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For Immediate Release

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Echelon Announces New Products to Support LonWorks® 2.0 Platform

New Products Reduce Cost and Complexity of Creating Energy-Aware Solutions

(San Jose, CA and Nuremberg, Germany – March 3, 2009) - Echelon Corporation (NASDAQ: ELON) today announced a suite of new LonWorks® 2.0 products that make everyday devices in buildings, factories, homes and elsewhere smarter, more powerful at less cost, and easier to install. Products in the initial suite, available in volume later this year, have greater functionality, faster operating speeds, simpler installation, and can be incorporated into systems at a cost of up to 50% less than products from the previous generation. The products are featured today at the 2009 Embedded World Exhibition & Conference in Nuremberg, Germany, March 3-5, 2009.

The first set of LonWorks 2.0 products includes the Neuron® 5000 processor, the FT 5000 Smart Transceiver, the LNS® FX network operating system, the LonMaker® FX installation tool, the NodeBuilder® FX Development Tool, and the Mini FX Evaluation Kit. The FT 5000 Smart Transceiver and the Neuron 5000 Processor are expected to be available for sampling in May 2009 and the production parts are expected

to be available in August 2009. Availability for NodeBuilder FX is expected in May 2009, Mini FX is expected in Q3 2009, LNS FX is expected in summer 2010, and LonMaker FX is expected in 2010.

The components in the LonWorks 2.0 family are compatible with the installed base of over 80 million LonWorks devices and hundreds of thousands of buildings, homes, factories and public structures that already use LonWorks networks for automation and energy management purposes.

“As a world leading supplier of LonWorks compatible products and systems used in building automation, TAC is very pleased to see the advancement in technology announced in the LonWorks 2.0 platform,” said Jan Brissman, TAC AB’s technology manager. “We are excited because it will be much easier in the LonWorks 2.0 platform to achieve better performance with improved cost efficiency. We believe that the new Smart Transceiver will be extremely appealing to LonWorks product developers worldwide—including ourselves. It is a big advancement that we will certainly consider in our future plans.”

New LonWorks 2.0 Products

The first set of LonWorks 2.0 products includes:

- Neuron® 5000 Processor – LonWorks optimized microprocessor with the industry-standard ISO/IEC 14908.1 control networking protocol built into the chip to simplify development and guarantee interoperability. The Neuron 5000 Processor is up to eight times faster than previous generations of Neuron chip designs while consuming less power;
- FT 5000 Smart Transceiver – A Neuron 5000 core (with protocol) with integrated ISO/IEC 14908.2 compliant free topology twisted pair transceiver. The FT 5000 shares the speed increase of the Neuron 5000 and can be built into a full energy aware device designed to reduce cost by up to 50% compared to previous generation designs;
- LNS FX Network Operating System – Next generation version of the LNS networking operating system for LonWorks networks. LNS FX automatically

- recognizes Neuron 5000 and FT 5000 based devices and eliminates all installation fees or credits at installation time, reducing installation cost and complexity;
- LonMaker® FX integration tool – Next generation version of the market leading LonMaker tool for network integrators. As with LNS FX, LonMaker FX streamlines the installation process for field installers by automatically recognizing Neuron 5000 and FT 5000 based devices and eliminating the installation fees for LonWorks 2.0 devices; and
 - NodeBuilder® FX Development Tool and Mini FX Evaluation Kit – Next generation tools for developing and trialing LonWorks 2.0 designs and technology. Both products share the same hardware so developers can leverage their investment in the Mini FX with a software-only upgrade to the full NodeBuilder FX Development Tool. The software only version of the NodeBuilder FX tool can lower the cost for developing solutions based on LonWorks 2.0 platform by up to 50% compared to the previous generation tools. Both the NodeBuilder FX and Mini FX are backward compatible with existing LonWorks transceivers.

LonWorks devices and networks are field-proven, reliable, secure, and energy efficient and are used in some of the world's most important and highly populated buildings and systems such as the Beijing Olympic Village, the New York City's subway system, the New York City Public School District, the Helsinki Rail System, and Roppongi Hills, Japan's premier office, retail and residential complex.

More information about the LonWorks 2.0 platform and the entire suite of products can be found at <http://www.echelon.com/company/press/2009/lonworks2.htm> and <http://www.echelon.com/lonworks>.

About Echelon Corporation

Echelon Corporation (NASDAQ: ELON) is leading the worldwide transformation of the electricity grid into a smart, communicating energy network, connecting utilities to their customers, and providing customers with energy aware homes and businesses that react to conditions on the grid.

Echelon's NES System – the backbone for the smart grid – is used by utilities to replace existing stand-alone electricity meters with a network infrastructure that is open, inexpensive, reliable, and proven. The NES System helps utilities compete more effectively, reduce operating costs, provide expanded services and help energy users manage and reduce overall energy use. Echelon's LonWorks® Infrastructure products extend the smart grid, powering tens of millions of energy aware, everyday devices made by thousands of companies – connecting them to each other and the grid. LonWorks based products work together to monitor and save energy; lower costs; improve productivity; and enhance service, quality, safety, and convenience in utility, municipal, building, industrial, transportation, and home area networks.

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. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to the timing of availability and market acceptance of Echelon's LonWorks 2.0 products, and the timing and level of customer orders; risks that Echelon offerings do not perform as designed or do not offer the cost savings, functionality or operating speeds anticipated; the growth of 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.