

ECHELON CORP  
Form 4  
September 12, 2008

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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**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 \*  
OSHMAN 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)  
09/10/2008

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)

Chairman of the Board & CEO

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	(A) or (D)	Price			
Common Stock	09/10/2008		M		4,668	A	0	4,688	D	
Common Stock	09/10/2008		F		1,675	D	\$ 12.35	3,013	D	
Common Stock	09/12/2008		G	V	3,013	D	\$ 0	0	D	
Common Stock	09/12/2008		G	V	3,013	A	\$ 0	2,905,047	I	See footnote (1)
Common Stock								175,706	I	See footnote

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Common Stock	175,706	I	<u>(2)</u> See footnote <u>(3)</u>
Common Stock	299,072	I	See footnote <u>(4)</u>
Common Stock	299,072	I	See footnote <u>(5)</u>
Common Stock	300,000	I	See footnote <u>(6)</u>
Common Stock	300,000	I	See footnote <u>(7)</u>
Common Stock	488,428	I	See footnote <u>(8)</u>

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

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(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 (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
				Code V	(A) (D)	Date Exercisable Expiration Date	Title	
Performance Shares	<u>(9)</u>	09/10/2008		M	4,688	<u>(10)</u> 09/10/2012	Common Stock	4,688

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OSHMANN M KENNETH 550 MERIDIAN AVE SAN JOSE, CA 95126	X	X	Chairman of the Board & CEO	
OSHMANN TRUST DATED 7 10 1979 C/O M KENNETH OSHMAN ECHELON CORP., 550 MERIDIAN AVE SAN JOSE, CA 95126		X		
O S VENTURES C/O M KENNETH OSHMAN ECHELON CORP., 550 MERIDIAN AVE SAN JOSE, CA 95126		X		

## Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for M. Kenneth Oshman

09/12/2008

\_\_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).
- (1) These shares are held by the Oshman Trust dated July 10, 1979 (the "Oshman Trust"), 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 Annuity Trust II dated February 15, 2007.
- (3) These shares are held by the Barbara S. Oshman Annuity Trust II dated February 15, 2007.
- (4) These shares are held by the M. Kenneth Oshman 2008 Annuity Trust dated February 19, 2008.
- (5) These shares are held by the Barbara S. Oshman 2008 Annuity Trust dated February 19, 2008.
- (6) These shares are held by the M. Kenneth Oshman 2008A Annuity Trust dated August 1, 2008 (the "K. Oshman 2008A Annuity Trust"). 300,000 shares previously reported as indirectly beneficially owned by the Oshman Trust were transferred from the Oshman Trust to the K. Oshman 2008A Annuity Trust on August 1, 2008.
- (7) These shares are held by the Barbara Oshman 2008A Annuity Trust dated August 1, 2008 (the "B. Oshman 2008A Annuity Trust"). 300,000 shares previously reported as indirectly beneficially owned by the Oshman Trust were transferred from the Oshman Trust to the B. Oshman 2008A Annuity Trust on August 1, 2008.
- (8) These shares are held by O-S Ventures, a general partnership, of which the M. Kenneth Oshman is general partner.
- (9) Each performance share represents the right to receive one share of the Issuer's Common Stock.
- (10) 4,688 of the 18,750 shares granted to M. Kenneth Oshman under the Issuer's 1997 Stock Plan were vested and released to M. Kenneth Oshman effective September 10, 2008. Such 18,750 share grant vests at the following rate: 1/4th of such shares on September 10, 2008 and on 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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