

FORM 4

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).

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 * Davis William H			2. Issuer Name and Ticker or Trading Symbol TELKONET INC [TKOI]			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. Date of Earliest Transaction (Month/Day/Year) 10/01/2012			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person																															
10200 INNOVATION DRIVE, SUITE 300			4. If Amendment, Date Original Filed (Month/Day/Year)																																		
(Street) MILWAUKEE, WI 53226						<table border="1"> <thead> <tr> <th colspan="7">Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned</th> </tr> <tr> <th rowspan="2">1. Title of Security (Instr. 3)</th> <th rowspan="2">2. Transaction Date (Month/Day/Year)</th> <th rowspan="2">2A. Deemed Execution Date, if any (Month/Day/Year)</th> <th colspan="2">3. Transaction Code (Instr. 8)</th> <th colspan="2">4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)</th> <th rowspan="2">5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)</th> <th rowspan="2">6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)</th> <th rowspan="2">7. Nature of Indirect Beneficial Ownership (Instr. 4)</th> </tr> <tr> <th>Code</th> <th>V</th> <th>Amount</th> <th>(A) or (D)</th> <th>Price</th> </tr> </thead> <tbody> <tr> <td colspan="10"> Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. </td> </tr> </tbody> </table>			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	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)
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (right to buy) (1)	\$ 0.187	10/01/2012		A	100,000	(2)	(3)	Common Stock	100,000	\$ 0	100,000	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Davis William H 10200 INNOVATION DRIVE SUITE 300 MILWAUKEE, WI 53226	X			

Signatures

/s/ James J. Schilling, power of attorney 10/03/2012
**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) Options granted pursuant to the 2012 Board of Directors Compensation Policy.
- (2) Options vest quarterly over 5 years.
- (3) This option expires on the earlier of the ten year anniversary or one year from employment separation

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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