October 17, 2007

Telkonet Keeps Motel 6 Ahead With Its Energy Management Initiatives

Motel 6 implements new four year energy management maintenance agreement for Telkonet SmartEnergy

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX:TKO), the leading technology solutions provider for broadband networking, end-to-end service support and energy management, today announced that Motel 6 has signed a four year energy maintenance agreement for Telkonet SmartEnergy across thirty-nine Motel 6 properties in North America. The management agreement initially involves 4,700-plus rooms and over 10,000 rooms when fully implemented. This latest contract underlines Motel 6's long-standing commitment to green initiatives, having implemented this in-room energy management system technology beginning in 2002 to reduce energy usage in unoccupied rooms. A key element of the maintenance agreement involves Telkonet conducting preventative maintenance and regular updates on its occupancy sensors, packaged terminal air conditioner (PTAC) controllers and smart thermostats to ensure optimum system efficiency and performance, while helping Motel 6 to achieve a fast return on investment.

Motel 6 holds a recognized leadership role for green energy management practices, receiving Energy Star Leader status from the U.S. Environmental Protection Agency (EPA) in 2006 for improving energy efficiency.

Dan Gilligan, vice president of utilities for Motel 6 parent company, Accor North America, commented, "We have long realized the benefits of implementing energy efficiency programs, both from a financial and guest impact. Our number one priority is to enhance the guest experience and optimize guest comfort. With Telkonet's in-room energy management products, we are significantly reducing energy usage and extending our HAVC equipment life, while allowing guests to control the temperature while they are in their rooms. By augmenting this approach with an ongoing maintenance program, handled for us directly by Telkonet, we believe that we are maximizing our investment for the longer term. We are totally committed to this approach - it is socially and environmentally responsible and recognizes the value to our business as well as to our customers."

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 which 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 a pre-defined number of 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 140 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.

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.