

Title:	FINANCIAL INFORMATION INTEGRITY POLICY	Level 3
Approvals	Name / Title	Signature / Date
Created by:	Kathy Bloch / General Counsel	Signature on File
Approved by:	Audit Committee Board of Directors	Signature on File

Adopted by the Audit Committee of the Board of Directors on May 16, 2003
and the full Board of Directors on May 23, 2003

As a public company, the integrity of the financial information of Echelon Corporation is paramount. Echelon's financial information guides the decisions of the Board of Directors of Echelon (the "Board of Directors"), and is relied upon by our stockholders and the financial markets. With this in mind, Echelon has created a process whereby all complaints concerning questionable accounting, internal accounting controls or auditing matters, or the reporting of fraudulent financial information are addressed, and where employees can raise these concerns free of any discrimination, retaliation or harassment.

Therefore, it is the policy of Echelon to encourage employees, when they reasonably believe that questionable accounting or auditing conduct or practices have occurred or are occurring, to report those concerns to Echelon management (on an anonymous basis, if employees so desire) or to raise those concerns by writing to Echelon's Audit Committee on an anonymous basis, as described below. All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported, and the quality of the information provided. Where questionable accounting or auditing conduct or practices have occurred, or fraudulent financial information has been reported, those matters will be corrected and, if appropriate, the persons responsible will be disciplined.

In addition, Echelon is committed to providing a work environment in which employees, when they reasonably believe that questionable accounting or auditing matters have occurred, or that fraudulent financial information has been reported, can raise those concerns free of discrimination, retaliation or harassment. Accordingly, Echelon strictly prohibits discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information to the employee's supervisor, or those designated in this policy (this "Policy") as having the authority to investigate, discover or terminate any such conduct or practices.



Reporting and Investigation

If you have reason to believe that you have become aware of questionable accounting or auditing matters, or the reporting of fraudulent financial information, you must immediately report those facts to your immediate supervisor, the Vice President of Human Resources or General Counsel. The Vice President of Human Resources can be reached at (408) 938-5213 or mpugsley@echelon.com; the General Counsel can be reached at (408) 938-5382 or kbloch@echelon.com. You may be requested to document your report in writing. If you have reason to believe that all of those individuals are involved in these matters or if you wish to report your concerns anonymously, you should report those facts to the Audit Committee of Echelon's Board of Directors by sending a letter. Mail the letter to Echelon's corporate headquarters as follows: Echelon Audit Committee, 550 Meridian Avenue, San Jose, CA 95126. Letters will remain sealed and promptly forwarded to a member of the Audit Committee.

If you later believe that you have been subject to discrimination, retaliation or harassment for having made a report under this Policy, you must immediately report those facts to your immediate supervisor, the Vice President of Human Resources, General Counsel or any combination thereof. If, for any reason, you do not feel comfortable discussing the matter with your immediate supervisor, Vice President of Human Resources or General Counsel you should bring the matter to the attention of the supervisor of your immediate supervisor, and if you are not comfortable with discussing the matter with any of those individuals, you should bring the matter to the attention of the Audit Committee. It is imperative that you bring the matter to Echelon's attention promptly so that any concern of discrimination, retaliation or harassment can be investigated and addressed promptly and appropriately.

All complaints under this Policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees and supervisors have a duty to cooperate in the investigation of reports of questionable accounting or auditing matters, or the reporting of fraudulent financial information, or of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters. In addition, an employee shall be subject to disciplinary action, including the termination of their employment, if the employee fails to cooperate in an investigation, or deliberately provides false information during an investigation. If, at the conclusion of its investigation, Echelon determines that a violation of policy has occurred, Echelon will take effective remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations of policy.

Discrimination, Retaliation or Harassment

Echelon strictly prohibits any discrimination, retaliation or harassment against any person who reports incidents of questionable accounting or auditing matters, or the reporting of fraudulent financial information, based on the person's reasonable belief that such misconduct occurred. Echelon also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of complaints about questionable accounting or auditing matters, or of the reporting of fraudulent financial information.

Any complaint that any managers, supervisors, or employees are involved in discrimination, retaliation or harassment related to the reporting or investigation of questionable accounting or auditing matters, or the reporting of fraudulent financial information, shall be promptly and thoroughly investigated in accordance with Echelon's investigation procedures



outlined above. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including discharge, will be taken.

Additional Enforcement Information

In addition to Echelon's internal complaint procedure, employees should also be aware that certain federal and state law enforcement agencies are authorized to review questionable accounting or auditing matters, or potentially fraudulent reports of financial information. Echelon's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct that violates Echelon's policies will be viewed as unacceptable under the terms of employment at Echelon. Certain violations of Echelon's policies and practices could even subject Echelon and any individual employees involved to civil and criminal penalties. Before issues or behavior can rise to that level, employees are encouraged to report questionable accounting or auditing matters, suspicion of fraudulent financial information, or discrimination, retaliation or harassment related to such reports. Nothing in this Policy is intended to prevent an employee from reporting information to the appropriate agency when the employee has reasonable cause to believe that the violation of a federal or state statute or regulation has occurred.

Modification

The Audit Committee of the Board of Directors of Echelon can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with State and Federal regulations and/or accommodate organizational changes within Echelon.

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Please sign the acknowledgment form below and return it to Human Resources. This will let Echelon know that you have received the Financial Information Integrity Policy and are aware of Echelon’s commitment to a work environment free of discrimination, retaliation or harassment for reporting of questionable accounting, internal accounting controls, or auditing matters, or fraudulent financial information as well as your obligations to report such information.

**ACKNOWLEDGMENT AND AGREEMENT
REGARDING THE FINANCIAL INFORMATION INTEGRITY POLICY**

This is to acknowledge that I have received a copy of Echelon’s Financial Information Integrity Policy. I understand that, as a public company, the integrity of the financial information of Echelon is paramount. I further understand that Echelon is committed to a work environment free of discrimination, retaliation or harassment for employees who have raised concerns regarding questionable accounting, internal accounting controls, or auditing matters, or reporting of fraudulent financial information and that Echelon specifically prohibits discrimination, retaliation or harassment whenever an employee makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent I have concerns that I reasonably believe to be related to questionable accounting, accounting controls, auditing matters, or reporting of fraudulent financial information, or which is otherwise in violation of Echelon’s policies, I will immediately report such conduct in accordance with Echelon’s Financial Information Integrity Policy.

I understand and agree that to the extent I do not use the procedures outlined in the Financial Information Integrity Policy, Echelon and its Officers and Directors shall have the right to presume and rely on the fact that I have no knowledge or concern of any such information or conduct.

Employee’s signature

Employee’s Name [printed]

Date