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Telkonet Selected to Install Energy Management Platform at Prestigious Military Academy

Project Funded Through Energy Performance Contract With National Energy Services Company

MILWAUKEE, WI -- (MARKET WIRE) -- 09/26/11 -- Telkonet, Inc. (OTCBB: TKOI), developer of the EcoSmart energy management platform, announced today that a prestigious United States military academy is the latest military institution to deploy its innovative network-enabled energy-saving technology.

As a technology provider for one of the nation's premier energy service companies, Telkonet was awarded a contract for \$226,000 to provide the SmartEnergy platform in academy residence halls.

Jason Tienor, Telkonet CEO, said, "We're excited to continue demonstrating the substantial energy savings that Telkonet's SmartEnergy Suite can provide in residence hall applications. This particular deployment displays the flexibility of our field services division as well as the design flexibility of our technology. We're honored to have been selected for this project and look forward to working with the academy."

Telkonet will install a network-enabled SmartEnergy energy management system, including intelligent networked thermostats, occupancy sensors, and door contacts. An integral component of the solution is the online management platform, which will allow the military academy to monitor and control each in-room HVAC system remotely. The SmartEnergy system, which employs Telkonet's patented Recovery Time™ technology, will optimize energy savings in unoccupied rooms while also ensuring that the thousands of cadets attending the academy stay comfortable when occupying their rooms.

To date, academy administrators have been unable to avoid excessive heating and cooling of unoccupied residence halls. The SmartEnergy system will improve local control and give the property management team the capability to monitor the health and efficiency of the HVAC systems themselves while minimizing energy consumption.

For almost two decades, the energy service company responsible for enabling energy efficiency upgrades at the military academy has collaborated with customers to deliver energy savings through comprehensive and cost-effective efficiency and infrastructure services. Telkonet has had the privilege of serving this ESCO on several other military installations and is participating in project development on several additional opportunities.

"We're pleased to have been selected to perform this upgrade as part of our strategic partnership. We're also confident the cadets will appreciate the comfort improvements and

the Academy will find enormous value in the reduced energy and maintenance cost," Tienor said.

Both the energy service company and the military academy have built their foundations on the principles of excellence and integrity, and Telkonet is proud to have been chosen as a vendor partner for this efficiency improvement project.

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 and Residential markets reducing energy consumption, carbon footprints 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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