

WALLACE KENNETH M
 Form 4
 March 11, 2009

FORM 4

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

OMB APPROVAL

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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 _____ 10% Owner
 Officer (give title below) _____ 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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