



550 Meridian Avenue  
San Jose, CA 95126  
Phone: +1 (408) 938-5200  
Fax: +1 (408) 790-3800  
lonworks@echelon.com  
www.echelon.com

## News Information

## For Immediate Release

### Press Contacts

Julia O'Shaughnessy  
Echelon Corporation  
+1 (408) 938-5357  
julia@echelon.com

Allyson Stinchfield  
Atomic Public Relations  
+1 (415) 402-0230  
allyson@atomicpr.com

## Swedish Utility Halmstad Selects Echelon's NES Smart Metering System for 38,000 Homes

### Electricity Distribution and Smart Metering Applications Run on the Open NES System Software

(SAN JOSE, CA– February 15, 2008) - Echelon Corporation (NASDAQ: ELON), a leading provider of networking technology that is used to manage and reduce energy consumption, today announced that Swedish utility Halmstad Energi och Miljö AB has selected Echelon's Networked Energy Services (NES) advanced metering system for updating its customer base of 38,000 electricity meters. The project, which began late in the fourth quarter of 2007, has been awarded to NES value-added reseller partner ES Mätteknik AB. Revenue from the project, including data concentrators, and other system components and software, is expected to be a total of approximately \$4 million.

Building on the "smart grid" concept enabled by the NES system, the Halmstad project will not only utilize a number of advanced metering applications provided by ES, but will also use the NES system as a backbone for a supervisory, control and data acquisition (SCADA) application for electricity transformer supervision. This SCADA application, provided by Powel, along with the metering applications provided by ES, will run on top of the NES system software. This open web services interface makes it easy to integrate multiple applications onto the system.

“ES is very pleased to expand our advancement metering systems business with this win,” said Thomas Lundgren, project manager at ES. “By leveraging the success we have had with the NES system at E.ON, we can cost-effectively bring to smaller Swedish utilities the market-leading technologies and services that we have perfected in large scale deployment. As the Swedish market moves towards replacing all of its meters by July 2009 to comply with government regulations, we see an exciting opportunity for ES to serve the many utilities that have yet to initiate or complete their meter replacement programs.”

A key feature of the NES system demonstrated by this project is the power of the system’s open web services application programming interface (API). This scalable, standards-based interface enables multiple applications to be integrated quickly and easily onto the system and to simultaneously access system data and services. By using standard enterprise application technology, integration costs can be dramatically reduced, enabling utilities to extract more value from their advanced metering infrastructure (AMI) investment.

In Halmstad, these benefits are demonstrated by the municipality’s ability to tender separately for the SCADA system. Rather than having to install parallel, redundant infrastructure, Powel will be able to build on the metering system as the foundation for its SCADA application. “Through the NES system’s web services API we are able to access information beyond a typical simple metering system. This enables us to deliver to our customers the high quality distribution monitoring and supervisory control systems that they have come to rely on from Powel,” Lundgren continued.

### **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>.

###

Echelon, LonWorks, and the Echelon logo are registered trademarks of Echelon Corporation registered in the United States and other countries. Other product or service names mentioned herein

are the trademarks of their respective owners.

This press release may contain statements relating to future plans, events or performance. Such statements may involve risks and uncertainties, including risks associated with the amount of revenue associated with the Halmstad project; risks associated with market acceptance of the NES system in Sweden and elsewhere and the timing and level of orders for those products; the ability of the NES system to perform as designed; 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.