

GRIMES DAVID W
Form 5
February 10, 2006

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, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
GRIMES DAVID W

(Last) (First) (Middle)

107 BONFIELD AVE.

(Street)

OXFORD, MD 21654

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
TELKONET INC [TKO]

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
12/31/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Reporting

(check applicable line)

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

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)	(A) or (D)	Price	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)
Common Stock par value \$0.001	04/27/2004		S4	2,700	D	\$ 3.27	852,705	D	
Common Stock par value \$0.001	05/20/2004		S	7,300	D	\$ 2.98	845,405	D	
Common Stock par	06/10/2004		S	10,000	D	\$ 3.96	835,405	D	

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value
\$0.001

Common Stock par value \$0.001	08/18/2004	Â	S	3,500	D	\$ 2.34	831,905	D	Â
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Common Stock par value \$0.001	08/19/2004	Â	S	31,000	D	\$ 2.28	800,905	D	Â
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Common Stock par value \$0.001	08/20/2004	Â	S	15,500	D	\$ 2.28	785,405	D	Â
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Common Stock par value \$0.001	12/07/2004	Â	S	25,000	D	\$ 4.9	760,405	D	Â
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Common Stock par value \$0.001	09/16/2005	Â	S	10,000	D	\$ 3.9	750,405	D	Â
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Common Stock par value \$0.001	11/16/2005	Â	S	40,000	D	\$ 4.16	710,405	D	Â
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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.

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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. of D S B O E I F (I
					(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GRIMES DAVID W 107 BONFIELD AVE. OXFORD, MD 21654	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signatures

/s/ Suzanne Grimes, for
deceased

02/10/2006

__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).

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.