

For Immediate Release

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**Telkonet Partners with Wireless Internet Service Provider DC Access**  
*Combining Wi-Fi and Powerline Communications Technology Benefits the Property  
Manager and the Residents*

**GERMANTOWN, MD & WASHINGTON, DC, July 26, 2004** – Telkonet, Inc. (Amex:TKO), the leader in commercial powerline communications (PLC) and the Company bridging the "outlet to the Internet, today announced its newly formed partnership with DC Access, a leading Washington DC-based Wireless Internet Service Provider (WISP). Under the partnership, DC Access will provide its high-speed wireless Internet service to multidwelling/multitenant (MDU/MTU) buildings, and Telkonet will deliver broadband Internet access inside the MDUs/MTUs using its proven powerline communications technology.

By leveraging DC Access and Telkonet's technologies, the companies are bringing to market a powerful solution that enables property owners to easily and affordably deliver high-speed Internet access to their residents/tenants, which is a must-have amenity in the Washington DC area. DC Access delivers a wireless broadband connection by setting up high-powered antennas on rooftops of buildings, and uses Wi-Fi transmitters to transmit a signal directly into the customer's home or office. This saves the customer from having to order a physical connection from a large telecommunications provider. DC Access' wireless Internet service is a good alternative to digital line subscriber (DSL) service, which is only available in limited areas on Capitol Hill and tends to have outages, as it relies on a public phone infrastructure that's almost a century old.

Telkonet's PlugPlus(TM) system is an innovative solution as well, using patented and innovative powerline communications technology to deliver broadband Internet and data access over a building's existing electrical wiring. Since this delivery method uses a building's existing infrastructure, no new construction is required, deployment is quick and inexpensive. And, the residents benefit from being able to access the Internet from virtually any electrical outlet within the entire building. Telkonet's solution offers the security of a wired solution with the convenience and flexibility of a wireless solution.

The first deployment with DC Access and Telkonet will be the Congressional House in DC, scheduled to be installed within the next few weeks. The historic Congressional House, located within two blocks of the Capitol, is a 50-unit, six story commercial multitenant building, occupied by lobbyists, small businesses and non-profit organizations. Telkonet's PlugPlus system will meet their needs of delivering secure,

reliable, broadband Internet access, as wireless Internet access was not a viable option because of security concerns.

#### About DC Access

Founded in 1999, DC Access is a leading Internet Service Provider (ISP), offering Internet Access, web hosting and network consulting. DC Access has earned a reputation for offering reliable, affordable and personal service to its customers. Privately held, DC Access is headquartered in Capitol Hill in Washington DC. For more information on DC Access, please visit <http://www.dcaccess.net/>.

#### About Telkonet

Telkonet's products provide connectivity over existing electrical wiring and do not require the costly installation of additional wiring or major disruption of business activity. In many situations, the Telkonet system can be implemented more quickly and less expensively than adding dedicated wiring or installing a wireless system. The Telkonet PlugPlusInternet(TM) family of networking and internetworking products offers a viable and cost-effective alternative to the challenges of hardwiring and wireless local area networks (LANs). Telkonet PlugPlusInternet products are designed for use in commercial and residential applications, including multi-dwelling units and the hospitality and government markets.

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).

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