

DIGITAL POWER CORP

FORM 8-K

(Unscheduled Material Events)

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Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

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U.S. Securities and Exchange Commission

Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Date of Report (Date of earliest event reported): February 8, 2006

DIGITAL POWER CORPORATION

(Exact name of small business issuer as specified in its charter)

California	1-12711	94-1721931
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(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employer Identification No.)

41920 Christy Street, Fremont, CA 94538-3158
(Address of principal executive offices)

(510) 657-2635
(Issuer's telephone number)

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))

Section 3 - Securities and Trading Markets

Item 3.02 Unregistered Sales of Equity Securities.

On February 3, 2005, Telkoor Telecom Ltd. ("Telkoor"), an Israeli limited liability company, loaned Digital Power Corporation (the "Company") \$250,000 through a Convertible Note. Under the terms of the convertible note, Telkoor loaned \$250,000 interest free until the tenth business day after the Company announced its financial results for fiscal 2005. On February 8, 2006, Telkoor has exercised its right to convert the debt to common stock at \$1.06 per share and received 235,849 shares of common stock of the Company. See the attached Notice of Exercise as Exhibit 20 and a Press Release as Exhibit 99.

Telkoor is the Company's largest shareholder and is primarily engaged in developing, marketing, and selling power supplies and power systems for the telecommunication equipment industry. After the conversion, Telkoor owns 2,897,110 shares of common stock.

Section 9 - Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

Exhibit Number	Description
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10	Notice of Exercise

Press Release dated February 14, 2005,
titled "Digital Power Announces Telkoor
Exercise of Convertible Note into Common Stock."

SIGNATURE

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.

DIGITAL POWER CORPORATION (Registrant)

Date: 02/14/06

/s/ Jonathan Wax

Jonathan Wax
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT B

NOTICE OF CONVERSION

The undersigned Lender in the Convertible Note due February 6, 2005 ("Convertible Note"), in the original principal amount of Two Hundred Fifty Thousand Dollars (\$250,000) to Digital Power Corporation (the "Borrower") hereby exercises the option to convert the Convertible Note into 235,849 shares of Common Stock of the Borrower in accordance with the terms of the Convertible Note, and directs that the shares issuable upon the conversion, be issued in the undersigned's name and delivered to the undersigned as soon as practicable.

The number of shares to be received in the conversion is 235,849, and after the conversion the principal amount remaining outstanding on the Convertible Note is \$0.

TELKOOR TELECOM LTD.,
An Israeli limited liability company

Date: Feb 8, 2006

Signature: _____

Name: Uri Friedlander

Title: CFO

Exhibit 99

Digital Power Announces Telkoor Exercise of Convertible Note into Common Stock

FREMONT, Calif., February 14, 2006, Digital Power Corporation (Amex: DPW - News) (the "Digital") announced that Telkoor Telecom Ltd. ("Telkoor") an Israeli limited liability company, has exercised \$250,000 through a convertible note into common stock. Under the terms of the convertible note, Telkoor originally loaned \$250,000 interest free up to the tenth business day after Digital announced its financial results for fiscal 2005. Telkoor had the right to convert the debt to common stock at \$1.06 per share.

Commenting on the convertible note, Jonathan Wax, President and CEO, stated, "We are very pleased by the level of confidence and financial support we have received from Telkoor Telecom Ltd. This support has been an important factor in our ability to consistently increase revenue and drive the strategic initiatives we have put forward in order to support our newer product lines and manufacturing initiatives."

Digital Power designs, develops, manufactures, markets and sells switching power supplies to telecommunications, data communications, test and measurement equipment, office and factory automation and instrumentation manufacturers. Digital Power's headquarters are located at 41920 Christy Street, Fremont, California, 94538-3158; phone number 510-657-2635.

The foregoing contains forward-looking statements, which are subject to contingencies and uncertainties, which are set forth in Digital's Form 10-KSB and other filings with the Securities and Exchange Commission. Such forward- looking statements are not guarantees of future performance and are based upon assumptions about future conditions that could prove to be inaccurate including, but not limited to, that Digital will be able to lower its production costs and market conditions are improving in Digital's industry. Actual events, transactions, and results may differ materially from anticipated events, transactions or results described in such statements.