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Telkonet Wins Energy Management Contract with Columbia Sussex Hotel Group

Selected as Part of National Chain's Green Initiatives Based on the System's Flexibility, Ease-of-Use, and Scalability

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, has won a prestigious contract with Columbia Sussex, the leading national developer and manager of more than 70 hotels and casinos across 30 states. Approximately 1,300 guestrooms in the Doubletree in Rochester, New York, the Sheraton in Philadelphia City Center, and the Westin in St. Maarten have been equipped with the versatile Telkonet SmartEnergy(TM) (TSE) in-room, occupancy-driven energy management system, with additional properties scheduled for TSE implementation by the end of the year. After a comprehensive analysis of competitive product offerings, TSE won on the basis of its inherent flexibility, scalability, and simplicity, easily interfacing with all the various types of HVAC systems throughout the Columbia Sussex hotel properties.

Columbia Sussex hotel properties are highly regarded for their green practices and energy-reducing measures, including installing solar hot water systems, supporting alternative energies and providing preferred parking spaces for hybrid cars at its corporate office. Telkonet's energy efficiency solution forms a key part of this ongoing strategy, as Columbia Sussex Project Manager Scott Yung explains, "We are truly impressed with the versatility of Telkonet's system and its ability to manage our diverse range of HVAC systems, such as PTAC units, 4-pipe systems, 2-pipe systems with electric heat, and split systems. Telkonet's advanced solution gives us tremendous flexibility to define how our HVAC systems control the heating and air conditioning - we are not limited to pre-assigned settings. And, with Telkonet SmartEnergy's intrinsic scalability, we can install it as a fast-deployment standalone system instantly to control energy usage and savings, or network the system with a Property Management System as part of a longer term strategy."

With US hotels spending $2,196 per available room each year on energy - 6% of all operating costs - implementing an effective energy-efficiency system along with green operating procedures, can significantly improve a hotel's profitability and bottom line. As an example, a 10% reduction in energy consumption would have the same financial effect as increasing the average daily room rate by $0.62 in limited-service hotels and by $1.35 in full-service hotels.(1) "Controlling energy costs and demonstrating environmental responsibility is clearly a top priority for the hospitality industry," commented Jeff Sobieski, Telkonet's COO. "We are prioritizing new ways of encouraging this process, including working closely

with government organizations and utilities on a range of rebate programs to help offset the initial equipment and installation costs. We are delighted to work with green-focused organizations such as Columbia Sussex, where we can make a tangible difference to lower operational energy costs and help realize their environmental objectives."

Telkonet SmartEnergy reduces the wasteful cooling and heating of unoccupied guest rooms using occupancy sensors, along with thermostats or PTAC controllers. With its patented Recovery Time(TM) technology, it maintains the most energy-efficient room temperature when vacant, and when occupied, returns to the guest's preferred temperature within a select number of minutes, set by property management. For Scott Yung, being able to set the recovery time for all properties all at once is a major time-saver, providing consistent performance across all hotels, ensuring guest comfort, and most importantly, delivering maximum room-by-room energy savings.

Central to TSE's market-leading position are several principal unique features:

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--  A customizable thermostat that enables complete flexibility in
    defining the energy management system parameters, ensuring the
    maximum deliverable energy savings and optimum performance

--  Complete control over defining the Sequence of Operations,
    optimizing the thermostat to meet a wide range of specific
    requirements for each heating and cooling stage - such as a
    pre-defined amount of time to implement each stage

--  An assured, future-proofed design, using flash upgradeable CPU
    via the serial port with a variety of BAUD rates. For
    networked systems, the firmware image can be reflashed over
    the Internet, representing a significant operational
    efficiency.

    About Columbia Sussex Corporation
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Columbia Sussex develops and manages more than 70 hotels and casinos across 30 states. www.columbiasussex.com

About Telkonet

Telkonet is the leading provider of innovative, centrally managed solutions for integrated energy management, wired and wireless networking, building automation and proactive customer support services. The company's unique broadband networking solutions support more than 2 million network users per month, with its energy management systems dynamically lowering HVAC costs in over 95,000 rooms.

Telkonet's approach is designed to deliver complete system control and flexibility. Using the Software-as-a-Service (SaaS) model, Telkonet's products are all networked, enabling local and remote access via Telkonet's web-based platform, Telkonet CENTRAL. This essential management tool enables both property management and Telkonet customer support staff to monitor and manage all of Telkonet's systems proactively in real time, reducing costs and streamlining network support.

Telkonet's technology innovation is underpinned by the highest level of end-to-end quality of service, with comprehensive technical customer support. Telkonet's platforms are widely

deployed on the global stage - in single buildings and ships, in multi-building complexes, hospitality venues, multi-dwelling units, and utilities. www.telkonet.com

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(1) Energy Star 10.3.08

Source: Telkonet, Inc.