

February 18, 2009



Telkonet Reinforces Chartres Lodging's Green Strategy with Two Prestigious Hotel Conversions

Telkonet Networked SmartEnergy(TM) is Selected for Installation in Dallas and Denver Sheratons, Winning Competitive Selection Process after Demonstrating Rapid ROI and Most Advanced Energy Control

GERMANTOWN, Md.-- Telkonet, Inc. (NYSE Alternext:TKO), a Clean Technology company that develops and manufactures proprietary energy management and SmartGrid networking technology, announces a major hospitality contract win for its advanced Networked Telkonet SmartEnergy (NTSE) solution, equipping over 3,500 guest rooms with state of the art networked, occupancy-based energy management. The contract forms a central part of Chartres Lodging Group's program to remodel and upgrade energy technologies in the recently acquired high-end convention center complexes, the Sheraton Dallas and the Sheraton Denver (formerly the Adam's Mark Dallas and Adam's Mark Denver). NTSE was selected after a review of three competitive systems, winning hands down for its comprehensive central control capabilities, and rapid payback based on projected energy savings. The installations are being managed by Pacific Energy Services, a full service energy management and hotel renovation company with headquarters in San Diego, California, and authorized dealer of Telkonet products. Completion is scheduled for April 2009.

Pacific Energy Services installed a number of model rooms at three properties during the fall of 2008, for the NTSE's competitive evaluation, giving the Group's hotel owners the opportunity to see what the different energy management systems looked like, how they worked and the type of control data they could deliver. Neither hotel was equipped with energy management systems, making it a key priority to select the best solution available. By eliminating any wasted heating and cooling of unoccupied rooms, the potential for achieving significant energy savings is enormous at two such large properties. The Sheraton Denver is the largest hotel in Colorado, with 130,000 sq feet of meeting space, and recently hosted the Democratic National Convention.

The evaluation process highlighted the ease with which NTSE can be monitored and centrally managed, enabling property management to change any energy management parameter remotely and in real-time. Telkonet's solution was definitely the best choice as it is an easy system to install and operate, giving the hotels centralized, demand-based control. Telkonet also provided quality savings and analysis reports, which provided comprehensive detail about projected energy savings. NTSE fits with the hotels' strategic energy-saving goals and green property development objectives. That, combined with Pacific Energy Services' outstanding reputation for high quality installation practices and meeting scheduled completion dates on time will make this partnership successful.

Troy Hartmann, President of Pacific Energy Services and authorized Telkonet dealer who sold the energy management contract to the hotels, says, "The next stage is to complete the aggressive installation timetable, commencing in January with a three-month window within the overall renovation program. Pacific Energy is very pleased to have been selected in this extremely competitive process, thereby being part of the Chartres Lodging Group's Green Strategy. We believe that the hotel industry nationally needs to update their energy savings technology and we have the product and skills to ensure hotels meet the new Green Strategy era."

NTSE is designed as a straightforward system to install, capable of handling a wide variety of different systems. The Sheraton Dallas has a fan-coil based system, whereas the Sheraton Denver is a hybrid fan-coil unit with a water-source heat pump. The project will kick off this month with the installation of more than 150 in-room thermostats

A resilient, flexible and low-cost energy management platform, NTSE gives property owners and managers the tools to identify and implement energy savings. It provides total visibility and detailed data about a property's HVAC system and energy consumption, together with real-time remote management capabilities. The platform utilizes wireless ZigBee IEEE802.15.4 mesh technology to create a highly robust and reliable network, linking Telkonet's Energy Management Occupancy Sensors and Thermostats into a seamless, site-wide solution that harnesses existing Internet/intranet infrastructures for rapid, retrofit installation, without the need for expensive back-haul wiring. It delivers a robust, instantly scalable, and self-healing networked energy management system, which delivers optimum energy savings without compromising occupant comfort.

Central to the operation of NTSE is the technology's ability to control a room's heating and cooling according to room occupancy, without compromising comfort when guests return to their rooms. This is achieved with Telkonet's unique Recovery Time(TM) technology, which takes a number of environmental factors into account to calculate how far the temperature can drift from a guest's preferred setting when they leave their room, while ensuring that temperature setting can be restored within minutes upon their return. Additionally, the system reduces the run-time for heating, ventilation and cooling equipment, decreasing maintenance overhead and extending the equipment's working life.

About The Chartres Lodging Group, LLC

The Chartres Lodging Group, LLC (formerly Oxford Lodging Advisory & Investment Group, LLC) is an investment and advisory firm focused on the investment, asset management and renovation of high-quality lodging assets. Chartres Lodging Group's principals have been responsible for more than \$8 billion of lodging investments and have asset-managed more than 100 upscale and luxury hotels, resorts and conference centers. The firm is currently responsible for a \$6-billion, 20,000-room portfolio of luxury and upscale hotels, conference centers and resorts located throughout the United States and Japan.

Chartres' principals and employees are direct investors in 65 percent of this portfolio. Chartres Lodging is headquartered in San Francisco, with offices in New York, Los Angeles, Chicago and Tokyo. For more information on The Chartres Lodging Group, visit www.chartreslodging.com.

About Pacific Energy Services

Pacific Energy is a diverse Company specializing in hotel renovation and energy conservation projects nationwide including Hawaii and the Caribbean and has been a leader developing new and efficient energy conservation technology since 1994. Pacific Energy has years of experience contracting with large hotel chains and overseeing nationwide projects from large full service sites to small limited service properties. The company has completed numerous energy conservation projects in the timeshare, military and education segments and is dedicated to providing cost effective and on schedule installations with minimal disruption to the hotel and its guests.

About Telkonet

Telkonet provides integrated, centrally-managed energy management and SmartGrid networking solutions that improve energy efficiency and reduce the demand for new energy generation. The company's energy management systems, aimed at the hospitality, commercial, government, healthcare and education markets, are dynamically lowering HVAC costs in over 125,000 rooms, and are an integral part of various utilities' green energy efficiency and rebate programs. Primarily targeting SmartGrid and utility applications, Telkonet's patented powerline communications (PLC) platform delivers cost-effective, robust networking, with real-time online monitoring and maintenance capabilities, increasing the reliability and energy efficiency across the entire utility grid. www.telkonet.com.

All company, brand or product names are registered trademarks or trademarks of their respective holders.

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.