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Telkonet Announces Wireless Pilot and Renewal of Nationwide HSIA Support Agreement

Telkonet Extends Support of 65 Locations Across North America and Pilots 802.11n Wireless Guest Network

MILWAUKEE, WI -- (MARKET WIRE) -- 05/25/11 -- Telkonet, Inc. (OTCQB: TKOI), operator of the EthoStream Hospitality Network, announced today the signing of a renewal extension with one of the largest timeshare management companies in North America and has started an 802.11n wireless pilot at two prominent vacation resorts. The renewal extends a three-year agreement signed in 2007 for an additional two years of property and guest support.

EthoStream currently services all 65 properties through a mix of Telkonet iWire PLC equipment and wireless hotspots for public area Internet access. The timeshare company is seeking to extend this wireless coverage to all areas of these properties to address the growing wireless demands of its timeshare owners.

"The PLC systems installed in 2007 were able to effectively service these very diverse properties at a time when wireless demand was relatively low, and reliable wireless coverage for campus locations was difficult. With the explosion of portable wireless devices consuming huge quantities of rich media, there is a huge need for ubiquitous wireless coverage," said Matt Koch, VP of Operations for Telkonet. "Our 802.11n wireless solutions provide better coverage and capacity than was previously available, and will prepare these properties for the growing bandwidth need."

The wireless pilot programs focus on two Southern California properties and will feature Ruckus 802.11n controller-based access points, a gigabit Ethernet backbone, and a Pro Dual EthoStream Gateway Server to supply the necessary bandwidth. The EGS Pro Dual supports multiple ISPs for bandwidth aggregation and failover while the gigabit backbone and 802.11n access points provide an exceptional base for integrating additional applications.

The EthoStream Hospitality Network is one of the largest HSIA networks in North America, servicing over 2250 sites and 3.4 million users monthly. Providing service to a wide range of properties from five-diamond locations to small bed and breakfasts, EthoStream's "Total Solution" provides end-to-end installation and support for HSIA networks.

About Telkonet

Telkonet is a 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, Public Housing and Residential markets reducing energy consumption and eliminating the need for new energy generation. 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).

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