

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response...	0.5

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 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * SADLE STEPHEN L		2. Issuer Name and Ticker or Trading Symbol TELKONET INC [TKO]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) Senior Vice President	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 03/31/2004		
902A COMMERCE ROAD					
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)		
ANNAPOLIS, MD 21401					6. Individual or Joint/Group Filing(Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> 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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock par value \$0.001 per share	03/31/2004		S		50,000	D	\$ 0	3,600,514	D	

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

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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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		03/30/2003	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		06/30/2003	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		09/30/2003	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		12/30/2003	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		03/30/2004	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option to purchase common stock	\$ 1	01/01/2003		A		75,000		06/30/2004	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D	
Option										Common					

to purchase common stock	\$ 1	01/01/2003		A	75,000	09/30/2004	01/01/2013	stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D
Option to purchase common stock	\$ 1	01/01/2003		A	75,000	12/30/2004	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D
Option to purchase common stock	\$ 1	01/01/2003		A	75,000	03/30/2005	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D
Option to purchase common stock	\$ 1	01/01/2003		A	75,000	06/30/2005	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D
Option to purchase common stock	\$ 1	01/01/2003		A	75,000	09/30/2005	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D
Option to purchase common stock	\$ 1	01/01/2003		A	75,000	12/30/2005	01/01/2013	Common stock par value \$0.001 per share	75,000	\$ 1.22 (1)	75,000	D

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SADLE STEPHEN L 902A COMMERCE ROAD ANNAPOLIS, MD 21401	X		Senior Vice President	
SADLE BARBARA J 902A COMMERCE ROAD ANNAPOLIS, MD 21401				spouse

Signatures

Stephen L. Sadle	04/08/2004
--Signature of Reporting Person	Date
Barbara J. Sadle	04/08/2004
--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 options to purchase Telkonet common stock were received in connection with a stock repurchase of the issuer pursuant to which the reporting person surrendered 2,147,695 shares of Telkonet common stock and options to purchase 200,000 shares of Telkonet common stock at an exercise price of \$1.00. The price of the options granted to the reporting person (1) was calculated by dividing the aggregate value on January 1, 2003 of the Telkonet common stock and in-the-money options to purchase Telkonet common stock surrendered in the stock repurchase, by the number of options to purchase Telkonet common stock in the stock repurchase.

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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