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Enel and Echelon Sign Preliminary Agreement to Network 27 Million Italian Homes

Palo Alto, Calif.—May 10, 2000 — Echelon Corporation (NASDAQ: ELON), the leader in networking everyday devices, and Enel SpA (NYSE: EN; Milan: ENEL), the largest traded electric utility worldwide, announced today that they have signed a non-binding memorandum of understanding under which Enel will integrate Echelon's LONWORKS® system into its digital meter project. Enel will provide electricity digital meters and a complete home networking infrastructure to over 27 million Italian households over a three-year period. Under the terms of the proposed agreement, Enel will also purchase 3 million shares of newly issued Echelon common stock.

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"We are planning to add intelligence to the power grid. It is an important strategic initiative for Enel," said Franco Tatò, CEO of Enel. "The LONWORKS platform will allow us to both improve the quality of our service and to lower our costs."

"This is a very important event for Echelon and for the entire LONWORKS industry," said M. Kenneth Oshman, Echelon's chairman, CEO, and president. "Our agreement with Enel will provide the largest network infrastructure in the world for networking everyday devices — in every home and building in Italy that has an electric meter. With that network infrastructure in place, we expect a dramatic rate of growth of the market of intelligent LONWORKS enabled devices and home appliances. We also expect that this project will be a catalyst to the adoption of LONWORKS networks among device manufacturers and utilities around the world."

The initial set of planned services includes remote meter reading, demand side management, and remote customer connect/disconnect. Under the proposed agreement, Echelon will support Enel in providing a complete end-to-end home networking infrastructure, including: devices for every meter to enable communication over the existing power lines based on the Neuron[®] chip and Echelon's PLT-22 power line transceiver; data concentrators at each utility substation; LNS[™] network operating system software; and gateways to enable communication to indoor devices. The companies expect to reach a definitive agreement in June and to begin installing systems in the first quarter of 2001.

About Echelon Corporation

Echelon Corporation is the developer of LONWORKS networks, recognized internationally as a standard for open, interoperable control networks. With thousands of application developers and millions of devices installed worldwide, LONWORKS is the leading cross-industry standard for networking everyday devices in building, home, industrial, transportation, and public utility applications. Echelon offers a full range of off-the-shelf hardware and software products to support the development, installation and management of intelligent, open and interoperable control networks.

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Products that have been verified to conform to Echelon's LONMARK[®] interoperability guidelines are eligible to carry the LONMARK logo, an indicator that a product has been designed to interoperate over a LONWORKS network.

Echelon is based in Palo Alto, California, with international offices in China, France, Germany, Japan, Korea, The Netherlands, and the United Kingdom. Further information can be found at <http://www.echelon.com>. Further information about the LONMARK Interoperability Association can be found at <http://www.lonmark.org>.

About Enel SpA

Enel SpA is the principal electricity company in Italy and the largest traded electric utility (New York Stock Exchange – EN and Milan – ENEL) worldwide with the leading position in the generation, transmission, distribution and supply of electricity.

The company, with 1999 revenues in excess of L40,000 billion (approximately \$20 billion) and 79,000 employees, serves more than 29 million customers.

Enel's most significant business outside its core electricity operations is its 51% interest in WIND, a joint venture in the telecommunications industry with Deutsche Telekom and France Telecom. WIND launched its convergent fixed and mobile telephony services on March 1, 1999 and as of today has already reached more than 3.3 million customers.

Further information can be found at <http://www.enel.it>.

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This press release may contain statements relating to future plans, events or performance. These forward-looking statements are based on the beliefs of the management of ENEL and Echelon as well as on assumptions made by and information available to these companies at the time these statements are made. Such statements may involve risks and uncertainties, including the risk that the definitive agreement is not reached after negotiation, that any required regulatory approval are not obtained, that the transactions contemplated are challenged by third parties and other risks identified in ENEL's and 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. Neither ENEL nor Echelon undertake any 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.