of the greatest advancements of the 21st century,’” said Ken Oshman, chairman and CEO of Echelon. “We wholeheartedly share this view. Our NES system embeds the power of control networks into a utility’s core asset – the electric grid – replacing the meters of the past with the intelligent devices of the future. They provide the intelligent ‘end-points’ that not only monitor energy and the health of the grid, but also help utilities and their customers better understand and more efficiently manage energy consumption. We’re excited to be able to help Duke Energy lead the utility industry into the future.”

### **About the Solution**

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. Much more than a simple AMI system focused on billing related services, the NES system provides utilities with a wealth of information about the status, operation and health of the grid that enables them to reduce operating costs while increasing service quality.

By bringing the wide area network connection point down to the neighborhood transformer, this architecture allows a utility to pinpoint problems in its network at a very precise location, and can improve customer service, for example, by eliminating cost and time associated with outage detection.

### **About Duke Energy**

Duke Energy is the third largest electric power holding company in the United States, based on kilowatt-hour sales. Its regulated utility operations serve approximately 4 million customers located in five states – North Carolina, South Carolina, Indiana, Ohio and Kentucky – representing a population of approximately 11 million people. Duke Energy's commercial power and international business segments operate diverse power generation assets in North America and Latin America, including a growing portfolio of renewable energy assets in the United States.

Headquartered in Charlotte, NC, Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at: [www.duke-energy.com](http://www.duke-energy.com).

### **About Echelon Corporation**

Echelon Corporation (NASDAQ: ELON) is leading the worldwide transformation of the electricity grid into a smart, communicating energy network, connecting utilities to their customers, and providing customers with energy aware homes and businesses that react to conditions on the grid.

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. Such statements may involve risks and uncertainties, including risks associated with market acceptance of the NES system; the successful deployment of the NES system in Duke Energy's various service territories; the timing and level of orders by Duke Energy for Echelon's products and services; the ability of Echelon products to perform as designed; risks that the project with Duke Energy is subsequently cancelled or reduced in size; risks associated with potential production or shipment delays of NES components that do not meet their target dates, cause Echelon to be liable for penalties or other liabilities or cause Duke Energy to terminate the agreement or limit deployments; 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.