

News Release

Xantrex Technology Inc. Reports Third Quarter 2007 Results

VANCOUVER, BC, October 30, 2007 — Xantrex Technology Inc. (TSX:XTX) reported financial results for the third quarter and nine months ended September 30, 2007. Revenue rose 54 percent to \$62.1 million from \$40.3 million for the year-ago quarter as a result of revenue growth in all four market segments, Renewable, Programmable, Mobile, and Portable Power. Programmable Power revenue grew due to the acquisition of Elgar which closed on March 12, 2007.

Xantrex's net loss for the quarter was \$1.1 million, or \$0.04 per diluted share, compared with net income of \$1.5 million, or \$0.05 per diluted share, a year ago. Adjusted net income for the 2007 third quarter was \$1,038,000, or \$0.04 per diluted share, compared with \$2,055,000, or \$0.07 per diluted share a year ago. Adjusted EBITDA was \$3.8 million compared with \$2.8 million a year ago, an increase of 36 percent. (Please see table below for a reconciliation of the non-GAAP measures to net income.)

The results were affected by, among other things, a charge related to consolidation of our manufacturing facilities, costs associated with the introduction of a large number of new products, higher material costs, a non-cash amortization expense and a higher net interest expense related to the acquisition of Elgar, and a stronger Canadian dollar.

Mr. John Wallace, CEO of Xantrex, commented, "During the third quarter, Xantrex achieved broad-based sales growth, restructured a substantial portion of its in-house manufacturing, integrated its programmable businesses, and launched a large number of new products. Despite strong revenue growth, we incurred a net loss for the third quarter, stemming primarily from temporary expenses incurred as a consequence of rapid growth and integration, manufacturing consolidation, amortization of intangible assets and interest expense, all related to the acquisition of Elgar at the end of the first quarter this year. Also, the rapid appreciation of the Canadian dollar impacted earnings. The new product launches in the quarter which improved revenue also added costs in the form of higher R&D expenses and production inefficiencies. As a result, the return to profitability will take one more quarter, but our expectation that significant profit growth will follow this transitional period has not changed."

Gross margin for the quarter was 29.4 percent, up from 28.8 percent a year ago. The increase reflected a higher percentage of sales from Programmable Power products offset by costs associated with the manufacturing consolidation, expedited freight charges, production inefficiencies for newly launched products, and higher commodity material costs.

Operating expenses increased to \$18.2 million, or 29 percent of revenue, compared with \$10.0 million, or 25 percent, a year ago. The increase was primarily attributable to the inclusion of \$5.5 million from the Elgar acquisition, of which \$2.9 million relates to sales. Marketing and distribution, \$1.9 million for research and product development, and \$700,000 for general and administrative expenses. Also contributing to higher operating expenses was the amortization of Elgar acquisition related intangibles, higher compensation expenses, and a stronger Canadian dollar.

Mr. Wallace added, "New product activity during the third quarter was extraordinarily high, following a very active second quarter. In the third quarter, we launched the 100kW and 250kW commercial grid tie solar inverters for North America; two Programmable Power

products; and eight Duracell-branded Portable Power products, including pocket inverters, chargers, and small consumer back-up products."

Mr. Wallace concluded, "We have revised our outlook for 2007 and now expect revenue growth for 2007 to be 43% to 45%, slightly below the previously provided range. Of that increase, we now expect the Elgar acquisition to contribute \$47 million to \$50 million, down from our previous estimate of \$55 million to \$58 million. We expect to be profitable for the last quarter of 2007 and to break even or be modestly profitable for the full year. However, on an adjusted net income basis we expect to continue to be profitable. We will comment on the outlook for 2008 when we report the fourth quarter and full year 2007 results."

Mr. Mossadiq S. Umedaly, Xantrex's Chairman, said, "The third quarter was again a strategically productive quarter with key investments made in the last two years beginning to show results. Revenues grew in all of our business segments. The focus and introduction of a large number of new products and upgrading of the entire solar product line has positioned Xantrex as an industry leader with the most up-to-date solar inverter products, world-wide. We have begun to invest in sales and distribution in Europe and Asia, which is starting to add to our North American strength and will contribute significantly to our growth in future quarters. The acquisition and integration of Elgar, and the repositioning and new product activity in Mobile and Portable Power will further enhance growth and profitability. We consider costs associated with all of these issues of a temporary nature, and look forward to continued revenue growth and positive net income comparisons in the quarters ahead."

	Three months ended September 30			Nine months ended September 30		
	2007	2006	% change	2007	2006	% change
Revenue	\$62,099,000	\$40,280,000	54%	\$161,220,000	\$115,455,000	40%
Net income (loss)	(\$1,059,000)	\$1,472,000	n/a	(\$2,349,000)	\$4,439,000	n/a
Adjusted net income	\$1,038,000	\$2,055,000	-49%	\$2,408,000	\$6,145,000	-61%
Net income (loss) per share (diluted)	(\$0.04)	\$0.05	n/a	(\$0.08)	\$0.15	n/a
Adjusted net income (loss) per share (diluted)	\$0.04	\$0.07	-43%	\$0.08	\$0.21	-62%
Fully diluted avg. shares outstanding	28,873,705	29,329,430	-2%	28,813,222	29,660,152	-3%

Note: On September 30, 2007, the Bank of Canada's exchange rate for one Canadian dollar was \$1.01 compared with \$0.89 on September 30, 2006.

