

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)

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

20374 SENECA MEADOWS PARKWAY

(Street)

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

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

6. Individual or Joint/Group Reporting

(check applicable line)

GERMANTOWN, MD 20876

(City) (State) (Zip)

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) Amount (D) Price | | D | |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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 ⁽²⁾ | \$ 1 | 03/28/2002 | Â | J ⁽⁴⁾⁽⁵⁾ | 50,000 Â | 03/28/2002 03/28/2005 | Common | 50,000 |
| Option to purchase ⁽³⁾ | \$ 1 | 04/25/2002 | Â | J ⁽⁴⁾⁽⁵⁾ | 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 ⁽⁶⁾ 04/01/2014 | Common | 40,000 |
| Option to purchase | \$ 3.45 | 04/01/2005 | Â | A4 | 40,000 Â | Â ⁽⁶⁾ 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.