

August 6, 2010



Telkonet Announces Equity Financing

MILWAUKEE, WI -- (MARKET WIRE) -- 08/06/10 -- Telkonet, Inc. (OTCBB: TKOI), a Clean Technology company that develops and manufactures proprietary energy management and SmartGrid networking technology, announced today that it has entered into definitive agreements in connection with a private placement of 267 shares of the Company's Series B Convertible Redeemable Preferred Stock, par value \$0.001 per share ("Series B"), and warrants ("Warrants") to purchase an aggregate of 5,134,626 shares of the Company's common stock, par value \$0.001 per share (the "Common Stock"). The Series B shares are priced at \$5,000 per share and the Warrants have an exercise price of \$0.13, which is equal to the closing bid price of a share of common stock on August 4, 2010. The Company expects to complete the private placement transaction within the next several days and expects to receive \$1,335,000 from the sale of these Series B shares and Warrants. The Company intends to use the net proceeds from the sale of the Series B shares and the Warrants for general working capital needs and general corporate purposes.

About Telkonet

Telkonet is one of the market-leading Clean Technology companies providing integrated, centrally managed energy management and SmartGrid networking solutions to the emerging \$50 billion SmartGrid and Energy Efficiency markets. Telkonet is one of the top three occupancy-based energy management control providers in each of the hospitality, commercial, military, healthcare, and education markets. The Company's in-room energy management systems are lowering heating and cooling costs in over 205,000 rooms and are an integral part of various utilities' green energy efficiency and rebate programs.

www.telkonet.com

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 revenue 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).

Media Contacts:
Telkonet Investor Relations
240.912.1811
ir@telkonet.com