

TELKONET INC  
Form 5  
April 25, 2007

**FORM 5**

**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).  
Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL 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

1. Name and Address of Reporting Person \*  
Hall Thomas M

(Last) (First) (Middle)

20374 SENECA MEADOWS  
PARKWAY

(Street)

GERMANTOWN, MD 20876

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
TELKONET INC [TKO]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
12/31/2006

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)

6. Individual or Joint/Group Reporting

(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 at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
Common Stock par value \$0.001			3	(A) or (D) Price		D	

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

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SEC 2270 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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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 Underlying Securities (Instr. 3 and 4)		
					(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Option to purchase <sup>(2)</sup>	\$ 1	03/28/2002	Â	J <sup>(4)(5)</sup>	50,000 Â	03/28/2002	03/28/2005	Common	50,000
Option to purchase <sup>(3)</sup>	\$ 1	04/25/2002	Â	J <sup>(4)(5)</sup>	50,000 Â	04/25/2002	04/25/2005	Common	50,000
Option to purchase	\$ 3.45	04/20/2004	Â	A4	40,000 Â	Â <sup>(6)</sup>	04/01/2014	Common	40,000
Option to purchase	\$ 3.45	04/01/2005	Â	A4	40,000 Â	Â <sup>(6)</sup>	04/01/2015	Common	40,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Hall Thomas M 20374 SENECA MEADOWS PARKWAY GERMANTOWN, MD 20876	Â X	Â	Â	Â

## Signatures

/s/ Thomas M. Hall 04/25/2007

\*\*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).
- (1) Shares beneficially owned as of April 20, 2004, the date of appointment to the Board of Directors  
Warrants to purchase shares of common stock attached to a Series A convertible debenture, dated April 2, 2002 with a 3 year expiration
- (2) and exercisable at \$1.00 per share. These warrants were converted into 50,000 shares of common stock on March 25, 2005. This transaction was reported on SEC EDGAR Form 4, filed April 7, 2005.  
Warrants to purchase shares of common stock attached to a Series A convertible debenture, dated April 25, 2002 with a 3 year expiration
- (3) and exercisable at \$1.00 per share. These warrants were converted into 36,150 shares of common stock (net of consideration paid in shares of common stock) on April 25, 2005. This transaction was reported on SEC EDGAR Form 4, filed April 28, 2005.
- (4) This transaction was supposed to be filed on a Form 3.

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- (5) Represents warrants to purchase shares of common stock at \$1.00 per share, beneficially owned as of April 20, 2004.
- (6) Stock options issued pursuant to the Director's Compensation Plan vest at a rate of 10,000 options per quarter.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.