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**For Immediate Release****Telkonet Wins Cornerstone Hotel Management Contract under Wisconsin's Focus on Energy Program**

*Telkonet's partnership with Focus on Energy Program helps hotels realize energy savings, providing discounted energy management solutions with no upfront expense*

**May 20, 2008: Germantown, MD – Telkonet, Inc. (AMEX:TKO), the leading provider of innovative, centrally managed solutions for integrated energy management, networking, building automation and proactive support services,**

announces that it has won an energy management contract with Cornerstone Hotel Management as part of Wisconsin's Focus on Energy incentive program. Cornerstone Hotel Management will initially install the in-room, occupancy-driven Telkonet SmartEnergy™ (TSE) energy management system at three of its properties to lower utility bills by eliminating unnecessary heating and cooling of unoccupied guest rooms.

Launched in March 2008, Telkonet and Focus on Energy provide eligible hospitality customers in Wisconsin with discounted energy management products and installation on a low cost, lease-to-own basis, as part of a drive to save millions of kilowatt-hours per year across the state ([www.focusonenergy.com](http://www.focusonenergy.com)). The program is one of the country's strongest energy efficiency incentives to help manage rising HVAC costs and implement energy-related best practices in the hospitality sector. Hotel owners benefit from special promotional pricing of \$2.57/room per month over a three-year term to cover the cost of the TSE system, and typically achieve a rapid return on investment within just 18 months.

Reducing energy costs is at the top of Cornerstone Hotel Management's priority list, as President Brian Brandstetter explains, "We are truly excited about Telkonet SmartEnergy and believe that our HVAC cost savings will be substantial. Telkonet's system takes the guesswork out of managing our PTAC equipment, automatically adjusting a room's temperature when it is unoccupied – compared to previously, when we were relying on housekeeping's ability to remember to set the heating and cooling at a specified temperature when rooms were vacant. We also envisage realizing energy savings in our public areas, such as in our bars, where the thermostat was never turned down when closed. TSE's applications are numerous, such as eliminating problems with frozen pipes that break once thawed and avoiding air conditioner freeze-ups from running continuously in the summer. The networked version of TSE will also be invaluable in the future, with its ability remotely to adjust temperatures online."

Cornerstone Hotel Management, which operates seven hotels in Wisconsin, is initially installing TSE at three properties: at Comfort Inn and Suites in DeForest, the Holiday Inn Express in DeForest and the Best Western in Sparta. TSE will control a variety of manufacturers' PTAC units, with energy management occupancy sensors and PTAC controllers installed to manage each room's heating and cooling.

TSE incorporates a unique technology that enables optimum energy savings to be achieved without any compromise to guest comfort, using Telkonet's patented Recovery Time™ technology (RT). RT works quite

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differently from a typical fixed-setback system, in which the temperature is set to one fixed amount in all rooms. With TSE, each room's temperature is adjusted based on many factors, calculating how far it can drift from the occupant's preferred temperature setting, while ensuring the temperature will return to the occupant's setting within minutes upon their return.

### **About Telkonet**

Telkonet's unique broadband networking solutions currently support more than 1.6 million network users per month, with its energy management systems optimizing energy consumption in over 80,000 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 Series 5 and the Telkonet iWire System™, which convert 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](http://www.telkonet.com).

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