

ECHELON CORP  
Form 4  
April 26, 2005

**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 \*  
AXELSSON ANDERS

(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)  
04/22/2005

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)  
Senior VP of Sales & Marketing

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 Indirect Beneficial 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 of 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 Number Shares
Employee stock option (Right to buy)	\$ 8.52	04/22/2005	A	100,001					(1)	05/26/2008	Common Stock	100,000
Employee stock option (Right to buy)	\$ 8.52	04/22/2005	A	60,000					(2)	03/17/2009	Common Stock	60,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
AXELSSON ANDERS 550 MERIDIAN AVE SAN JOSE, CA 95126			Senior VP of Sales & Marketing	

## Signatures

/s/ Oliver R. Stanfield, attorney in fact for Anders Axelsson 04/26/2005

\*\*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) On April 22, 2005, an option to purchase 100,001 shares was issued to the Reporting Person under the Echelon Corporation 1997 Stock Plan (the "1997 Plan") pursuant to the Issuer's option exchange program. The option shall vest and become exercisable as to 70,834 shares on April 22, 2006 and as to 2,083 shares on each one month anniversary of April 22, 2006, until all of such shares are vested and exercisable, subject to the Reporting Person's continued service to the Issuer on each relevant vesting date. Such option was issued in replacement of 150,000 option shares cancelled on October 21, 2004. As provided by the terms of the option exchange program, the per share exercise price of \$8.52 is equal to 115% of the closing price of the Issuer's common stock on October 21, 2004.

(2) On April 22, 2005, an option to purchase 60,000 shares was issued to the Reporting Person under the 1997 Plan pursuant to the Issuer's option exchange program. The option shall vest and become exercisable as to 31,250 shares on April 22, 2006 and as to 1,250 shares on each one month anniversary of April 22, 2006, until all of such shares are vested and exercisable, subject to the Reporting Person's continued service to the Issuer on each relevant vesting date. Such option was issued in replacement of 60,000 option shares cancelled on October 21, 2004. As provided by the terms of the option exchange program, the per share exercise price of \$8.52 is equal to 115% of the closing price of the Issuer's common stock on October 21, 2004.

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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