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Telkonet to Provide Comprehensive Managed HSIA Solution for Red Lion Hotels

Telkonet Beats Top-Level Competition to Install Wired and Wireless High-Speed Internet Access in 5,400+ Rooms in 30 Hotels Across the US, Starting in Q2

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, announces that it has won a significant competitive bid with Red Lion Hotels Corporation to supply a comprehensive managed high speed Internet access (HSIA) solution. The project will involve installing high-speed Internet access in more than 5,400 rooms in 30 properties across the United States and in providing customer support. The HSIA roll-out has commenced and will be completed early in Q3.

Red Lion Hotels was looking for a combination of proven, industry-leading HSIA technology matched by outstanding support capabilities, selecting Telkonet as the best match on all counts. Telkonet's turnkey gateway server technology was a key factor in the decision, supported by the ability to manage and monitor the system remotely in real-time via Telkonet's acclaimed web-based Remote Management Console (RMC). The fact that Telkonet designs its own products and is able to offer an exceptional degree of customization based on the hotel chain's specifications was very important, enabling them to offer faster bandwidth options to selected users and to fine-tune the system set-up to individual locations.

Telkonet won the bid against stiff competition, after an extensive proposal process that involved multiple companies. Telkonet's CEO Jason Tienor said, "This was a fiercely-competitive project that required us to demonstrate our capabilities against a number of much larger vendors. This represents one of the largest HSIA contracts we have secured this year and we are delighted to have won the day on the basis of our strong technology, and our unequalled track record for customer support. Our goal is to fully contribute to Red Lion Hotels' corporate strategy of providing a customer-focused full service approach, with the addition of a flexible, state of the art HSIA service."

Unlike standard, off-the-shelf HSIA solutions, Telkonet's innovative, standards-compliant gateways are designed to offer intrinsic flexibility, enabling a unique degree of customization to suit individual hotels' requirements and customer demands, ensuring that the hotel chain gains the maximum advantage from the solution's inherently dynamic and flexible performance capabilities. This includes the option to add fully integrated energy

management functionality to the same platform, in line with the quest to deliver improved energy efficiencies through to intelligent HVAC control. Supporting both wired and wireless access, Telkonet's solution is designed for ease of integration with any type of Wide Area Network (WAN) connection, underpinned by a comprehensive range of customer support services.

About Telkonet

Telkonet's unique broadband networking solutions currently support more than 1.7 million network users per month, with its energy management systems optimizing energy consumption in over 85,000 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.