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Telkonet's EcoSmart Platform Provides Key Technology for US Department of Defense Energy Initiatives

American Recovery and Reinvestment Act Invests in US Gov't Energy Efficiency & Sustainability Goals

MILWAUKEE, Dec. 5, 2012 /PRNewswire/ -- Telkonet, Inc. (OTC BB: TKOI), developer of the [EcoSmart energy management](#) platform featuring Recovery Time™ technology, announced an increase in demand of the Company's federally-funded EcoSmart installations at U.S. Department of Defense facilities, including U.S. military bases. Within the past year, Telkonet has completed energy management installations at several Air Force bases as well as a leading military academy. In the upcoming months, the Company expects to complete EcoSmart installations at several additional training centers, military bases and a naval air station.

(Logo: <https://photos.prnewswire.com/prnh/20111011/NY83909LOGO>)

"Telkonet's ability to supply energy management technology to federal projects has been driven primarily by two initiatives," said Jason Tienor, CEO of Telkonet. "First, funding made available to the Department of Defense by the American Recovery and Reinvestment Act, or ARRA; and second, the energy and sustainability goals set by the President in Executive Order 13514 which expanded existing requirements for federal energy reduction and environmental performance."

Executive Order 13514, "*Federal Leadership in Environmental, Energy and Economic Performance*," was signed in October 2009, and set numerous energy requirements in areas such as Sustainable Buildings and Communities, Greenhouse Gas Management and Pollution Prevention and Waste Reduction, among others. ARRA provides \$4.26 billion in funding for the Department of Defense Facilities Sustainment, Restoration, and Modernization (FSRM) Program. The funding will help the Department of Defense increase [energy efficiency](#), as well as other sustainable efforts.

Through government contracts, Telkonet utilizes ARRA funding to install EcoSmart in military bases and other facilities, helping both the DOD and the government as a whole achieve their long-term energy efficiency goals. Telkonet's EcoSmart energy management technology, among other capital improvements and efficiency projects, has played a role in reducing energy costs.

"The Department of Defense has currently been able to reduce its energy consumption by 13.3%. While that's an impressive number, reaching their energy reduction goal of 30% goal by 2015 is a substantial undertaking - and therein lays Telkonet's opportunity. Based on the successful results and savings that our EcoSmart technology has provided to the

federal government and associated agencies thus far, I believe Telkonet will continue to play an integral and expanding role in assisting them to achieve their energy efficiency mandates," said Tienor.

"Making smart choices about energy across the Federal government reduces pollution while also cutting costs for taxpayers. Investments in energy efficiency over the last four years alone are expected to save as much as \$18 billion in energy costs over the life of the projects," said Jeffrey Zients, Acting Director of the Office of Management and Budget, in a June 2012 release.

For more information on the Federal Energy Management Program, Executive Order 13514: "Federal Leadership in Environmental, Energy, and Economic Performance," visit: www1.eere.energy.gov/femp/regulations/eo13514.html

ABOUT TELKONET

Telkonet is a leading energy management technology provider offering hardware, software and services to Commercial customers worldwide. 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. For more information, visit 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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