TELKONET INC Form 5 April 26, 2007

FORM 5

OMB APPROVAL

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

OMB 3235-0362 Number: January 31,

no longer subject to Section 16. Form 4 or Form 5 obligations

Check this box if

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL

2005 Estimated average burden hours per response... 1.0

Expires:

may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Form 3 Holdings Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

OWNERSHIP OF SECURITIES

Reported Form 4

30(h) of the Investment Company Act of 1940

Transactions Reported

1. Name and Address of Reporting Person * 2. Issuer Name and Ticker or Trading 5. Relationship of Reporting Person(s) to Issuer BLUMENFELD SETH D Symbol TELKONET INC [TKO] (Check all applicable) 3. Statement for Issuer's Fiscal Year Ended (Last) (First) (Middle) (Month/Day/Year) _X_ Director 10% Owner Officer (give title 12/31/2007 Other (specify below) below) 20374 SENECA MEADOWS **PARKWAY** (Street) 4. If Amendment, Date Original 6. Individual or Joint/Group Reporting Filed(Month/Day/Year)

GERMANTOWN, MDÂ 20876

(State)

(Zip)

(City)

X Form Filed by One Reporting Person Form Filed by More than One Reporting

(check applicable line)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 1. Title of 2. Transaction Date 2A. Deemed 3. 4. Securities 5. Amount of 6. Ownership 7. Nature of Security (Month/Day/Year) Execution Date, if Transaction Acquired (A) or Securities Form: Direct Indirect (Instr. 3) Code Disposed of (D) Beneficially (D) or Beneficial (Month/Day/Year) (Instr. 3, 4 and 5) Owned at end Indirect (I) Ownership (Instr. 8) of Issuer's (Instr. 4) (Instr. 4) (A) Fiscal Year or (Instr. 3 and 4) Amount (D) Price

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 | 2. | 3. Transaction Date | 3A. Deemed | 4. | 5. Number of | 6. Date Exercisable and | 7. Title and Amount of |
|-------------|-------------|---------------------|--------------------|-------------|-------------------------------|-------------------------|------------------------|
| Derivative | Conversion | (Month/Day/Year) | Execution Date, if | Transaction | Derivative | Expiration Date | Underlying Securities |
| Security | or Exercise | | any | Code | Securities | (Month/Day/Year) | (Instr. 3 and 4) |
| (Inetr 3) | Price of | | (Month/Day/Vear) | (Instr 8) | Δ conired (Δ) | | |

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Derivative or Disposed of Security (D)

(Instr. 3, 4, and 5)

(A) (D) Date Expiration Title Amount Exercisable Date or

Number of Share

Option to

(1)

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

BLUMENFELD SETH D 20374 SENECA MEADOWS PARKWAY Â X Â Â GERMANTOWN, MDÂ 20876

Signatures

/s/ Seth D. 04/26/2007 Blumenfeld

**Signature of Date
Reporting Person

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 issued as part of directors compensation for the fiscal year ended December 31, 2007
- (2) 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. 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.

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