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For Immediate Release

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Øvre Eiker Latest City to Save with Echelon's Technology, 45% Energy Reduction

Smart Streetlight Solution Saves on Maintenance and Energy Costs

(San Jose, CA – May 27, 2008) - Echelon Corporation (NASDAQ: ELON), a leading provider of networking technology that is used to manage and reduce energy consumption, today announced that the city of Øvre Eiker in Norway has chosen a smart streetlight solution from Luminext to reduce energy use. The solution uses Echelon's LonWorks® technology to reduce energy use in the city's streetlight system by 45 percent and lower maintenance costs by 35 percent. Due to the significant cost savings provided by the new system, the city expects a return on investment in approximately four years.

"We are investing in the future of our city with a smart streetlight system. It is an opportunity to increase the value of our municipal assets and the level of safety and service, while decreasing overall costs," said the head of technical infrastructure for the

city of Øvre Eiker. “The technology enables a significant energy savings, which helps reduce unnecessary CO2 emissions, and helps us to build a greener city.”

“The Dynamic Outdoor Lighting Solution for Øvre Eiker was only possible because of the new functionality offered by the i.LON® SmartServer from Echelon,” said Henk Walraven, Luminext’s managing director. “The i.LON SmartServer is a key product in our solution and now enables us to build systems that work in virtually any city.”

Current European Union directives require that new lighting systems use energy efficient electronic ballasts. Cities are taking advantage of this requirement to upgrade their streetlight systems to deliver both advanced, sustainable energy savings and maximize their budgets with systems that lower maintenance and operating costs.

“With consistent savings of 30 to 50 percent on energy use, we believe it not only makes economic sense but it is also environmentally responsible for cities to invest in networked streetlight systems,” said Anders Axelsson, Echelon's senior vice president of sales and marketing. “The ‘Smart City’ concept is based on the idea of using compatible technologies to alleviate environmental impact and reduce CO2 emissions while reducing overall costs. We’re proud of our part in making Øvre Eiker’s a greener, better managed city.”

Cities in Canada, France, Germany, Ireland, Italy, The Netherlands, Norway, Spain and the United Kingdom are using Echelon’s technology and products in streetlight solutions to reduce energy consumption.

About the Solution

Øvre Eiker chose Luminext’s Dynamic Outdoor Light Solution to remotely control and monitor its streetlight system and reduce energy use and maintenance cost. The solution is comprised of smart electronic ballasts utilizing Echelon’s LonWorks power line transceivers to communicate with the new i.LON SmartServer from Echelon, with its unique power line repeating function that seeks out and utilizes the best communications path to ensure reliability.

LUMINYX is the next generation street light management system based on LonWorks technology. LUMINYX consists of a well integrated set of components that together provide the perfect solution to manage outdoor lighting. Intelligent,

communicating digital lamp controllers, powerful IP-connected segment controllers based on the i.LON SmartServer, and scalable system software that can be hosted by Luminext or by the customer in house.

The city of Øvre Eiker has replaced over 400 lamps to date, and expects to replace all 2,600 lamps over the course of the project.

About Luminext

Luminext is a pioneer and market leader in Automated Outdoor Lighting Solutions. Luminext uses open technology in all of its solutions, allowing customers the freedom to mix and match Luminext products and systems with products from other vendors. Luminext has worked with the LonWorks® technology since 1995 and developed an impressive product portfolio as a LonWorks Independent Developer. Today, thousands of Luminext nodes are saving energy in hundreds of solutions. More information about Luminext can be found at <http://www.luminext.eu>.

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 connecting everyday devices in utility, buildings, industrial, transportation, and home control systems. Tens of millions of smart devices based on Echelon's LonWorks® products and Networked Energy Services (NES) systems are used around the world today, bringing benefits to consumers and industry. This year, Echelon and LonWorks technology celebrate its 20th anniversary.

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, including those relating to the use of Echelon products, including the i.LON SmartServer, by Øvre Eiker and others in street lighting and other applications

and the availability of the i.LON SmartServer. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to the timing and level of orders for the i.LON SmartServer and other products for the Øvre Eiker project and other applications, and demand for the i.LON SmartServer in energy and control offerings and other applications generally; risks that these products do not perform as designed, do not deliver the energy saving anticipated or are not as cost effective as expected; risks associated with market acceptance of Echelon's products and the growth of the energy and controls market and the LonWorks industry, in general; 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.