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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 11, 2007

\_\_\_\_\_  
(Date of earliest event reported)

TELKONET, INC.

\_\_\_\_\_  
(Exact Name of Registrant as Specified in Its Charter)

Utah

\_\_\_\_\_  
(State or Other Jurisdiction of Incorporation)

001-31972  
(Commission File No.)

87-0627421  
(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)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
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**5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 11, 2007, the Company appointed Jason Tienor President and Chief Executive Officer and Dorothy “Dottie” Cleal Chief Operating Officer of the Company. Both Mr. Tienor and Ms. Cleal remain employed pursuant to the terms of their existing agreements.

Mr. Tienor was appointed to replace the Company’s prior President and Chief Executive Officer, Ronald W. Pickett, who resigned on December 11, 2007. Effective December 11, 2007, Mr. Pickett was appointed to serve as Vice Chairman of the Company’s Board of Directors.

On December 11, 2007, Richard J. Leimbach was appointed Chief Financial Officer of the Company. In connection with this appointment, Mr. Leimbach’s annual salary was increased to \$190,000.

On December 11, 2007, Jeff Sobieski was appointed Executive Vice President of Energy Management for the Company. In connection with this appointment, Mr. Sobieski’s annual salary was increased to \$190,000 and he remains employed pursuant to the terms of his existing employment agreement.

Mr. Tienor has served as Chief Operating Officer of Telkonet since August 20, 2007, during which time he also served as Chief Executive Officer of EthoStream, LLC, a wholly-owned subsidiary of the Company. Prior to his employment with the Company, Mr. Tienor co-founded Ethostream and has served as Chief Executive Officer since 2002.

Ms. Cleal has served as Executive Vice President of Telkonet since August 20, 2007. Prior to joining Telkonet, Ms. Cleal served, since 2005, as Vice President and Director, Navy and Marine Corps Business Program of SRA International, a billion dollar leading provider of consulting services to clients in the national security, civil government, health care and public health industries. From 2000 through 2005 she served as the Navy account manager as well as the Navy and Marine Corps account manager with SRA. Prior to joining SRA, Ms. Cleal was the acting Chief Information Officer and Associate Director for Information Systems and Technology at the White House.

Mr. Leimbach has served as Telkonet’s Vice President of Finance since June 2006, and as Controller from January 2004 until June 2006. Mr. Leimbach is a certified public accountant with over fifteen years of public accounting and private industry experience. Prior to joining Telkonet, Mr. Leimbach was the Controller with Ultrabridge, Inc., an applications solution provider. Mr. Leimbach also served as Corporate Accounting Manager for Snyder Communications, Inc., a global provider of integrated marketing solutions.

Mr. Sobieski has been employed by the Company as Chief Information Officer of EthoStream since its acquisition by the Company in March 2007. Prior to his employment with the Company, Mr. Sobieski co-founded Ethostream and has served as Chief Information Officer since 2002. Mr. Sobieski is also the co-founder of Interactive Solutions, a consulting firm providing support to the Insurance and Telecommunications Industries.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99 Press Release, dated December 12, 2007

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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 17, 2007

By: /s/ Richard J. Leimbach \_\_\_\_\_

Richard J. Leimbach

Chief Financial Officer



For Immediate Release: December 12, 2007

NEWS RELEASE

## Telkonet Under New Leadership with CEO and COO Appointments

*Major Reorganization Heralds Next Phase of Dynamic Progress*

**Germantown, MD, Telkonet, Inc. (AMEX: TKO), the leading technology solutions provider for broadband networking, end-to-end service support and energy management,** today announced that Jason Tienor has been named President and Chief Executive Officer (CEO), and Dottie Cleal has been promoted to Chief Operating Officer (COO) effective immediately. These appointments mark an important phase of change and opportunity for the company, and cement the long-term strategy initiated in August 2007 to drive Telkonet forward in an expanding marketplace. Under this dynamic new leadership, Telkonet is embarking on a key phase of development, encompassing a number of critical technical, personnel, integrational and operational changes. Key objectives for Jason Tienor and Dottie Cleal include expanding Telkonet's presence into new markets, combined with enhancing the company's effectiveness and increasing shareholder value.

