

O S VENTURES  
Form 4  
December 19, 2008

**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)  
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  
 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 Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	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 (A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying (Instr. 3 and
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	Disposed of (D)		Date Exercisable	Expiration Date	Title
				(A)	(D)			
Stock Appreciation Right	\$ 7.69	12/17/2008	A	125,000		12/17/2009	12/17/2010	Common Stock
Employee Stock Option (Right to buy)	\$ 16.688	12/17/2008	D		250,000	<u>(2)</u>	02/23/2011	Common Stock
Stock Appreciation Right	\$ 7.69	12/17/2008	A	100,000		12/17/2009	12/17/2010	Common Stock
Employee Stock Option (Right to buy)	\$ 16.35	12/17/2008	D		200,000	<u>(4)</u>	02/22/2012	Common Stock
Stock Appreciation Right	\$ 7.69	12/17/2008	A	120,000		12/17/2009	12/17/2010	Common Stock
Employee Stock Option (Right to buy)	\$ 10.89	12/17/2008	D		120,000	<u>(6)</u>	03/17/2009	Common Stock

## 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

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).
- (1) M. Kenneth Oshman ("Oshman") agreed to cancellation of a stock option granted to him on February 23, 2001, in exchange for a stock appreciation right granted under the Echelon Corporation 1997 Stock Plan (the "Plan") having a lower per share exercise price.  
Cancellation of a stock option granted to Oshman under the Plan on February 23, 2001 to buy 250,000 shares of Common Stock. The stock option was originally exercisable in full as of the February 23, 2001 grant date, subject to a repurchase option in favor of the Issuer.
- (2) The stock option vested as to 1/4th of the shares on February 23, 2002 and as to 1/48th of the shares on each one month anniversary thereafter; however, on September 17, 2004, vesting was accelerated in full.
- (3) Oshman agreed to cancellation of a stock option granted to him on February 22, 2002, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.  
Cancellation of a stock option granted to Oshman under the Plan on February 22, 2002 to buy 200,000 shares of Common Stock. The stock option was originally exercisable in full as of the February 22, 2002 grant date, subject to a repurchase option in favor of the Issuer.
- (4) The option was originally exercisable as to 1/4th of the shares on February 22, 2003 and as to 1/48th of the shares on each one month anniversary thereafter; however, on September 17, 2004, vesting was accelerated in full.
- (5) Oshman agreed to cancellation of a stock option granted to him on March 17, 2004, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.  
Cancellation of a stock option granted to Oshman under the Plan on March 17, 2004 to buy 120,000 shares of Common Stock. The stock option was originally exercisable in full as of the March 17, 2004 grant date, subject to a repurchase option in favor of the Issuer. The option was originally exercisable as to 1/4th of the shares on March 17, 2005 and as to 1/48th of the shares on each one month anniversary thereafter; however, on September 17, 2004, vesting was accelerated in full.
- (6) First of two Forms 4 filed to report Oshman transactions on December 17, 2008.
- (7)

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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