

TELKONET INC  
Form 8-K  
December 12, 2005

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K  
CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**December 6, 2005**

**(Date of earliest event reported)**

**TELKONET, INC.**

(Exact Name of Registrant as Specified in Its Charter)

Utah

(State or Other Jurisdiction of Incorporation)

000-27305

87-0627421

(Commission File No.)

(I.R.S. Employer Identification No.)

20374 Seneca Meadows Parkway, Germantown, Maryland 20876

(Address of Principal Executive Offices)

(240)-912-1800

(Registrant's Telephone Number)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b)

- under the Exchange Act (17 CFR 240.14d-2(b)).
  - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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**Item 1.01. Entry into a Material Definitive Agreement.**

On December 6, 2005 Telkonet, Inc. ( Telkonet ) announced that the Company had executed a definitive agreement with Microwave Satellite Technologies ( MST ) to acquire a controlling (90%) interest in MST, a communications technology company that offers complete sales, installation, and service of VSAT and business television networks, and is a full-service national Internet Service Provider. The cash and stock transaction (which values a 100% interest in MST at \$10.0 million) will allow Telkonet to expand its existing operations concentrated in Manhattan throughout New York and to increase the Telkonet presence in other cities using the New York system as a template. By adding MST to Telkonet s existing business, the Company will establish a subscriber base with recurring revenues. The purchase price for the Shares is the aggregate of: (a) One Million Six Hundred Thousand (1,600,000) unregistered shares of \$0.001 par value common stock of the Purchaser; and (b) One Million Eight Hundred Thousand Dollars (\$1,800,000.00), subject to certain potential adjustments as set forth in the Stock Purchase Agreement.

**Item 9.01. Financial Statements and Exhibits.**

- (a) No financial statements are required to be filed as part of this report.
- (b) No pro forma financial information is required to be filed as part of this report.
- (c) The following exhibits are filed as part of this report:
  - 99.1 Stock Purchase Agreement
  - 99.2 Press Release dated December 6, 2005.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**TELKONET, INC.**

Date: December 12, 2005

By: /s/ Ronald W. Pickett

Ronald W. Pickett  
Chief Executive Officer