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NEWS RELEASE

Telkonet Preferred Provider Status Expands with Energy Management for Vantage Hospitality

Providing a complete solution for high-speed Internet access, customer service and energy management

Germantown, MD, Telkonet, Inc. (AMEX: TKO), the leading technology solutions provider for broadband networking, end-to-end service support and energy management, announces that its established Preferred Provider Status for the Vantage Hospitality Group, Inc. has been extended to encompass Telkonet's energy management solution. With Telkonet SmartEnergy, owners of Vantage's Americas Best Value Inns and Lexington Collection hotels have the opportunity to significantly reduce in-room energy consumption by eliminating the wasteful heating and cooling of unoccupied rooms. In addition, Telkonet offers a comprehensive range of services, including wired and wireless high-speed Internet access and proactive customer support, all managed from a single centralized management platform. By enabling hotel management and Telkonet's customer support team to monitor and manage their high-speed Internet access system, proactively and remotely, in real time from the same platform, hotel owners can have total control of their guests' Internet experience.

"Telkonet provides our owners with a wide range of innovative solutions that can help them reduce expenses and meet their customers' needs," said Roger Bloss, CEO, president and founder of Vantage Hospitality Group. "With Telkonet SmartEnergy, our members have the opportunity to achieve considerable in-room energy savings.

"Because Telkonet's solutions offer far more than HSIA, they represent an excellent fit with our business model – particularly in terms of scalability, multiple service delivery, and comprehensive guest services management. Our Americas Best Value Inn brand is one of the fastest growing hotel chains in the country and Telkonet's offerings can provide our members with reliable, easily deployable solutions, and maximum scope for expansion and long-term performance," said Bloss.

About Vantage Hospitality Group

Vantage Hospitality Group, the parent company of Americas Best Value Inn and The Lexington Collection, is the 12th largest hotel company worldwide, and the only hotel brand to be ranked two years in a row on the Inc. 500/5000 List of Fastest Growing Private Companies. Founded in 1996, the company has grown to include a broad spectrum of hospitality-related ventures. Vantage manages resources in hotel ownership, management, marketing, national brand affiliation and real estate. Vantage's award winning membership hotel brand, Americas Best Value Inn, has been recognized by the lodging industry as one of the fastest growing chain five years in a row. In February 2005, Vantage added the global central reservation system, GenaRes, as a strategic partner, and continues to grow with its recent introduction of the upscale hotel

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chain, The Lexington Collection – the only membership hotel brand in the three to four star lodging segments. In 2006, Vantage introduced its membership model to the China hospitality market through its hotel brands, Chinas Best Value Inn and The Lexington Collection.

About Telkonet

Telkonet specializes in advanced integrated solutions for broadband data networking and energy management, including its highly successful in-building powerline communications (PLC) technology. Headquartered in Germantown, Maryland, USA, Telkonet has over 140 employees and serves thousands of customers worldwide.

The company's unique broadband networking solutions currently support more than a million network users per month, with its energy management systems optimizing energy consumption in over 60,000 rooms. Telkonet's technology innovation is underpinned by the highest level of end-to-end quality of service, with comprehensive technical customer support. Its systems deliver wide-ranging functionality, from wired and wireless high-speed Internet access to energy management, IP surveillance and local area networking. Telkonet's platforms are widely deployed on the global stage – in single buildings and ships, in multi-building complexes, hospitality venues and multi-dwelling units, and at government, education and defense locations.

Telkonet's innovations include the revolutionary Telkonet iWire System™, which converts a site's existing internal electrical infrastructure into an IP network backbone – quickly, cost-effectively and without disruption. The portfolio also includes the integrated EthoStream product suite, providing a comprehensive and advanced technology management platform for the hospitality industry, differentiated by outstanding remote management tools and a dedicated customer support facility. Telkonet SmartEnergy completes the line-up, delivering typical bottom line savings of 30% by controlling in-room energy consumption according to occupancy. For more information, please visit www.telkonet.com.