"In recent months, we have put the building blocks in place that will enable Telkonet to develop and grow in line with its true potential, and we are seeing momentum build steadily," said Jason Tienor. "I am confident that we will achieve our clearly stated objectives of attaining market leadership and profitability. I regard it as a great honor to lead the company at this pivotal time, and clearly understand the demands, responsibilities and accountability that come with this position. I am committed to communicating openly and candidly with our investors, shareholders and partners, as we embark on this new phase of the company's evolution."

Dottie Cleal commented, "It is a great privilege to serve as Telkonet's COO. Telkonet has tremendous potential and I am excited to be a part of the leadership team during this important time in Telkonet's history."

Founder and former CEO Ron Pickett is named Vice Chairman of Telkonet's Board of Directors, and will continue to play an important senior advisory role. Pete Musser, Chairman of the Board, observed that having Ron's leadership, vision and commitment from Telkonet's inception were important to acknowledge.

"Ron has given so much in so many ways," said Pete Musser, who summarized by saying that the new leadership is a key part of Telkonet's planned strategy, and will enable the next phase of the company's evolution, positioning Telkonet for success in calendar year 08.

In addition to these changes, Telkonet also announced the promotion of Rick Leimbach to Chief Finance Officer (CFO), and the promotion of Jeff Sobieski as Executive Vice President of Energy Management.

(more)

### Contacts:

Joe Noel  
Telkonet  
240.912.1851

Andrew Hellman  
CEOcast  
212.732.4300  
adhellman@ceocast.com

Georgina Garrett/Simon  
Jones  
Garrett Axford  
1-866 940 9987  
+44.1903.854900  
mail@garrett-axford.co.uk

“Rick Leimbach has been with Telkonet for almost four years and is an integral part of our team in executing the future strategy for Telkonet”, Jason Tienor commented. Jeff Sobieski, the former CIO of EthoStream, will lead Telkonet’s Energy Management initiatives through its anticipated rampant growth and strategic activities. Jeremy Griesbach has been named as the new Vice President of Global Sales. He brings a strong history of success in sales and marketing.

The long-term strategy introduced in the summer included a series of major cost-reducing programs, which are already producing tangible results. These focus on achieving rapid savings in terms of operational costs, with projected savings of approximately \$2.1 million on an annualized basis, as well as driving down the cost of sales and improving gross margins. Growth prospects for Telkonet are excellent, with the company being well-positioned within some of the most exciting technology markets in existence. The company’s energy management and hospitality businesses are scheduled to double, matched by continued growth within the government systems-related sectors. Telkonet’s substation monitoring business also holds meaningful revenue potential. In addition, gross margins are set to increase into 2008, in line with increasing volumes and revenues, and near-future cash flow breakeven is forecast, together with positive earnings per share for full year 2008.

### **About Telkonet**

Telkonet specializes in integrated solutions for broadband data networking and energy management, including in-building powerline communications (PLC) technology. Headquartered in Germantown, Maryland, USA, Telkonet serves thousands of customers worldwide. Telkonet’s technology innovation is underpinned by end-to-end quality of service and comprehensive customer support. Its portfolio includes:

- The revolutionary Telkonet iWire System™, converting sites’ existing internal electrical infrastructures into an IP network backbone.
- The integrated EthoStream platform for wired and wireless HSIA, differentiated by outstanding remote management tools and dedicated customer support facilities.
- Telkonet SmartEnergy, achieving 30% energy savings through intelligent in-room energy management.

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Statements included in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the Company’s ability to obtain new contracts and accurately estimate net revenues due to variability in size, scope and duration of projects, and internal issues in the sponsoring client. Further information on potential factors that could affect the Company’s financial results, can be found in the Company’s Registration Statement and in its Reports on Forms 8-K filed with the Securities and Exchange Commission (SEC).