

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 27, 2016. The proxy statement and the accompanying form of WHITE proxy card are available at www.dfking.com/tkoi.

PLEASE SIGN, DATE, AND MAIL THIS PROXY CARD TODAY



DETACH ALONG THE PERFORATION, MARK, SIGN, DATE AND RETURN THE BOTTOM PORTION USING THE ENCLOSED PREPAID ENVELOPE PROVIDED.



Mr. Kross recommends that you vote "FOR" the election of Peter T. Kross' Nominees as Director; "FOR" the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm; "FOR" the compensation of the Company's named executive officers; "AGAINST" approval of the amendment to the Company's Amended and Restated Articles of Incorporation to effect a reverse stock split; and "AGAINST" any proposal by the Company to adjourn the Annual Meeting to allow the Company to solicit additional votes.

1. ELECTION OF DIRECTORS

NOMINEES: Peter T. Kross

Leland D. Blatt

Arthur E. Byrnes

FOR ALL

☐

WITHHOLD
FROM ALL

☐

FOR ALL
EXCEPT

☐

Instruction: To withhold authority to vote for the election of any nominee(s), write the name(s) of such nominee(s) in the following space (you can withhold authority for any nominee by writing one or more names in the following space below or withholding authority for all by marking an X next to the WITHHOLD ALL box above):

There is no assurance that any of the candidates who have been nominated by the Company will serve as a Director if Mr. Kross' nominees are elected.

2. RATIFICATION OF THE APPOINTMENT OF BDO USA, LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR TELKONET FOR THE YEAR ENDING DECEMBER 31, 2016.

FOR AGAINST ABSTAIN

☐ ☐ ☐

3. APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS.

FOR AGAINST ABSTAIN

☐ ☐ ☐

4. APPROVAL OF AN AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION TO EFFECT, AT THE DISCRETION OF THE BOARD OF DIRECTORS, A REVERSE STOCK SPLIT OF THE COMMON STOCK, PAR VALUE \$0.001 PER SHARE, AT ANY TIME PRIOR TO NEXT YEAR'S ANNUAL MEETING OF STOCKHOLDERS BY A RATIO OF NOT LESS THAN 1-FOR-10 AND NOT MORE THAN 1-FOR-50, WITH THE SPECIFIC RATIO, TIMING AND TERMS TO BE DETERMINED BY THE BOARD OF DIRECTORS.

FOR AGAINST ABSTAIN

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5. APPROVAL OF ANY PROPOSAL BY THE COMPANY TO ADJOURN THE ANNUAL MEETING TO ALLOW THE COMPANY TO SOLICIT ADDITIONAL VOTES.

FOR AGAINST ABSTAIN

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In his discretion, each Proxy is authorized to vote upon such other business that may properly come before the Annual Meeting and any and all adjournments or postponements thereof, as provided in the proxy statement provided herewith.

Dated: _____

Signature: _____

Signature (if held jointly): _____

Title: _____

Please sign exactly as your name(s) appear on the proxy card(s) previously sent to you. When shares are held by joint tenants, both should sign. When signing as an attorney, executor, administrator, trustee, or guardian, please give full title as such. If a corporation, please sign in full corporation name by the President or other duly authorized officer. If a partnership, please sign in partnership name by authorized person. This proxy card votes all shares held in all capacities.



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PROXY

**THIS PROXY IS SOLICITED BY PETER T. KROSS IN OPPOSITION TO THE BOARD OF DIRECTORS OF
TELKONET, INC.**

THIS SOLICITATION IS NOT BEING MADE BY THE BOARD OF DIRECTORS OF TELKONET, INC.

2016 ANNUAL MEETING OF STOCKHOLDERS

The undersigned hereby appoints Peter T. Kross and Phillip M. Goldbert, and each of them, attorneys and agents with full power of substitution, as Proxy for the undersigned, to vote all shares of stock of Telkonet, Inc. ("Telkonet" or the "Company") which the undersigned is entitled to vote at the Annual Meeting of stockholders to be held at 1:00 p.m., local time, at the offices of Telkonet, Inc., 20800 Swenson Dr., Suite 175, Waukesha, WI 53186 on June 27, 2016, or any adjournments or postponements thereof and at any meeting called in lieu thereof (the "Annual Meeting").

This proxy, when properly executed will be voted in the manner directed herein by the undersigned stockholder. **Unless otherwise specified, this proxy will be voted "FOR" the election of Peter T. Kross' Nominees as Director; "FOR" the ratification of the appointment of BDO USA, LLP as the Company's independent registered public accounting firm; "FOR" the compensation of the Company's named executive officers; "AGAINST" approval of the amendment to the Company's Amended and Restated Articles of Incorporation to effect a reverse stock split; and "AGAINST" any proposal by the Company to adjourn the Annual Meeting to allow the Company to solicit additional votes. This proxy revokes all prior proxies given by the undersigned.**

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CONTINUED AND TO BE SIGNED ON REVERSE SIDE