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# Telkonet SmartEnergy Continues Accelerated Growth

## Energy Management Programs Expected to Generate in Excess of \$5 Million During 2007

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX:TKO), the leading technology solutions provider for broadband networking, end-to-end service support and energy management, today announced the implementation of several significant energy management projects with major USA-based automation and control solutions companies for an energy efficiency program with a major utility in California. These programs, which are expected to generate 2007 revenue in excess of \$5 million for Telkonet, are projected to save millions of kilowatt hours per year, and were specifically designed to help the utility meet its state energy conservation goals by reducing energy consumption in hotel and motel rooms throughout the utility's northern and central California service areas.

The energy efficiency program provides qualified hotel owners throughout the electric utility's service area with free, energy-saving retrofits designed to eliminate wasteful use of air-conditioning and heating units. The program, which runs through the end of 2008, helps hotel owners to quickly reduce energy consumption, providing free installation and hardware.

Ron Pickett, chief executive officer of Telkonet commented, "We are seeing strong successes with our energy management products, which are adding to our substantial revenue growth. The cost savings of implementing Telkonet SmartEnergy are compelling and we expect to see increased usage as both building owners and electric utilities seek additional methods to conserve energy."

The installation of Telkonet SmartEnergy typically reduces heating and cooling related energy consumption by approximately 30%. The patented Telkonet SmartEnergy system incorporates a packaged terminal air conditioner (PTAC) controller or smart thermostat that communicates with an unobtrusive occupancy sensor to monitor and adjust to conditions, such as changing weather, room temperature and HVAC efficiency. The system automatically tracks room occupancy to optimize temperature settings for room-by-room savings by relaxing the temperature when a room is empty and then recovering to guests' temperature set-points within pre-defined minutes upon their return. This automated process of relaxing the HVAC unit in an unoccupied area is especially beneficial for hotels and motels to realize maximum energy savings. Telkonet SmartEnergy thermostats include programmable parameters that allow guests to adjust room temperatures within a range dictated by hotel management.

About Telkonet

Telkonet specializes in advanced integrated solutions for broadband data networking and energy management, including its highly successful in-building powerline communications (PLC) technology. Headquartered in Germantown, Maryland, USA, Telkonet has over 175 employees and serves thousands of customers worldwide.

The company's unique broadband networking solutions currently support more than a million network users per month, with its energy management systems optimizing energy consumption in over 60,000 rooms. Telkonet's technology innovation is underpinned by the highest level of end-to-end quality of service, with comprehensive technical customer support. Its systems deliver wide-ranging functionality, from wired and wireless high-speed Internet access to energy management, IP surveillance and local area networking. Telkonet's platforms are widely deployed on the global stage - in single buildings and ships, in multi-building complexes, hospitality venues and multi-dwelling units, and at government, education and defense locations.

Telkonet's innovations include the revolutionary Telkonet iWire System(TM), which converts a site's existing internal electrical infrastructure into an IP network backbone - quickly, cost-effectively and without disruption. The portfolio also includes the integrated EthoStream product suite, providing a comprehensive and advanced technology management platform for the hospitality industry, differentiated by outstanding remote management tools and a dedicated customer support facility. Telkonet SmartEnergy completes the line-up, delivering typical bottom line savings of 30% by controlling in-room energy consumption according to occupancy. 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, Inc.