

# 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 * Crabb Robert P			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 <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) Chief Marketing Officer, Secre		
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2006					
20374 SENECA MEADOWS PARKWAY								
(Street)			4. If Amendment, Date Original Filed (Month/Day/Year)			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		
GERMANTOWN, MD 20876								
(City) (State) (Zip)			<b>Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</b>					

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				8,500	D	
Common Stock par value \$0.001	10/04/2006		S4	15,200	D	\$ 0 (1)	8,500	D	
Common Stock par value \$0.001	11/16/2006		S4	11,500	D	\$ 0 (1)	8,500	D	
Common Stock par value \$0.001	11/16/2006		P4	8,500	A	\$ 1	8,500 (2)	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)

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 (3)	\$ 1	10/15/2000		J(4)	100,000		(5)	10/15/2010	Common	100,000	\$ 1	864,800	I	See Footnote (6)
Option to purchase (3)	\$ 1	02/15/2002		J(4)	300,000		(5)	02/15/2012	Common	300,000	\$ 1	864,800	I	See Footnote (6)
Option to purchase (3)	\$ 1	01/18/2003		J(4)	500,000		(5)	01/18/2013	Common	500,000	\$ 1	864,800	D	
Option to purchase	\$ 1	10/04/2006		X4		15,200	(1)	(1)	Common	15,200	\$ 1	864,800	D	
Option to purchase	\$ 1	11/16/2006		X4		20,000	(1)	(1)	Common	20,000	\$ 1	864,800	D	

### Reporting Owners

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

### Signatures

/s/ Robert P. Crabb	05/24/2007
Signature of Reporting	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.