

BLOCH KATHLEEN B
 Form 4
 December 19, 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 *
BLOCH KATHLEEN B

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)
12/17/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
Sr. VP, Gen Counsl & Secretary

SAN JOSE, CA 95126
 (City) (State) (Zip)

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

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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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 | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|---|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|---|--|---|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) | (A) or Disposed of (D) (Instr. 3, 4, and 5) | | | | | | |
|--------------------------------------|------------------------------|------------------|------------|--|--------|--------|------------------|-----------------|--------------|---|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | |
| Stock Appreciation Right | \$ 7.69 | 12/17/2008 | A | | 35,000 | | (1) | 12/17/2010 | Common Stock | 3 |
| Employee Stock Option (Right to buy) | \$ 8.19 | 12/17/2008 | D | | | 35,000 | (3) | 08/15/2010 | Common Stock | 3 |
| Stock Appreciation Right | \$ 7.69 | 12/17/2008 | A | | 26,250 | | (4) | 12/17/2012 | Common Stock | 2 |
| Stock Appreciation Right | \$ 8.43 | 12/17/2008 | D | | | 26,250 | (6) | 10/31/2011 | Common Stock | 2 |
| Stock Appreciation Right | \$ 7.69 | 12/17/2008 | A | | 8,750 | | (7) | 12/17/2013 | Common Stock | |
| Stock Appreciation Right | \$ 27.8 | 12/17/2008 | D | | | 26,250 | (9) | 09/10/2012 | Common Stock | 2 |
| Stock Appreciation Right | \$ 7.69 | 12/17/2008 | A | | 17,500 | | (10) | 12/17/2013 | Common Stock | 1 |
| Stock Appreciation Right | \$ 13.32 | 12/17/2008 | D | | | 26,250 | (12) | 05/27/2013 | Common Stock | 2 |

Reporting Owners

Reporting Owner Name / Address

Relationships

| | | | | |
|--|----------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| BLOCH KATHLEEN B 550 MERIDIAN AVE SAN JOSE, CA 95126 | | | Sr. VP, Gen Counsl & Secretary | |

Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for Kathleen B. Bloch

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) Pursuant to Echelon Corporation 1997 Stock Plan (the "Plan"), the Reporting Person was granted a stock appreciation right with respect to 35,000 shares of Common Stock. 1/2 of such shares becomes exercisable on each of December 17, 2009 and December 17, 2010.
- (2) The Reporting Person agreed to cancellation of a stock option granted to her on August 15, 2005, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.
- (3) Cancellation of a stock option granted to Reporting Person under the Plan on August 15, 2005 to buy 35,000 shares of Common Stock. The option was exercisable as to 1/4th of the shares on August 15, 2006 and each one year anniversary thereafter.
- (4) Pursuant to the Plan, the Reporting Person was granted a stock appreciation right with respect to 26,250 shares of Common Stock. 1/3rd of such shares becomes exercisable on December 17, 2009 and each one year anniversary thereafter.
- (5) The Reporting Person agreed to cancellation of a stock appreciation right granted to her on October 31, 2006, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.
- (6) Cancellation of a stock appreciation right granted to Reporting Person under the Plan on October 31, 2006 with respect to 26,250 shares of Common Stock. The stock appreciation right was exercisable as to 1/4th of the shares on October 31, 2007 and each one year anniversary thereafter.
- (7) Pursuant to the Plan, the Reporting Person was granted a stock appreciation right with respect to 8,750 shares of Common Stock. 1/4th of such shares becomes exercisable on December 17, 2009 and each one year anniversary thereafter.
- (8) The Reporting Person agreed to cancellation of a stock appreciation right granted to her on September 10, 2007, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.
- (9) Cancellation of a stock appreciation right granted to Reporting Person under the Plan on September 10, 2007 with respect to 26,250 shares of Common Stock. The stock appreciation right was exercisable as to 1/4th of the shares on September 10, 2008 and each one year anniversary thereafter.
- (10) Pursuant to the Plan, the Reporting Person was granted a stock appreciation right with respect to 17,500 shares of Common Stock. 1/4th of such shares becomes exercisable on December 17, 2009 and each one year anniversary thereafter.
- (11) The Reporting Person agreed to cancellation of a stock appreciation right granted to her on May 27, 2008, in exchange for a stock appreciation right granted under the Plan having a lower per share exercise price.
- (12) Cancellation of a stock appreciation right granted to Reporting Person under the Plan on May 27, 2008 with respect to 26,250 shares of Common Stock. The stock appreciation right was exercisable as to 1/4th of the shares on May 27, 2009 and 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. 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.