

Media Contacts:

Joe Noel, 240.912.1851

Michael Wachs, CEOcast, Inc., 212-732-4300

Garrett Axford, Georgina Garrett / Simon Jones, 866.940.9987, +44.1903.854900 mail@garrett-axford.co.uk**For Immediate Release****Telkonet Comments on 2008 Second Quarter Operations
Company Expects to Report Double-Digit Increase in Sequential Revenue Growth**

July 21, 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, today commented on its 2008 second quarter operations for the period ended June 30, 2008. The company expects to report a double-digit sequential increase in revenue growth in Telkonet's operations for its second quarter from its revenues of \$4 million in the 2008 first quarter. During the quarter, the company realized strong success in the energy management area through enabling building owners to significantly reduce in-room heating and cooling usage, reducing their utility bills and engaging in green energy initiatives. It is also focusing considerable resources on smart grid technologies, where the company is bidding on several large opportunities. Telkonet's high-speed Internet access sales continue to accelerate, with the company recently achieving a significant milestone of supporting more than 200,000 guest rooms with its differentiated HSIA guest support services.

Jason Tienor, CEO and President of Telkonet commented, "The first half of 2008 was a period of significant operational improvement for the company. In just a two-quarter period we have streamlined our management team, consolidated our locations and substantially reduced our cost structure. These steps have prepared Telkonet to capitalize on the revenue growth we are currently experiencing. We expect our business momentum to continue throughout the balance of the year. We believe we have the right platform to address market opportunities in some of the most dynamic areas of today's economy – energy conservation, smart grid technologies and HSIA."

Telkonet is planning to release its second quarter results on August 11th after the market closes and to hold a conference call at 4:30 p.m. eastern time that day.

About Telkonet

Telkonet's unique broadband networking solutions currently support more than 1.7 million network users per month, with its energy management systems optimizing energy consumption in over 85,000 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

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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.

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