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Telkonet Awarded Exclusive 2-Year Contract for Hospitality Energy Efficiency Program

Hospitality Industry Given More Green Choices with Telkonet SmartEnergy Occupancy-Driven Energy Management Solution

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 today it has been awarded an exclusive 2-year energy management contract with a major USA-based automation and control solutions Fortune 100 company, following an expansion of their program for a major West Coast utility. The Fortune 100 company will market Telkonet's products to end users. Sustainable energy policies and aggressive carbon footprint reduction targets have moved to the top of the hospitality industry's corporate agenda. As energy prices soar and guests increasingly cite environmental consciousness as a key factor in choosing a place to stay, hoteliers recognize the need to implement green initiatives. A key element of this energy efficiency program, Telkonet SmartEnergy(TM) significantly reduces in-room heating and cooling usage, helping hoteliers to reduce their utility bills and show guests they care about preserving the environment.

Under the program, qualifying hotel and motel owners are provided with Telkonet SmartEnergy products and installation free of charge, with the automation and control solutions company providing the administration and installation, matched by funding from the West Coast utility. Installing Telkonet SmartEnergy - consisting of energy management occupancy sensors, thermostats or controllers - yields immediate bottom line results through decreased energy consumption when rooms are vacant, while achieving comfortable room temperatures for guests. With 50-70% of a hotel's energy bill attributed to room-related heating and cooling, Telkonet's system is a powerful tool to reduce energy consumption, improve corporate profits, and advance environmental and green initiatives.

"Conserving energy makes fiscal and environmental sense, and this program makes it automatic, easy to implement and cost-effective," commented Jeff Sobieski, executive vice president of energy management for Telkonet. "The initial stage of this program was highly successful, resulting in the retrofitting of thousands of hotel and motel rooms, which produced significant energy savings. Our system's advanced features and benefits were key reasons for Telkonet's selection as the exclusive provider for this expanded program. For example, users can access detailed run-time statistical data to track performance, heating and cooling status, and room occupancy patterns, enabling them to accurately report the energy savings to the sponsoring electric utility. Our patented Recovery Time(TM)

technology ensures that vacant guest rooms achieve the most energy-efficient temperatures based on a wide variety of factors, and that room temperatures quickly return to the guest's preferred temperature setting within minutes upon their return. We look forward to continuing to support this energy efficiency program to help the hospitality industry meet their green energy goals."

About Telkonet SmartEnergy

Telkonet SmartEnergy (TSE) is an intelligent, occupancy-driven in-room energy management system, providing an economic, green approach to controlling HVAC usage and improving energy efficiency. It incorporates a patented technology - Recovery Time(TM) (RT) that performs constant real-time calculations to adjust and maintain a room's temperature based on occupancy. Unlike conventional fixed-setback systems, where the temperature is often forced to one fixed temperature in all rooms, RT takes into account a diverse range of factors to determine each room's energy efficient temperature, restoring the temperature to the users' desired comfort setting within minutes of returning to a room.

TSE has been proven to deliver a rapid return on investment, often achieving quantifiable savings of approximately 30% by eliminating the wasteful heating and cooling of unoccupied rooms. Operating on an individual room-by-room basis, the system uses a combination of occupancy sensors, along with intelligent programmable thermostats or PTAC controllers, underpinned by RT's unique functionality that ensures rooms are never excessively hot or cold when an occupant returns to the room.

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.