

WALLACE KENNETH M
Form 4
March 11, 2009

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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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

(Print or Type Responses)

1. Name and Address of Reporting Person *
WALLACE KENNETH M

2. Issuer Name and Ticker or Trading Symbol
APPLIED ENERGETICS, INC.
[AERG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
3716 EAST COLUMBIA ST.

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
03/06/2009

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

TUCSON, AZ 85714

(City) (State) (Zip)

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

6. Individual or Joint/Group Filing(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) | 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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474
(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 | 2. Conversion or Exercise | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any | 4. Transaction Code | 5. Number of Derivative Securities Acquired (A) or | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|---|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|---|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) Disposed of (D) (Instr. 3, 4, and 5) | | Date Exercisable | Expiration Date | Title |
|-----------------------------|------------------------------|------------------|---|----------------|------------------|-----------------|--------------|
| | | | Code | V (A) (D) | | | |
| Common Stock (Right to Buy) | \$ 9.75 | 03/06/2009 | D | 100,000 | (1)(4) | 03/20/2010 | Common Stock |
| Common Stock (Right to Buy) | \$ 7.2 | 03/06/2009 | D | 200,000 | (2)(4) | 06/02/2011 | Common Stock |
| Common Stock (Right to Buy) | \$ 3.84 | 03/06/2009 | D | 120,000 | (3)(4) | 12/26/2011 | Common Stock |
| Common Stock (Right to Buy) | \$ 0.5 | 03/09/2009 | A | 210,000 (5) | 03/09/2009 | 03/09/2012 | Common Stock |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| WALLACE KENNETH M 3716 EAST COLUMBIA ST. TUCSON, AZ 85714 | | | CFO | |

Signatures

/s/ Kenneth M. Wallace 03/11/2009

**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) These options were exercisable as to one-fourth of the shares in each of March 20, 2006, March 20, 2007, March 20, 2008 and March 20, 2009.
- (2) These options were exercisable as to one-half of the shares on each of June 2, 2007 and June 2, 2008.
- (3) These options were exercisable as to one-third of the shares on each of December 26, 2006, December 26, 2007 and December 26, 2008.
- (4) These options were cancelled and exchanged for the options referred to in footnote (5) below in connection with the issuer's option exchange offer which was completed on March 6, 2009.

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(5) These options were granted to the reporting person on March 9, 2009 in connection with issuer's exchange offer referred to in footnote 4.

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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