

AXELSSON ANDERS  
Form 4  
May 14, 2012

**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 \*  
AXELSSON ANDERS

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
550 MERIDIAN AVE  
  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
05/10/2012

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Senior VP of Sales & Marketing

SAN JOSE, CA 95126

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

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

(City) (State) (Zip)

**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	05/10/2012		M		5,000	A	11 59,530
Common Stock	05/10/2012		F		1,834	D	\$ 3.88 57,696
Common Stock	05/10/2012		M		22,500	A	11 80,196
Common Stock	05/10/2012		F		8,253	D	\$ 3.88 71,943

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
Performance Shares	(1)	05/10/2012		M	5,000	(2) 05/14/2014	Common Stock	5,000
Performance Shares	(1)	05/10/2012		M	22,500	(3) 04/01/2015	Common Stock	22,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
AXELSSON ANDERS 550 MERIDIAN AVE SAN JOSE, CA 95126			Senior VP of Sales & Marketing	

## Signatures

/s/ Kathleen B. Bloch, attorney-in-fact for Anders B. Axelsson  
 \*\*Signature of Reporting Person  
 05/14/2012  
 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) Each performance share represents the right to receive one share of the Issuer's Common Stock.  
 5,000 of the 10,000 shares granted to the Reporting Person under the Issuer's 1997 Stock Plan (the "Plan") were vested and released to the Reporting Person effective May 10, 2012. Such 10,000 shares vest at the following rate: 1/4th of such shares vest on May 14, 2010 and
- (2) on each one year anniversary thereafter, and in each case subject to the satisfaction of certain performance criteria. It was determined that May 10, 2012 was the date on which vesting of 50% of the original 10,000 share grant was deemed to have occurred pursuant to the satisfaction of certain performance criteria.
- (3) 22,500 of the 45,000 shares granted to the Reporting Person under the Plan were vested and released to the Reporting Person effective May 10, 2012. Such 45,000 shares vest at the following rate: 22,500 shares on August 24, 2011 and 22,500 shares on August 24, 2012

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assuming in each case that the satisfaction of certain performance criteria has been met. It was determined that May 10, 2012 was the date on which vesting of 50% of the original 45,000 share grant was deemed to have occurred pursuant to the satisfaction of certain performance criteria.

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.