



For Immediate Release: January 8, 2007

NEWS RELEASE

Telkonet Secures U.S. Department of Commerce Contract Valued at Approximately \$200,000

Telkonet to Provide High-Level Network and Security IT Engineering Services

Germantown, MD, Telkonet, Inc. (AMEX: TKO), the leader in providing powerline carrier (PLC) networking solutions using existing electrical wiring, today announced that the U.S. Patent and Trademark Office (USPTO), an agency of the U.S. Department of Commerce, has awarded the company a contract worth approximately \$200,000 to support the agency with the enhancement and upgrade of its IT infrastructure and related networking apparatus. Under the terms of the agreement, Telkonet will be providing high-level network and security IT engineering services including network design and development, Internet Protocol version 6 (IPv6) transition and compliance support and information assurance validation.

Kyle Bearden, who recently joined Telkonet as Director, Government Systems Group, will be responsible for contract delivery and the growth of the company's burgeoning government IT professional services business. Before joining Telkonet, Bearden previously served in several IT management, policy and delivery positions with the Department of Homeland Security, Department of Health and Human Services and Cisco Systems and was an officer in the U.S. Navy.

Ronald W. Pickett, President and CEO of Telkonet, Inc. commented, "We are pleased to deepen our strategic position in the federal government IT arena with this latest contract at USPTO. Not only has the secure Telkonet iWire System™ suite of powerline networking products proven its mettle within multiple Department of Defense and civilian government entities, but also, our dedicated and experienced cadre of IT professionals continues to provide much needed IT services to enhance agency's policy and planning activities in prevailing areas including IPv6, IP telephony, information assurance and secure broadband over powerline integration. It is a pleasure to welcome Kyle to the Telkonet Government Systems team to support this effort as he brings a wealth of federal IT industry experience, hands-on expertise and domain knowledge."

During the past decade, the U.S. government has been increasing its reliance on the private sector for a wide range of information and communications related professional services. According to a recent CSIS study on the dynamics of U.S. federal professional services, \$167 billion in contracts were awarded as a result of companies providing professional services to the federal government in 2004, with the Department of Defense being the largest consumer of those services.

About USPTO

The USPTO mission is to ensure that the intellectual property system contributes to a strong

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global economy, encourages investment in innovation, and fosters the entrepreneurial spirit. The USPTO industrial and technological progress in the United States and strengthens the national economy by: administering the laws related to patents and trademarks; advising the Secretary of Commerce, the President of the United States, and the Administration on the trade-related aspects of intellectual property. For more information, please visit www.uspto.gov.

About Telkonet

Telkonet develops and markets technology for the high-speed transmission of secure voice, video and data communications over in-premise and shipboard electrical wiring. The revolutionary Telkonet iWire System™ utilizes proven powerline communications (PLC) technology to deliver enterprise IP applications from a “platform” that is easy to deploy, reliable and cost-effective by leveraging a building’s existing electrical infrastructure. Telkonet’s products are designed for use in commercial, government and residential applications and support myriad IP-based offerings including Broadband connectivity, Local Area Networking (LAN), Wide Area Network (WAN) extension, VoIP telephony, video conferencing and IP surveillance among others. For more information, please visit www.telkonet.com.