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Telkonet and Mainline Combine Forces to Address Emerging IP Video Surveillance Applications

Partnership Creates Innovative IP Video Surveillance Networking Solution, Based on Telkonet's Powerline Communications (PLC) Technology, Targeting Challenging Applications, Including Homeland Security and Public Safety

GERMANTOWN, Md.--

Telkonet, Inc. (AMEX:TKO), the leading provider of innovative, centrally managed solutions for integrated energy management, networking, building automation and proactive support services, announced a partnership with Mainline Information Systems, one of IBM's largest business partners, delivering comprehensive technology solutions encompassing server, storage, software, application solutions, services and financing. Telkonet is working with Mainline to offer secure, robust and reliable wired network connectivity, enabling high performance IP video surveillance in any location with an existing electrical infrastructure. As part of its innovative digital video surveillance solution, Mainline will be utilizing Telkonet's proven powerline communications (PLC) technology to address applications where traditional CAT 5/6 cabling is not a viable option because of the type of structure, environmental concerns or cost.

According to the IMS Research Group, the market for IP video surveillance is expanding rapidly, recently averaging annual growth of some 40%, amid growing concerns for public safety and the need to provide greater protection in a diverse range of locations. System advances in intelligent networked video surveillance enable considerably greater flexibility, automation and upgradeability, promoting a wider market adoption. Mainline and Telkonet will be focusing their combined expertise on markets that can benefit from a fast-deployment, cost-effective solution, including education, transportation, retail and government.

"By partnering with Telkonet, we expand our video surveillance offering to better serve our customers," commented Dennis Gulkis, director of Mainline's video surveillance practice. "Telkonet's PLC technology now makes it possible to enable IP video surveillance anywhere there is power, rather than being restricted to buildings with a CAT-5/6 infrastructure, such as in historic buildings, schools, portable/temporary facilities and even parking lots. It also overcomes many of the problems associated with wireless connectivity and interference issues in older or unique structures. Telkonet offers a great solution that complements our 'best of class' surveillance offerings."

Mainline's intelligent digital video surveillance solution offers highest quality images at every point of contact with "future proof" implementations, using standard TCP/IP network

connections. This will be used in conjunction with Telkonet's proven PLC technology, which is designed specifically to meet exacting broadband networking demands, creating an IP network backbone without new cabling. It combines the traditional PLC benefits of fast, easy and non-disruptive installation, typically in hours or days rather than weeks, and provides complete flexibility in locating communication interfaces, while supporting connectivity to any Ethernet or serial device or application, across data, voice and video. Telkonet's comprehensive built-in network management adds an additional dimension, enabling the remote monitoring and troubleshooting of communications networks.

About Mainline

Founded in 1989, Mainline began by offering information technology solutions and consulting in the IBM midrange markets. Since then, it has become an IBM Premier Business Partner and global provider of information technology and business solutions with more than 400 employees nationwide. Headquartered at 1700 Summit Lake Drive, Tallahassee, Florida 32317, Mainline provides solutions throughout the United States, Canada, Brazil and Mexico. The company may be reached by phone at 850.219.5000 and on the Internet at www.mainline.com.

About Telkonet

Telkonet's unique broadband networking solutions currently support more than 1.5 million network users per month, with its energy management systems optimizing energy consumption in over 80,000 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 Series 5 and the Telkonet iWire System(TM), which convert 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(TM) 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.

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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.