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Telkonet Announces Sponsorship Agreement With Cloud 9 Wireless

Partnership Brings Promotional Campaigns From Google and Others

MILWAUKEE, WI -- (MARKET WIRE) -- 02/14/11 -- Telkonet, Inc. (OTCQB: TKOI), operator of one of the nation's largest hospitality High-Speed Internet Access (HSIA) networks has announced a partnership with Cloud 9 Wireless to offer sponsored Wi-Fi sessions at participating EthoStream Hospitality Network locations. The sponsorship agreement has already included a successful holiday campaign for the Google Earth™ mapping service's NORAD Santa Tracker.

Promotions such as those offered by Google over the EthoStream Hospitality Network provide relevant content and offerings for the user in addition to providing a consistent user experience. Telkonet has worked extensively with Google and Cloud 9 to create an awareness of valuable Internet services and to ensure a high-quality Internet experience. With millions of users accessing the Internet every month via the EthoStream Hospitality Network, this agreement demonstrates Telkonet's continued industry innovation and leadership.

"Telkonet is a natural partner for Cloud 9 because they understand the enormous value free WiFi has in satisfying guests and keeping hotels competitive," said Sebastian Tonkin, CEO of Cloud 9 Wireless, Inc. "We're thrilled to work more closely with Telkonet and excited about furthering our mission to make free Wi-Fi more beneficial and cost-effective for both users and network operators."

The EthoStream Hospitality Network has seen rapid growth over the past 12 months, with an increase in network connections of 22%. One factor fueling this growth has been the explosion of mobile devices running Android™ and iOS™ operating systems. In January 2011, EthoStream saw a 218% increase in the use of these mobile devices over January 2010 jumping from 10% of all network logins up to 22%. Rich media applications such as Hulu and Netflix also contribute to increased demand for bandwidth.

"We've had many advertising partners in the past, but Cloud 9 has demonstrated an ability to deliver top-name advertisers on a consistent basis with ad campaigns that consumers appreciate," said Matt Koch, VP of Hospitality Operations for EthoStream. "Network users will also receive offers for relevant products and services, such as Google Places, or location-specific dining and entertainment options. It's these offers and services that provide that separate the EthoStream Hospitality Network from the competition."

About Telkonet

Telkonet is leading energy management technology provider offering hardware, software and services to Commercial customers throughout the world. The EcoCentral Platform, in

conjunction with the EcoSmart Suite of products, provides comprehensive savings, management and reporting of a building's energy consumption. Telkonet's energy management products are installed in properties within the Hospitality, Military, Educational, Healthcare and Residential markets reducing energy consumption and eliminating the need for new energy generation. Telkonet's EthoStream Hospitality Network operates as one of the largest Hospitality High-Speed Internet Access (HSIA) networks in the world providing services to more than 2.7 million users monthly. www.telkonet.com

About Cloud 9 Wireless

Cloud 9 Wireless connects advertisers with a national audience of tech-savvy travelers by arranging sponsorships of free WiFi at thousands of hotels, airports and cafes nationwide. Cloud 9 Wireless has helped manage some of the largest WiFi sponsorships in history for some of the world's most valuable brands. For more information on WiFi Sponsorships and Cloud 9 Wireless visit <http://www.c9w.net>.

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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