Nagaraj Varun
Form 4
May 14, 2012

FORM 4

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

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

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).

(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)
05/10/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sen. VP Product Mgmt & Mktg.

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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	05/10/2012		M		8,750	A	(1)	8,750	D	
Common Stock	05/10/2012		F		3,209	D	$ 3.88	5,541	D	
Common Stock	05/10/2012		M		20,000	A	(1)	25,541	D	
Common Stock	05/10/2012		F		7,336	D	$ 3.88	18,205	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)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Performance Shares	(1)	05/10/2012		M		8,750		(2)	05/10/2015	Common Stock	8,750
Performance Shares	(1)	05/10/2012		M		20,000		(3)	04/01/2015	Common Stock	20,000

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/ Kathleen B. Bloch, attorney-in-fact for Varun Nagaraj	05/14/2012
**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) Each performance share represents the right to receive one share of the Issuer's Common Stock.

(2) 8,750 of the 35,000 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 35,000 share grant vests at the following rate: 1/4th of such shares on May 10, 2012 and on each one year anniversary thereafter.

(3) 20,000 of the 40,000 shares granted to the Reporting Person under the Plan were vested and released to the Reporting Person effective May 10, 2012. Such 40,000 shares vest at the following rate: 20,000 shares on May 10, 2012 and 20,000 shares on May 10, 2013 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 40,000 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.
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