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Telkonet Wins \$3.8 Million Energy Management Contract with InTown Suites

Telkonet's energy management solution rolls-out across the chain of 125 extended-stay locations in 6-month program

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX:TKO), the leading technology solutions provider for broadband networking, end-to-end service support and energy management, announces that it has been awarded a \$3.8 million dollar contract by InTown Suites for the intelligent Telkonet SmartEnergy(TM) (TSE) energy management system. Under the contract, Telkonet will install TSE products in one hundred and twenty-five InTown Suites locations across the US, as an integral component in the organization's ongoing commitment to achieving increased energy efficiencies at their properties. Commencing in January 2008, Telkonet will begin an aggressive implementation of the scheduled installations to ensure completion of this initiative within a six-month timeframe.

Telkonet was selected after exhaustive trial property implementations, involving comprehensive testing and competitor analysis. TSE consistently delivered the best performance, with TSE's patented Recovery Time(TM) (RT) technology representing a clear differentiator, as a spokesperson from InTown Suites explains, "Telkonet has demonstrated its commitment to InTown Suites throughout the pilot program and has successfully delivered a product that will help us realize substantial energy efficiencies and cost savings as a part of our overall energy management initiative. TSE's design flexibility was a further factor in the contract award, with its existing capability to operate with the cross-section of packaged terminal air conditioners (PTAC) already installed in InTown Suites' locations."

Telkonet's Executive Vice President of Energy Management, Jeff Sobieski, highlighted the strategic thinking about TSE, explaining, "We are seeing a substantial increase in the number of green initiatives in the extended-stay marketplace, and the emphasis is very much on achieving increased ROI due to rising energy costs. With TSE, we have evolved an exciting technology that has unlocked a powerful new cost-saving avenue for extended-stay facilities, with a substantial impact on the bottom line. We are committed to Recovery Time technology and the continued enhancement of our TSE product line for the extended-stay market as well as expanding into new verticals."

An advanced energy management system, TSE provides an economic, green approach to controlling HVAC usage and improving energy efficiency. TSE delivers a rapid return on investment, typically achieving savings around 30%. The system uses a combination of occupancy sensors, along with intelligent programmable thermostats or PTAC controllers, to adjust and maintain a room's temperature according to occupancy, eliminating wasteful heating and cooling of unoccupied rooms. This savings is accomplished without compromise to occupant comfort, with our RT technology breaking new ground compared with typical

fixed-setback systems. With these systems, the setback temperature is often set to one fixed amount in all rooms, regardless of the guest setpoint, external weather conditions or recovery time. With TSE, each room's temperature is kept adjusted based on these external factors, to calculate how far it can drift from an occupant's preferred setting when they leave the room, so it will return to that setting within minutes upon their return.

About InTown Suites

InTown Suites is the leader in economy Extended Stay Living. The company started in Atlanta, GA in 1989 with just a few properties. Since that time, it has grown to 137 locations in 21 states with over 17,500 rooms and employing over 1200 people.

InTown is committed to the environment and green business practices. In 2005, InTown completed an aggressive campaign to replace its existing incandescent bulbs with compact fluorescent bulbs in the vast majority of fixtures. The company also installed numerous water saving devices in all guest rooms. Moreover, InTown purchases only appliances with the highest Energy Efficiency Ratings. InTown management stated: "We are convinced that these measures, along with the addition of the TSE system, is not only good for the environment, but is a sound financial decision as well."

You can visit InTown Suites at <http://www.intownsuites.com/>

About Telkonet

Telkonet specializes in integrated solutions for broadband data networking and energy management, including in-building powerline communications (PLC) technology. Headquartered in Germantown, Maryland, USA, Telkonet serves thousands of customers worldwide. Telkonet's technology innovation is underpinned by end-to-end quality of service and comprehensive customer support. Its portfolio includes:

- The revolutionary Telkonet iWire System(TM), converting sites' existing internal electrical infrastructures into an IP network backbone.
- The integrated EthoStream platform for wired and wireless HSIA, differentiated by outstanding remote management tools and dedicated customer support facilities.
- Telkonet SmartEnergy, achieving 30% energy savings through intelligent in-room energy management.

For more information, 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.

