

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

1. Name and Address of Reporting Person * LYNCH TOM			2. Issuer Name and Ticker or Trading Symbol TELKONET INC [TKO]			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)			
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2006			6. Individual or Joint/Group Reporting (check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person			
20374 SENECA MEADOWS PARKWAY			4. If Amendment, Date Original Filed(Month/Day/Year)						
(Street) GERMANTOWN, MD 20876			(City) (State) (Zip)			Table 1 - 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 Indirect Beneficial Ownership (Instr. 4)
				Amount	(A) or (D)	Price			
Common Stock par value \$0.001			3				0 (1)	D (5)	

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 at End of Issuer's Fiscal Year (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
					(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Option to purchase (2)	\$ 2	10/01/2003		A4	40,000		(6)	10/01/2013	Common	40,000	\$ 2	40,000	D	
Option to purchase (3)	\$ 2	04/20/2004		A4		20,000	(6)	10/01/2013	Common	20,000	\$ 2	20,000	D	
Option to purchase (4)	\$ 3.45	04/20/2004		A4	40,000		(6)	04/20/2014	Common	40,000	\$ 3.45	60,000	D	
Option to purchase	\$ 3.45	04/01/2005		A4	40,000		(6)	04/01/2015	Common	40,000	\$ 3.45	100,000	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LYNCH TOM 20374 SENECA MEADOWS PARKWAY GERMANTOWN, MD 20876	X			

Signatures

/s/ Thomas C. Lynch 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) No shares beneficially owned as of October 1, 2003; the date of appointment to the Board of Directors
- (2) Options issued pursuant to appointment to the Board of Directors' on October 1, 2003.
- (3) Options cancelled pursuant to revised compensation agreement approved by the Board on April 20, 2004.
- (4) Options issued pursuant to revised compensation agreement approved by the Board on April 20, 2004.
- (5) Not applicable.
- (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.

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