

Crabb Robert P
 Form 5
 May 24, 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 *
 Crabb Robert P

(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)
 Chief Marketing Officer, Secre

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|-----------------------------------|
| | | | | (A) Amount or (D) Price | | | |
| Common Stock par value \$0.001 | Â | Â | 3 | Â Â Â Â | | D | Â |
| Common Stock par value \$0.001 | 10/04/2006 | Â | S4 | 15,200 D \$ 0 (1) | 8,500 | D | Â |
| | 11/16/2006 | Â | S4 | 11,500 D | 8,500 | D | Â |

| | | | | | | | | | | | | |
|---|------------|---|----|-------|---|------|------------------|---|--|--|--|--------------------|
| Common Stock par value \$0.001 | | | | | | | | | | | | \$ 0 <u>(1)</u> |
| Common Stock par value \$0.001 | 11/16/2006 | Â | P4 | 8,500 | A | \$ 1 | 8,500 <u>(2)</u> | D | | | | Â |

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)

| 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 Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--------|--|-----------------|---|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Option to purchase <u>(3)</u> | \$ 1 | 10/15/2000 | Â | J ⁽⁴⁾ | 100,000 | Â | Â <u>(5)</u> | 10/15/2010 | Common |
| Option to purchase <u>(3)</u> | \$ 1 | 02/15/2002 | Â | J ⁽⁴⁾ | 300,000 | Â | Â <u>(5)</u> | 02/15/2012 | Common |
| Option to purchase <u>(3)</u> | \$ 1 | 01/18/2003 | Â | J ⁽⁴⁾ | 500,000 | Â | Â <u>(5)</u> | 01/18/2013 | Common |
| Option to purchase | \$ 1 | 10/04/2006 | Â | X4 | Â | 15,200 | Â <u>(1)</u> | Â <u>(1)</u> | Common |
| Option to purchase | \$ 1 | 11/16/2006 | Â | X4 | Â | 20,000 | Â <u>(1)</u> | Â <u>(1)</u> | Common |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|----------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Crabb Robert P 20374 SENECA MEADOWS PARKWAY GERMANTOWN, MD 20876 | Â | Â | Â Chief Marketing Officer, Secre | Â |

Signatures

/s/ Robert P.
Crabb

05/24/2007

__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) Not applicable.
- (2) 8,500 shares of common stock owned as of December 31, 2006, no shares beneficially owned as of the date of appointment to Chief Marketing Officer.
- (3) Stock options to purchase shares of common stock beneficially owned as of appointment date.
- (4) Information on this line should have been reported on a Form 3
- (5) Options vest ratably on a quarterly basis over a three year period. As of December 31, 2006 and filing date, these options are fully vested and exercisable.
- (6) Options issued to Susquehanna Development Corporation for consulting services from 2000-2002. Robert Crabb is the managing partner and has dispositive power of the securities issued to Susquehanna Development Corp.

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.