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Telkonet Pursuing 2 Strategic Acquisitions

A Developer of Energy Management Systems and a Wireless Hospitality Company

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX: TKO), the leader in providing in-building broadband access over existing electrical wiring, today announced that the Company has entered into a Letter of Intent to acquire a leading technology developer of energy management systems. Their proprietary energy management controls eliminate wasted energy from heating and cooling unoccupied spaces. Tens of thousands of systems have been deployed in a wide variety of settings. Telkonet plans to incorporate the Telkonet iWire System(TM) to network these energy management controls. This new system is designed to capture data from connected energy devices and move the data into a centralized database to provide real-time, continuous monitoring and analysis capabilities of power usage, energy costs, etc. to control energy usage and costs. As a result, property managers can simply control the thermostat settings remotely, saving time and resources. In addition, they can monitor and analyze a wide variety of energy management data collected from one database.

Ron Pickett, President and CEO of Telkonet, explains, "This acquisition will enable Telkonet to expand its energy management solutions beyond the utility market to other settings, such as the multi-dwelling (MDU) and hospitality industries. This illustrates how the Telkonet iWire System backbone can be used to support yet another application - energy management - in addition to broadband Internet access, VoIP, security, point of sale, digital signage and surveillance. Our existing customer base can immediately benefit from more efficient energy consumption with this new application, as energy costs are the largest uncontrolled operating expense. With our web-based energy management solution, we can help reduce energy usage by up to 30%."

Telkonet has also entered into a Letter of Intent to acquire a leading US wireless hospitality company. Telkonet has been working closely with this company since last summer, as the Telkonet iWire System provided them with an affordable way to deliver wireless Internet to properties that cannot afford or do not have CAT-5. Using Telkonet's system as the backbone, hotels can easily offer both wired and wireless broadband access, as well as other applications, such as VoIP and energy management. The contemplated acquisition would increase Telkonet's current hospitality base from 300-plus hotels to 1,800-plus hotels, with more scheduled for installation, adding significantly to Telkonet energy management opportunities as well.

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.

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.