

September 1, 2010



Telkonet, Inc. Announces the Resignation and Appointment of Two Directors

MILWAUKEE, WI -- (MARKET WIRE) -- 09/01/10 -- Telkonet, Inc. (OTCBB: TKOI), a leading provider of occupancy-based energy efficiency solutions, today announced the following:

At a board meeting held on August 27, 2010, Warren V. ("Pete") Musser and Thomas C. Lynch, who have each served as members of our board of directors since 2003, indicated to our board that they will resign as members to pursue other business and personal interests. The resignations became effective as of Tuesday, August 31, 2010.

Effective September 1, 2010, our board of directors appointed Joseph D. Mahaffey and William H. Davis to fill the vacancies created by the resignations of Mr. Musser and Mr. Lynch. Mr. Mahaffey will serve as a member of our audit committee while Mr. Davis will serve as a member of our compensation committee. Our board of directors has determined that Mr. Mahaffey satisfies applicable independence requirements. Messers Mahaffey and Davis will receive the standard compensation provided to our non-management directors.

Mr. Mahaffey, 65, retired as Partner and Managing Director of the Fremont Group, a private equity group affiliated with Bechtel Corporation, in 2000. He also served as President and CEO of Fremont Energy Company. Mr. Mahaffey's career spans 35 years with energy and financial firms. He was Treasurer of Gulf Oil Corporation at the time of its merger with Chevron Corp in 1985. Subsequently, he was founder, President and Board member of United Meridian Corp, an oil and gas exploration and production company. UMC was listed on the NYSE in 1995 and subsequently acquired by Ocean Energy in 1997. He has been a member of several public and private corporation boards, including Heritage Media Corp (ASE), Vintage Petroleum Corp (NYSE) and Chaparral Steel Co. (NASD). He chaired the Audit Committee of the latter. He received a Bachelor degree in finance from the University of Notre Dame in 1967.

Mr. Davis has served as President & CEO of Ze-gen, Inc. since he founded the Clean Technology company in 2004. Prior to founding Ze-gen, Mr. Davis' career in business has included launching numerous companies including: Database Marketing Corporation in 1986, Holland Mark in 1997, and Cambridge Brand Analytics in 2003. Mr. Davis currently serves on the Board of Directors of Boston Harbor Islands National Park, New Bedford Economic Development Council, and was recently appointed by Massachusetts Governor Deval Patrick to the Board of The Commonwealth Corporation. He also serves on the President's Council for CERES. Mr. Davis graduated from Connecticut College in 1979.

We welcome Mr. Mahaffey and Mr. Davis to the board and would like to thank both Mr. Musser and Mr. Lynch for their long and valuable service to Telkonet and our shareholders.

About Telkonet

Telkonet is a leading Clean Technology company, providing integrated intelligent utility networking and smart energy management technology to the emerging SmartGrid market, with a forward focus on the fast-growing Home Area Network (HAN) sector. Telkonet develops advanced solutions that reduce demand for new energy generation, delivering vital tools for controlling energy consumption. Telkonet is a leading occupancy-based energy management controls developer, with solutions lowering heating and cooling costs in hundreds of thousands of rooms worldwide. Telkonet also operates the EthoStream Hospitality Network, providing high-speed Internet access and proactive guest support to over 3.2 million users per month. <http://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 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).

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