

BLOCH KATHLEEN B
 Form 4
 May 14, 2012

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 *
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)
05/10/2012

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

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 or Price | | |
| Common Stock | 05/10/2012 | | M | | 5,000 A \$ 68,731 | D | |
| Common Stock | 05/10/2012 | | F | | 1,834 D \$ 3.88 66,897 | D | |
| Common Stock | 05/10/2012 | | M | | 17,500 A \$ 84,397 | D | |
| Common Stock | 05/10/2012 | | F | | 6,419 D \$ 3.88 77,978 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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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 | 17,500 | (3) 04/01/2015 | Common Stock | 17,500 |

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/ Kathleen B. Bloch
Date: 05/14/2012

**Signature of Reporting Person

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)

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17,500 of the 35,000 shares granted to the Reporting Person under the Plan were vested and released to the Reporting Person effective May 10, 2012. Such 35,000 shares vest at the following rate: 17,500 shares on August 24, 2011 and 17,500 shares on August 24, 2012 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 35,000 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.