

Nagaraj Varun  
Form 4  
May 11, 2011

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
Nagaraj Varun

(Last) (First) (Middle)  
550 MERIDIAN AVENUE  
(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)  
05/10/2011

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)  
Sen. VP Product Mgmt & Mktg.

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	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Appreciation Right	\$ 10.62	05/10/2011	A	73,000					(1)	05/10/2016	Common Stock	73,000
Performance Shares	(2)	05/10/2011	A	35,000					(3)	05/10/2015	Common Stock	35,000
Performance Shares	(2)	05/10/2011	A	40,000					(4)	04/01/2015	Common Stock	40,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Nagaraj Varun 550 MERIDIAN AVENUE SAN JOSE,, CA 95126			Sen. VP Product Mgmt & Mktg.	

## Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for Varun Nagaraj  
 05/11/2011  
 \*\*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) Pursuant to the Issuer's 1997 Plan (the "Plan") the Reporting Person was granted stock appreciation rights with respect to 73,000 shares. 1/4th of such shares will vest on May 10, 2012 and on each one year anniversary thereafter.
- (2) Each performance shares represents the right to receive one share of the Issuer's Common Stock.
- (3) Pursuant to the Plan the Reporting Person was granted 35,000 performance shares. 1/4th of such shares will vest on May 10, 2012 and on each one year anniversary thereafter.
- (4) Pursuant to the Plan the Reporting Person was granted 40,000 performance shares. 20,000 shares will vest on May 10, 2012 and 20,000 shares will vest on May 10, 2013 and in each case subject 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.