

AXELSSON ANDERS  
Form 4  
September 12, 2007

**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

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)  
09/11/2007

\_\_\_\_ Director  
 Officer (give title below)  
\_\_\_\_ 10% Owner  
\_\_\_\_ Other (specify below)  
Senior VP of Sales & Marketing

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
|                                 |                                      |  | Code                           | V   | Amount or Price   |  |  |
| Common Stock                    | 09/11/2007                           |  | M                              |   | 10,000 A \$ 8.52  | 11,964   | D  |
| Common Stock                    | 09/11/2007                           |  | F                              |   | 5,489 D \$ 28.59  | 6,475  | D  |
| Common Stock                    | 09/11/2007                           |  | S                              |   | 300 D \$ 28.13  | 6,175  | D  |
| Common Stock                    | 09/11/2007                           |  | S                              |   | 4,170 D \$ 28.1   | 2,005  | D  |

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

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(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 (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                              |
| Employee Stock Option (Right to buy)       | \$ 8.52  | 09/11/2007                           |  | M                              | 10,000  | <u>(1)</u> 05/26/2008                                    | Common Stock 10,000   |

## Reporting Owners

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

## Signatures

/s/ Oliver R. Stanfield, attorney-in-fact for Anders B. Axelsson

09/12/2007

\_\_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).

The Reporting Person exercised 10,000 of the 100,001 share option granted on April 22, 2005. Previously vesting was such that this (1) 100,001 share option vested as to 70,834 shares on April 22, 2006 and as to 2,083 on each one month anniversary thereafter; however, on November 18, 2005 vesting was accelerated in full.

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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