

January 9, 2007



Telkonet Begins to Deploy Secure, Broadband Network Access for Department of the Navy

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX:TKO), the leader in providing powerline carrier (PLC) networking solutions using existing electrical wiring, today announced that the company will begin deploying its government-certified Telkonet iWire System(TM) for use by the Department of the Navy (DoN) in late January. Telkonet previously announced on 8.17.06 that the system was approved for use by Electronic Data Systems (EDS) and DoN within the NMCI computing environment. Telkonet's system will deliver secure, broadband Navy Marine Corps Intranet (NMCI) network access via existing in-building electrical wiring. By using Telkonet's system, the Department of the Navy will quickly and easily transition to secure NMCI network connectivity within facilities that would otherwise be difficult to enable, such as remote locations, temporary offices, transitional sites, leased spaces and disaster areas. In addition to delivering its unique powerline network infrastructure suite of products, Telkonet will also be providing hardware and software maintenance, network design services and customer support for the life of the program.

In January 2006, the DoN approved the deployment of FIPS 140-2 validated Telkonet iWire System at a U.S. Navy location in Millington, Tennessee, following the aftermath of the Hurricane Katrina disaster. After six months of testing and evaluation, the DoN certified Telkonet's system for use across the 500,000 user NMCI enterprise environment.

Ronald W. Pickett, President and CEO of Telkonet, Inc. commented, "I am pleased that we are starting to roll-out our system to new sites to enable the NMCI and expect the effort to continue through the end of 2007. Our secure networking platform is the quickest and easiest way to deliver NMCI approved wired network connectivity, as electrical wiring is always available. We look forward to expanding our installation base within the Navy and Marine Corps by delivering highly-mobile, exceptionally secure networking solutions over in-building and shipboard powerlines."

Awarded in October 2000, the \$6.9 billion government program was designed to unify thousands of disparate Navy and Marine Corps computer applications, networks and peripherals throughout the world into one secure, enterprise-class computing platform. In March 2006, the contract was extended through 2010.

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(TM) 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 buildings existing electrical infrastructure. The Telkonet iWire System can be installed rapidly and offers a viable and cost-effective alternative to the challenges of hardwiring and wireless local area network (LAN) deployment. 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 conferencing, closed circuit security surveillance and a host of other information services. For more information, please visit 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, Inc.