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Echelon and HCL Infosystems Partner to Bring Smart Metering to India

Improving Electricity Supply and Reducing Energy Theft are Key Goals

(San Jose, CA and New Delhi, India – July 9, 2008) - Echelon Corporation (NASDAQ: ELON) today announced that HCL Infosystems Limited has become a value-added reseller (VAR) of Echelon's Networked Energy Services (NES) advanced metering system in India. HCL Infosystems is India's leading information and communication technologies system integrator, specializing in infrastructure projects including power and utility systems.

With an estimated 56 percent of rural households and 12 percent of urban households still without adequate access to electricity and peak power shortage of around 15 percent, availability of power is viewed as critically linked to the ability of India's economy to maintain its current nine percent annual growth rate.

India's power ministry plans to provide electricity to every household by 2012 – at an investment of over \$100 billion in new generation, transmission, distribution and rural electric infrastructure. To achieve this goal, electricity generation and distribution capacity will need to be

increased by an amount greater than what has been available in India for the last fifty years. India's top analysts are predicting that power deficits could cap the country's growth in coming years.

Advanced metering infrastructures like Echelon's NES System can make the energy grid more efficient by enabling utilities to implement direct load control and demand/response programs, limit maximum energy consumption during times of peak demand and detect and reduce meter tampering and energy theft. HCL plans to market the solution to utilities looking to improve power delivery while reducing operation costs, and to provide revenue recovery and protection.

"Concerns over India's infrastructure are a threat to its economic growth, and India is spending billions to bring its infrastructure to levels of other developed Asian nations. Modernizing the electricity grid is an essential component of this plan, since daily electricity shortfalls during peak hours are projected to grow unless steps are taken," said George Paul, Executive Vice President, HCL Infosystems Limited. "We chose to partner with Echelon because its NES system is the most advanced smart metering solution available and it provides a platform for growth into the future. The system can bring many benefits to both grid operators and end-users, making it an ideal solution for the fast-changing needs of India."

"We are excited about the opportunities in India and are pleased to partner with HCL, an experienced and knowledgeable information and communication technologies company," said Frits Bruggink, Echelon's senior vice-president, utility solutions. "With over 100 million meters and significant energy challenges, India represents an exciting opportunity for advanced metering systems. India is in position to make substantial changes to its infrastructure in the coming years and by partnering with HCL we look to play an important role in the market."

About the NES System

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. The system provides an open, bidirectional, and extensible infrastructure that enables a comprehensive range of utility applications that can bring benefits to every aspect of a utility's operation, from metering, to customer services, to distribution operations, to value-added services. 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, driving down the per-point connection cost and enabling the system to easily and cost-effectively incorporate new wide area networking technologies over time.

The NES Value-Added Reseller (VAR) program is designed to establish Echelon's NES system as a global standard for intelligent metering systems. The program enables companies to provide utilities with optimized, end-to-end solutions under the NES Powered by Echelon™ brand.

More information about Echelon's NES system can be found at <http://www.echelon.com/metering/>.

About HCL Infosystems

HCL Infosystems Ltd, with revenue (LTM) of US \$ 3.1 billion (Rs. 12,558 Crores) is India's premier information enabling and ICT (information and communication technologies) system integration company. HCL offers a wide spectrum of ICT products for the computing, storage, networking, security, telecom, imaging and retail industries. As India's leading system integration and infrastructure management services organization, HCL has expertise across many vertical markets including the telecom, BFSI, e-Governance and power industries.

More information about HCL Infosystems can be found at <http://www.hcl.in/>.

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 networking together everyday devices in utility, building, industrial, transportation and home control systems. Tens of millions of smart devices based on Echelon's LonWorks® products and Networked Energy Services systems are in use around the world today bringing benefits to consumers and industry. 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 regarding the NES system and its potential deployment in India and elsewhere. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to the development of the markets for Echelon's NES system in India and elsewhere and the timing and level of customer orders; risks associated with the ability of the NES system perform as designed, including in the areas of energy usage, cost savings and customer service improvements, 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.