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For Immediate Release**Telkonet Secures New Coast Guard Housing SmartEnergy™ Contract and Extends Naval Base HVAC Efficiency Contract**

Telkonet to install SmartEnergy energy management systems at two separate military bases in contracts valued at \$400,000

March 29, 2010: Milwaukee, WI – Telkonet, Inc. (OTC Bulletin Board: TKOI), a Clean Technology company that develops, manufactures and sells proprietary energy management and SmartGrid networking technology, today announced that it has been selected to deploy its Telkonet SmartEnergy™ (TSE) energy management system on two separate military bases. The two contracts, together worth approximately \$400,000, were awarded to Telkonet as part of overall base energy efficiency projects through a large Energy Services Company (ESCO) partner. Using Telkonet SmartEnergy™ occupancy-sensing based energy management technology, the bases will now save on energy costs through the reduction of heating and cooling of unoccupied rooms.

Jeff Sobieski, Telkonet's COO, said, "We are excited to continue demonstrating the energy savings that Telkonet SmartEnergy™ can provide in military housing applications. Because of some unique retrofit challenges, these particular installations showcase the adaptation and customization that our engineering and installation staff can perform while in the field. It's also a testament to the design flexibility of our equipment."

Installation of Telkonet SmartEnergy™ systems is scheduled to be completed by the end of May 2010. These contracts include a total of more than 300 rooms over the two locations. Both locations will be installed with TSE SS5000 Thermostats, SS2000 Occupancy Sensors, and door contacts.

With Telkonet SmartEnergy™, energy savings are realized by deploying intelligent, programmable, in-room Telkonet Energy Management Thermostats and Telkonet Energy Management Sensors. These adjust and maintain a room's temperature according to occupancy and environmental factors, to avoid wasting energy through the unnecessary heating or cooling of vacant rooms. TSE can be directly applied to generate room-by-room energy savings in hospitality, education, military, commercial, healthcare, and residential buildings. Central to TSE's efficiency is Telkonet's unique Recovery Time™ technology, which adjusts each room's temperature based on a variety of different factors, calculating how far it can drift from the occupant's preferred temperature setting. Unlike fixed setback systems, it ensures that the temperature returns to the occupant's setting within minutes upon their return, maintaining occupant comfort while ensuring maximum energy efficiency. Additionally, the system reduces the run-time for heating, ventilation and cooling equipment, decreasing maintenance overhead and extending HVAC equipment working life.

About Telkonet

Telkonet is one of the market-leading Clean Technology companies providing integrated, centrally-managed energy management and SmartGrid networking solutions to the emerging \$50 billion SmartGrid and Energy Efficiency markets. Telkonet is one of the top three occupancy-based energy management control providers in each of the hospitality, commercial, military, healthcare, and education markets. The Company's in-room energy management systems are lowering heating and cooling costs in over 180,000 rooms and are an integral part of various utilities' green energy efficiency and rebate programs.

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 revenue 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).