

ECHELON CORP
Form 4
December 19, 2008

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Robert N. Machlin

(Last) (First) (Middle)

550 MERIDIAN AVE

(Street)

SAN JOSE, CA 95126

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
ECHELON CORP [ELON]

3. Date of Earliest Transaction
(Month/Day/Year)
12/17/2008

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
__X__ Officer (give title below) ____ Other (specify below)

Senior VP Products

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Am Underlying Sec (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	(A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Stock Appreciation Right	\$ 7.69	12/17/2008			A		50,000		<u>(1)</u>	12/17/2013	Common Stock
Stock Appreciation Right	\$ 12.11	12/17/2008			D		75,000		<u>(3)</u>	08/11/2013	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Robert N. Machlin 550 MERIDIAN AVE SAN JOSE, CA 95126			Senior VP Products	

Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for Robert N. Machlin
 12/19/2008

____Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- Pursuant to the Echelon Corporation 1997 Stock Plan (the "Plan"), the Reporting Person was granted a stock appreciation right with
- (1) respect to 50,000 shares of Common Stock. 1/4th of such shares becomes exercisable on December 17, 2009 and each one year anniversary thereafter.
 - (2) The Reporting Person agreed to cancellation of a stock appreciation right granted to him on August 11, 2008, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.
- Cancellation of a stock appreciation right granted to Reporting Person under the Plan on August 11, 2008 with respect to 75,000 shares of
- (3) Common Stock. The stock appreciation right was exercisable as to 1/4th of the shares on August 11, 2009 and each one year anniversary thereafter.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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