

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 * Landry James F			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 Technology Officer			
(Last) (First) (Middle) 20374 SENECA MEADOWS PARKWAY			3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2006						
(Street) GERMANTOWN, MD 20876			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			
(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 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				84,200 (1)	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 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)	\$ 1	12/20/2001		J(3)		25,000	(4)	12/20/2011	Common	25,000	\$ 1	500,000	D	
Option to purchase (2)	\$ 1	02/15/2002		J(3)		100,000	(5)	02/15/2012	Common	100,000	\$ 1	500,000	D	
Option to purchase (2)	\$ 1	01/01/2003		J(3)		125,000	(6)	01/01/2013	Common	125,000	\$ 1	500,000	D	
Option to purchase (2)	\$ 3.45	05/01/2004		J(3)		250,000	(7)	05/01/2014	Common	250,000	\$ 3.45	500,000	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Landry James F 20374 SENECA MEADOWS PARKWAY GERMANTOWN, MD 20876			Chief Technology Officer	

Signatures

/s/ James F. Landry	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) Shares beneficially owned as of the date of appointment to Chief Technology Officer and December 31, 2006.
- (2) Stock options to purchase shares of common stock beneficially owned as of December 31, 2006.
- (3) Information on this line should have been reported on a Form 3.
- (4) Options vest ratably on a quarterly basis over a three year period. As of December 31, 2006 and filing date, the options are fully vested and exercisable.
- (5) Options vest ratably on a monthly basis over a three year period. As of December 31, 2006 and filing date, the options are fully vested and exercisable.
- (6) Options vest ratably on a quarterly basis over a three year period. As of December 31, 2006 and filing date, the options are fully vested and exercisable.
- (7) Options vest ratably on an annual basis over a five period. As of December 31, 2006, and filing date, 100,000 and 150,000 of these options are vested and exercisable, respectively.

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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