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# Telkonet Acquires Wireless Solution Provider EthoStream

## The Latest in a String of Strategic Initiatives, Telkonet Poised for Solid Growth and Momentum in Serving the Hospitality Market

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX: TKO), the leader in providing in-building broadband access over existing electrical wiring, today announced that the Company has completed the acquisition of EthoStream, LLC a leading high-speed wireless Internet and technology provider for the hospitality, multi-dwelling unit (MDU) and multi-tenant unit (MTU) markets. The Company acquired all of the issued and outstanding membership units of EthoStream for \$11,756,097, which was comprised of cash and Company common stock. EthoStream's 2006 revenues were approximately \$3.5 million and management believes it will show positive revenue growth in 2007, including approximately \$2.0 million of recurring service revenue from the existing customer base.

EthoStream, a full-service high-speed Internet access (HSIA) provider, offers one of the most comprehensive technology and communications management platforms available today. Their Remote Management Console (RMC) allows owners and franchises to monitor and manage multiple locations in a convenient and efficient manner without sacrificing productivity, all backed by a dedicated in-house customer support staff. EthoStream's strong customer base is comprised of more than 1,500 hotel and timeshare properties representing over 115,000 guest rooms.

In addition, EthoStream's new business pipeline moving into Q2 2007 promises continued growth and market dominance within the hospitality vertical. A preferred or endorsed Internet and technology provider for many of the world's largest hotel, resort and timeshare franchisors, EthoStream utilizes the Telkonet powerline communications (PLC)-based Telkonet iWire System(TM) as the broadband Internet backbone for many of their installations, eliminating the need for a property to have or install expensive CAT-5 wiring. With Telkonet's system, which utilizes a building or property's existing internal electrical wiring, wireless access points (WAPs) can be easily placed where needed, at any electrical outlet, rather than having to run CAT-5 cable to the server.

Coming on the heels of Telkonet's recent acquisition of energy management manufacturer Smart Systems International (SSI), EthoStream's centralized remote monitoring and management platform extending over HSIA, digital video surveillance and energy management will enable Telkonet to provide hospitality owners with a more comprehensive range of services and an even greater ROI on technology investments. The complete range of applications and service offering capable of leveraging Telkonet's core PLC products as the infrastructure backbone, demonstrates true technology convergence.

Jason Tienor, President of EthoStream, stated, "Telkonet and EthoStream are the perfect compliment, combining the best of wired and wireless Internet offerings. Together, we can now provide a comprehensive hybrid solution, satisfying guest connectivity requirements quickly and more cost-effectively than existing providers. In addition, EthoStream's centralized monitoring, management and reporting platform allows the organization to provide expanded technology offerings, further developing Telkonet's vision."

Ron Pickett, President and CEO of Telkonet, added, "This is an exciting opportunity for both companies, and we know it will open many new doors, not only for wired and wireless Internet access, but also for a broader range of applications including energy management, which is going to be a significant new service offering from Telkonet in the coming months. EthoStream also affords us the opportunity to offer our users access to its superior technology, exceptional customer service and access to a domestic and international footprint."

Marketing this complete technology offering to hospitality, timeshare and MDU/MTU customers has generated a large amount of interest at industry conferences such as Hospitality Operations and Technology (HOT), Green Hospitality Conference and Hotel Technology Next Generation (HTNG).

#### About EthoStream

EthoStream, LLC is a technology solution provider targeting the hospitality and MDU/MTU verticals. Operating one of the largest hospitality high-speed Internet access (HSIA) networks in the U.S., EthoStream is a preferred or endorsed provider for some of the world's largest franchisors including Choice Hotels International, Wyndham Worldwide, La Quinta Hotels, Grandstay Suites, Americinn and many others. Now offering solutions including VOD, VoIP, digital video surveillance, Internet connectivity and HSIA packages, EthoStream has developed the most comprehensive technology management platform available for the hospitality industry.

#### About Telkonet

Telkonet develops and markets technology for the high-speed transmission of secure voice, video and data communications over in-premise and shipboard electrical wiring. The revolutionary Telkonet iWire System utilizes proven powerline communications (PLC) technology to deliver commercial high-speed broadband access from an IP "platform" that is easy to deploy, reliable and cost-effective by leveraging a building's existing electrical infrastructure. Telkonet's products are designed for use in commercial and residential applications, including multi-dwelling units and the hospitality and government markets. Applications supported by the Telkonet "platform" include but are not limited to: VoIP telephones, Internet connectivity, local area networking, video teleconferencing, IP surveillance and a host of other IT services. For more information, please visit [www.telkonet.com](http://www.telkonet.com).

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).

Source: Telkonet