Our complete third quarter 2007 Management's Discussion and Analysis and Financial Statements are available on the Xantrex web site www.xantrex.com.

Cautionary Note on Forward-looking Information

Some of the statements contained in this report are forward-looking statements. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results, including Xantrex's growth rate, could differ materially from those currently anticipated in forward looking statements, based on regional and global economic growth, electricity supply and demand, government regulations and incentives, technological advances by Xantrex and others, our ability to execute on our plans, and other factors, including those discussed in the our 2006 Annual "Management's Discussion and Analysis". Readers should not place undue reliance on Xantrex's forward-looking statements.

Non-GAAP Financial Measure

For the quarter and nine month periods ended September 30, 2007 we are disclosing adjusted EBITDA and adjusted net income, non-GAAP financial measures, as supplemental indicators of operating performance. We define adjusted EBITDA as net income before interest, income taxes, depreciation, amortization, stock option compensation expense and manufacturing plant consolidation costs, and we define non-GAAP net income as net income excluding the after-tax impact of stock option compensation expense, intangible asset amortization and manufacturing

plant consolidation costs. We are presenting the non-GAAP financial measures in our filings this quarter because we use them internally to make strategic decisions, forecast future results and evaluate our performance and because we believe that our current and potential investors and many analysts use these measures to assess our current and future operating results and to make investment decisions. In addition, management believes that these measures are useful to investors in enabling them to better assess changes in our business across different time periods. Investors should not consider adjusted EBITDA or adjusted net income as alternatives to net income, nor to cash provided by operating activities, nor to any other indicators of performance or liquidity which have been determined under GAAP. Adjusted EBITDA and adjusted net income do not have any standardized meaning prescribed by GAAP and may be different from and therefore not comparable to similar measures presented by other companies.

The following table provides a reconciliation of adjusted EBITDA and adjusted net income to net income for the periods indicated.

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Net income (loss)	\$ (1,059,000)	\$ 1,472,000	\$ (2,349,000)	\$ 4,439,000
Interest income	(91,000)	(701,000)	(741,000)	(1,978,000)
Interest expense	1,253,000	9,000	2,576,000	25,000
Income taxes	(468,000)	692,000	319,000	2,244,000
Depreciation and amortization	2,978,000	998,000	7,195,000	2,849,000
Stock-based compensation	336,000	329,000	1,172,000	968,000
Manufacturing plant consolidation costs (1)	870,000	-	1,324,000	-
Adjusted EBITDA	\$ 3,819,000	\$ 2,799,000	\$ 9,496,000	\$ 8,547,000

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Net income (loss) per share, diluted	\$ (0.04)	\$ 0.05	\$ (0.08)	\$ 0.15
Adjustments				
Add:				
Stock-based compensation	336,000	329,000	1,172,000	968,000
Intangible asset amortization (2)	1,927,000	410,000	4,393,000	1,190,000
Manufacturing plant consolidation costs (1)	870,000	-	1,324,000	-
Deduct:				
Tax recovery for intangible asset amortization	(732,000)	(156,000)	(1,669,000)	(452,000)
Tax recovery for manufacturing plant consolidation costs	(304,000)	-	(463,000)	-
Adjusted net income	1,038,000	2,055,000	2,408,000	6,145,000
Adjusted net income per share, diluted	\$ 0.04	\$ 0.07	\$ 0.08	\$ 0.21
Shares used to calculate adjusted net income per share, diluted	29,647,600	29,329,430	29,339,905	29,660,152

(1) Manufacturing plant consolidation costs are the costs associated with the closure of the Burnaby, British Columbia and Arlington, Washington manufacturing facilities as we consolidate the manufacture of programmable products in our San Diego facility, and solar commercial products in our Livermore facility.

(2) Intangible asset amortization is primarily for the intellectual property acquired as part of the acquisition of Elgar described in Note 3(a) of the unaudited interim financial statements.

Conference Call

Xantrex Technology Inc. has scheduled a conference call for Wednesday, October 31, 2007 at 6:00 am Pacific Time (9:00 am Eastern Time) to discuss the third quarter 2007 financial

results. To access the conference call by telephone, please call 416-644-3418 or 604-677-8677. Alternatively, the audio webcast of the conference call may be accessed through the Xantrex web site at <http://www.xantrex.com/invevents.asp>. The audio replay will be available on the web shortly after the conclusion of the conference call.

About Xantrex

Xantrex Technology Inc. (www.xantrex.com) is a world leader in the development, manufacturing and marketing of advanced power electronic products and systems for the renewable, programmable, mobile, and portable power markets. The company's products convert and control raw electrical power from any central, distributed, renewable, or backup power source into high-quality power required by electronic and electrical equipment. Headquartered in Vancouver, British Columbia, the company has facilities in Arlington, Washington; Livermore and San Diego, California; Elkhart, Indiana; Barcelona, Spain; and Reading, England. Xantrex is listed on the Toronto Stock Exchange under the ticker symbol "XTX".

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