

May 7, 2013



Telkonet, Inc. Executes on Growth Strategy and Long-Term Planning Initiatives

MILWAUKEE, May 7, 2013 /PRNewswire/ -- Telkonet, Inc. (OTC BB: TKOI), developer of the EcoSmart energy management solution featuring Recovery Time™ technology today announced that as part of its continuing focus on strengthening its balance sheet and preparing the Company to execute on the significant growth opportunities that they have identified, amended certain terms of its previously-issued promissory note with Dynamic Ratings, Inc.

On March 4, 2011, Telkonet entered into an Asset Purchase Agreement with Dynamic Ratings, Inc. pursuant to which Telkonet sold its Series 5 Power Line Carrier product line and related business assets to Dynamic Ratings for \$1.0 million cash. As part of the agreement, Telkonet also received a \$700,000 loan from Dynamic Ratings in connection with the sale pursuant to a Promissory Note which had a maturity date of March 4, 2014 with interest on the unpaid balance of 6% per year and certain payments were due on June 30, 2012 and June 30, 2013.

Effective April 30, 2013, Dynamic Ratings approved an amendment to certain terms the Promissory Note. The amendment allows Telkonet to commence a monthly payment starting May 1, 2013 of \$20,000 to be applied to the outstanding principal and the maturity date of the Promissory note has been extended to January 1, 2016.

"We are very pleased with the new terms of our Promissory Note with Dynamic Ratings," stated Jason Tienor, Telkonet's Chief Executive Officer. "The resulting benefits not only immediately improve our balance sheet, but also position Telkonet favorably for traditional, non-dilutive growth and expansion financing. In addition, we certainly appreciate the confidence shown by Dynamic Ratings in our ability to continue the successful execution of our business plan represented by the extension of the Note into 2016."

"We continue to exploit those opportunities that allow for the furtherance of strategic long-term planning and I'm confident that we are positioning Telkonet for a period of substantial and sustainable growth," added Tienor.

For more information on the March 4, 2011 Asset Purchase Agreement with Dynamic ratings, visit:

<http://investors.telkonet.com/investors/investor-relations/SEC-Filings/2011/default.aspx>.

To review all of Telkonet's SEC filings, visit our Investor Relations section at www.telkonet.com or our filings at the Securities & Exchange Commission home page, www.sec.gov.

ABOUT TELKONET

Telkonet, a leading United States-based energy management technology provider, offers hardware, software and services to commercial customers worldwide. The EcoSmart suite of products, which includes EcoInsight and EcoWave intelligent thermostats, the EcoGuard energy management outlet and the EcoSwitch energy-efficient light switch can be deployed in most building environments to cut utility costs and enable remote monitoring and control using the EcoCentral management platform. Telkonet's energy management products have the power to reduce energy consumption, minimize carbon footprints and help eliminate the need for the construction of new power plants. For more information, visit www.telkonet.com.

For news updates as they happen, follow [@Telkonet](https://twitter.com/Telkonet) on Twitter.

To receive updates on all of Telkonet's developments, sign up for our email alerts [HERE](#).

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 revenue 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).

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