

OSHAMAN TRUST DATED 7 10 1979
 Form 4
 February 02, 2011

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)
 02/01/2011

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------|
| | | | Code | V Amount (A) or (D) Price | | | |
| Common Stock | 02/01/2011 | | M | 3,404 A (12) 3,404 | 3,404 | D | |
| Common Stock | 02/01/2011 | | F | 1,432 D \$ 9.23 | 1,972 | D | |
| Common Stock | 02/02/2011 | | G | V 1,972 D \$ 0 | 0 | D | |
| Common Stock | 02/02/2011 | | G | V 1,972 A \$ 0 | 1,627,826 | I | See footnote (1) |
| Common Stock | 02/02/2011 | | S | 1,972 D \$ (14) 9.1668 | 1,625,854 | I | See footnote |

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| | <u>(15)</u> | | <u>(1)</u> |
|--------------|-------------|---|--------------------------|
| Common Stock | 210,492 | I | See footnote <u>(2)</u> |
| Common Stock | 210,492 | I | See footnote <u>(3)</u> |
| Common Stock | 293,220 | I | See footnote <u>(4)</u> |
| Common Stock | 293,220 | I | See footnote <u>(5)</u> |
| Common Stock | 89,508 | I | See footnote <u>(6)</u> |
| Common Stock | 89,508 | I | See footnote <u>(7)</u> |
| Common Stock | 181,558 | I | See footnote <u>(8)</u> |
| Common Stock | 181,558 | I | See footnote <u>(9)</u> |
| Common Stock | 488,428 | I | See footnote <u>(10)</u> |
| Common Stock | 204,282 | I | See footnote <u>(11)</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 | 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 | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--------------------------------------------|-----------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|----------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|
|--------------------------------------------|-----------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|----------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|

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- (9) These shares are held by the Barbara S. Oshman 2010 Annuity Trust dated February 23, 2010.
- (10) These shares are held by O-S Ventures, a general partnership, of which M. Kenneth Oshman is general partner.
- (11) These shares are held by Barbara S. Oshman as her sole and separate property. M. Kenneth Oshman disclaims beneficial ownership of such shares.
- (12) Each performance share represents the right to receive one share of the Issuer's Common Stock.
3,404 of the 40,850 shares granted to M. Kenneth Oshman under the Issuer's 1997 Stock Plan were vested and released to M. Kenneth Oshman effective February 1, 2011. Such 40,850 share grant vests at the following rate: 1/12th of such shares on April 1, 2010 and on each one-month anniversary thereafter.
- (14) This trade was executed pursuant to a Rule 10b5-1 trading plan that was adopted on May 20, 2010.
The 1,972 shares were sold through separate trades, with the sale prices ranging from \$9.16 to \$9.17 and at a weighted average sale price of \$9.1668. 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.
- (15)

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