

OSHMANN M KENNETH  
Form 4  
May 31, 2011

**FORM 4**

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

OMB APPROVAL

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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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
OSHMANN M KENNETH

(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)  
05/26/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Executive Chairman

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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 Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock	05/26/2011		M		19,500	D	
Common Stock	05/26/2011		F		\$ 9.44 12,348	D	
Common Stock	05/27/2011		M		6,250	D	
Common Stock	05/27/2011		F		\$ 9.44 16,306	D	
Common Stock	05/27/2011		G	V	12,348	D	

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Common Stock	05/27/2011	G	V	12,348	A	\$ 0	1,842,484	I	See footnote (1)
Common Stock	05/27/2011	S		<u>12,348</u> (12)	D	\$ 9,4142 (15)	1,830,136	I	See footnote (1)
Common Stock	05/31/2011	G	V	3,958	D	\$ 0	0	D	
Common Stock	05/31/2011	G	V	3,958	A	\$ 0	1,834,094	I	See footnote (1)
Common Stock	05/31/2011	S		<u>3,958</u> (12)	D	\$ 9,4901 (16)	1,830,136	I	See footnote (1)
Common Stock							210,492	I	See footnote (2)
Common Stock							210,492	I	See footnote (3)
Common Stock							89,508	I	See footnote (4)
Common Stock							89,508	I	See footnote (5)
Common Stock							98,107	I	See footnote (6)
Common Stock							98,107	I	See footnote (7)
Common Stock							268,638	I	See footnote (9)
Common Stock							268,638	I	See footnote (10)
Common Stock							488,428	I	See footnote (8)

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

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares
Performance Shares	(11)	05/26/2011		M	19,500	(13) 05/26/2014	Common Stock	19,500
Performance Shares	(11)	05/27/2011		M	6,250	(14) 05/27/2012	Common Stock	6,250

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OSHMAN M KENNETH 550 MERIDIAN AVE SAN JOSE, CA 95126	X		Executive Chairman	

## Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for M. Kenneth Oshman  
Date: 05/31/2011

\*\*Signature of Reporting Person

## 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).
- (1) These shares are held by the Oshman Trust dated July 10, 1979, of which the Reporting Person and his spouse, Barbara S. Oshman, serve as co-trustees.
- (2) These shares are held by the M. Kenneth Oshman 2010A Annuity Trust dated August 18, 2010.
- (3) These shares are held by the Barbara S. Oshman 2010A Annuity Trust dated August 18, 2010.
- (4) These shares are held by the M. Kenneth Oshman 2009A Annuity Trust dated August 4, 2009.
- (5) These shares are held by the Barbara S. Oshman 2009A Annuity Trust dated August 4, 2009.

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- (6) These shares are held by the M. Kenneth Oshman 2010 Annuity Trust dated February 23, 2010.
- (7) These shares are held by the Barbara S. Oshman 2010 Annuity Trust dated February 23, 2010.
- (8) These shares are held by O-S Ventures, a general partnership, of which M. Kenneth Oshman is general partner.
- (9) These shares are held by the M. Kenneth Oshman 2011 Annuity Trust #1 dated February 25, 2011.
- (10) These shares are held by the Barbara S. Oshman 2011 Annuity Trust #1 dated February 25, 2011.
- (11) Each performance share represents the right to receive one share of the Issuer's Common Stock.
- (12) This trade was executed pursuant to a Rule 10b5-1 trading plan adopted on March 7, 2011.  
19,500 of the 78,000 shares granted to M. Kenneth Oshman under the Issuer's 1997 Stock Plan (the "Plan") were vested and released to  
(13) M. Kenneth Oshman effective May 26, 2011. Such 78,000 share grant vests at the following rate: 1/4th of such shares on May 26, 2011 and on each one year anniversary thereafter.  
6,250 of the 25,000 shares granted to M. Kenneth Oshman under the Plan were vested and released to M. Kenneth Oshman effective  
(14) May 27, 2011. Such 25,000 share grant vests at the following rate: 1/4th of such shares on May 27, 2009 and on each one year anniversary thereafter.  
The 12,348 shares were sold through separate trades, with the sale prices ranging from \$9.38 to \$9.45 and at a weighted average sale  
(15) price of \$9.4142. M. Kenneth Oshman undertakes to provide upon request by the staff of the Securities and Exchange Commission, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate sale price.  
The 3,958 shares were sold through separate trades, with the sale prices ranging from \$9.49 to \$9.4925 and at a weighted average sale  
(16) price of \$9.4901. M. Kenneth Oshman undertakes to provide upon request by the staff of the Securities and Exchange Commission, the issuer, or a security holder of the issuer, full information regarding the number of shares sold at each separate sale price.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.