

Media Contacts:

Joe Noel, 240.912.1851

Michael Wachs, CEOcast, 212.732.4300, mwachs@ceocast.comGarrett Axford, Georgina Garrett / Simon Jones, 866.940.9987, +44.1903.854900 mail@garrett-axford.co.uk**For Immediate Release****Telkonet Enables Metro Hotel's Green Energy Drive with New In-Room Energy Management Installation**
Milwaukee's luxury Metro Hotel illustrates the imperative of going green, implementing Telkonet SmartEnergy under the Wisconsin Focus on Energy program

August 18, 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, will be installing the in-room, occupancy-driven Telkonet SmartEnergy™ (TSE) energy management solution throughout the eco-friendly luxury Metro Hotel, located in downtown Milwaukee, Wisconsin. One of the world's Top 500 hotels¹ and Milwaukee's first Travel Green certified venue, the Metro Hotel selected TSE after a comprehensive trial, highlighting TSE's unique Recovery Time™ technology and highly efficient operation as key factors, in line with its green energy strategy and focus on improving guest satisfaction. TSE will be implemented during August with the help of Focus on Energy, Wisconsin's energy efficiency and renewable energy initiative, providing a rebate package to help offset energy management equipment and installation costs. The Metro is the latest in a number of 5-star hotels in Milwaukee to choose Telkonet's advanced energy management solutions, joining The Pfister and the Intercontinental.

This latest contract win for TSE underlines the rising importance of green issues within the hospitality industry. A recent survey of US travelers indicated that 87% would be more likely to stay at green properties², while in another, 21% of travelers say they would pay more for environmentally friendly hotels³. On average, around 30% of a hotel's energy is used to run air conditioning systems⁴, with the Alliance to Save Energy estimating that hotels could cut energy costs by at least 20% by adopting energy-efficiency measures. With guests increasingly focusing on a hotel's green credentials, the drive to go green is now a top priority for hotel management on both operational and marketing grounds.

This trend has translated into steadily increasing sales for Telkonet's intelligent energy management solution, with Chief Operating Officer Jeff Sobieski explaining, "Energy management is the fastest growing area of Telkonet's business, with constantly growing market demand. Our partnerships with energy efficiency programs such as Focus on Energy are an important element in this success, working throughout the US to help hotels offset the cost of implementing energy management systems. Hotel owners are in a real win-win situation, with a great opportunity to benefit from immediate savings by taking advantage of these rebate systems. There has never been a better time for the hospitality industry to go green!" Telkonet recently advanced intelligent HVAC building control still further with the launch of its Networked Telkonet SmartEnergy (NTSE) platform. A flexible, resilient and low-cost solution, NTSE provides property owners with total visibility and detailed data about an HVAC system and its energy consumption, together with real-time, instant remote management capabilities.

Focus on Energy and Telkonet are helping hotels across Wisconsin to reduce their HVAC consumption by

(more)

¹ Source: Travel & Leisure Magazine

² Hotel Business, Feb 7-20, 2008

³ Lodging Hospitality, January, 2008

⁴ Alliance to Save Energy: www.ase.org

offering significantly discounted pricing under the energy initiative and rebate program. By installing Telkonet's occupancy-driven energy management products, hotels are able to achieve typical savings of up to 30% in energy costs, eliminating the wasteful cooling and heating of unoccupied guest rooms, which are generally vacant 30-70% of the time. With Telkonet SmartEnergy's unique Recovery Time technology, guest comfort is ensured at all times, with the system maintaining the room temperature at the most energy-efficient setting when vacant and rapidly returning to the guest's preferred setpoint on their return. Unlike conventional fixed-setback systems, the system adjusts each room's temperature according to a variety of factors, calculating how far it can drift from the occupant's preferred temperature setting without impacting on how quickly it can return to the occupant's chosen setting when they come back to the room.

With TSE, energy savings are realized by deploying Telkonet Energy Management Occupancy Sensors with smart, programmable Telkonet Energy Management Thermostats and Telkonet Energy Management Controllers to adjust and maintain a room's temperature according to occupancy, and avoiding any unnecessary heating or cooling of vacant rooms. TSE is a 365-day programmable thermostat, with automatic daylight savings time correction and full battery back-up in case of power failure. Another key feature of the system is that it reduces the run-time for heating, ventilation and cooling equipment, decreasing maintenance overheads and extending the equipment's working life.

About Telkonet

Telkonet's unique broadband networking solutions currently support more than 2 million network users per month, with its energy management systems optimizing energy consumption in over 90,000 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.

About Focus on Energy

Focus on Energy works with eligible Wisconsin residents and businesses to install cost effective energy efficiency and renewable energy projects. Focus information, resources and financial incentives help to implement projects that otherwise would not be completed, or to complete projects sooner than scheduled. Its efforts help Wisconsin residents and businesses manage rising energy costs, promote instate economic development, protect our environment and control the state's growing demand for electricity and natural gas. For more information call (800) 762-7077 or visit focusonenergy.com.

All company, brand or product names are registered trademarks or trademarks of their respective holders.

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 revenues 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).