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Telkonet, Inc. Signs Strategic Partnership with Islandaire, Country's Fastest Growing Specialty Air Conditioning Manufacturer

Collaboration Substantially Increases Market Concentration of Telkonet's EcoSmart Wireless Thermostat & Energy Management Platform

MILWAUKEE, May 6, 2013 /PRNewswire/ -- Telkonet, Inc. (OTC BB: TKOI), developer of the EcoSmart energy management solution featuring Recovery Time™ technology, has signed a strategic partnership with Islandaire, one of the nation's largest and fastest-growing packaged terminal air conditioner ("PTAC") manufacturers for the hospitality industry. The partnership will provide Islandaire with the resources and technology to integrate Telkonet's revolutionary EcoSmart wireless thermostat and energy management packages directly into the PTAC units for delivery to its customers.

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

Telkonet continues to impress us with innovative development and extensive product intelligence," said Robert Hansen, Islandaire's Chief Executive Officer. "Our ability to rapidly integrate such an exceptional product is truly a game-changer and allows us to offer a unique value proposition not currently found with any other product in our industry."

As the energy efficiency market continues to evolve, property owners search for new ways to decrease energy costs while increasing occupant comfort. Telkonet's strategic relationship with Islandaire provides these benefits and many more. Through Islandaire's extensive compatibility with most PTAC sizes available and Telkonet's industry-leading EcoSmart technology, Islandaire customers receive fully-integrated solutions to fulfill their energy management needs direct from the OEM's factory. The initial "energized" PTAC systems will be available with Telkonet's [EcoWave](#) wireless, programmable thermostat technology or with the [EcoInsight](#), an enhanced energy management thermostat with over 125 settings used to control the efficiency of the in-room HVAC system.

"We're very excited to be working with a manufacturer as large and innovative as Islandaire. With many of the same values and penchant for innovation, we look forward to furthering the integration and technology solutions we're able to offer," stated Jason Tienor, Telkonet's Chief Executive Officer. "Through offering our customers increased value earlier in their asset life cycle, we've created a truly unique opportunity for the marketplace."

Energy represents the single fastest-growing operating cost in the lodging industry. The U.S. Environmental Protection Agency has found that a ten percent reduction in energy consumption would have the same financial effect as increasing the average daily room rate by \$0.62 in a limited-service hotel and by \$1.35 in a full-service hotel. Furthermore, reducing

energy use across the U.S. hospitality sector by just ten percent would help the industry save over \$285 million in energy costs.

Improving hotels' energy performance reduces operating costs, benefiting the bottom line and leaving more money to invest in further improvements that can lead to enhanced guest satisfaction. In addition to delivering financial savings, cost reductions through energy efficiency translate into higher asset values for hotel owners. Telkonet's [EcoSmart Suite](#) has rapidly become a leader in the occupancy-based energy management field, and the partnership between Islandaire and Telkonet will deepen relationships with both new-build and retrofit customers.

Telkonet works extensively within the hospitality, education, military, public housing and healthcare markets to provide energy efficiency, sustainability and commercial demand response capabilities. In addition to qualifying for most utility-funded incentive and rebate programs, Telkonet works with industry partners to offer customers zero-capital alternatives to implement efficiency measures through on-bill financing programs.

For more information regarding this revolutionary new product offering, contact EcoSmart Sales at (414) 223-0473 or Islandaire Sales at (800) 886-2759.

ABOUT ISLANDAIRE

Islandaire, located in East Setauket, New York is the fastest-growing specialty air conditioning and heating manufacturer in the country. Founded in 1992 by Robert Hansen, it has grown into a multi-million dollar company in just a few short years. Islandaire builds a full complement of high quality thru-the-wall replacement air conditioners and heat pumps, water source heat pumps, and gas units. In addition to the hospitality market, Islandaire also serves HVAC contractors, healthcare facilities, schools and universities, residential customers and government/municipalities. For more information, visit www.islandaire.com.

ABOUT TELKONET

Telkonet, a leading United States-based energy management technology provider, offers hardware, software and services to commercial customers worldwide. The EcoSmart suite of products, which includes EcoInsight and EcoWave intelligent thermostats, the EcoGuard energy management outlet and the EcoSwitch energy-efficient light switch can be deployed in most building environments to cut utility costs and enable remote monitoring and control using the EcoCentral management platform. Telkonet's energy management products have the power to reduce energy consumption, minimize carbon footprints and help eliminate the need for the construction of new power plants. 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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