



STMicroelectronics and Arkados Announce Plans to Bring HomePlug AV System-on-Chip to Market

ST's world-class manufacturing, distribution, 65nm process technology, and SoC platform combine with Arkados' HomePlug AV implementation and application software to enable powerful next-generation solutions for powerline communications

Piscataway, NJ, and Geneva – October 30, 2008 – Arkados (OTCBB: AKDS) and STMicroelectronics (NYSE: STM) today announced that they have reached an agreement to develop and manufacture a best-in-class 200 Mbit per second, HomePlug AV wideband powerline modem System-on-Chip (SoC) that will set a new standard for integration, performance, price, and features.

Planned for availability mid-next year, the world's first HomePlug AV SoC is designed to power applications ranging from simple Ethernet-to-powerline bridges to full-featured products as wide ranging as HDTV distribution, digital set-top boxes, IPTV, whole-house audio, networked digital picture frames, surveillance systems, and also industrial and commercial applications, especially targeting the Smart Grid and Green Energy segments. Components of these systems use powerline communications technology to establish robust and secure connections using the existing electrical wires in a home or building.

The HomePlug AV-based SoC will boast an integrated AFE (analog front end), a wide variety of built-in interfaces, and a powerful ARM processor. The SoC will offer processing in cutting-edge 65nm geometry, providing savings in both cost and power consumption, while also offering full interoperability with the existing base of nearly 20 million HomePlug 1.0 chips, a feature currently not available in competing HomePlug AV devices.

The next-generation chip will include support for the Inter PHY Communication Protocol (IPP), currently being defined by the IEEE P1901 Working Group; the chip could also be the first to market compatible with the expected IEEE 1901 industry standard for high-speed powerline communications.

“In working with ST, Arkados has found a truly complementary and mutually beneficial partnership,” said Oleg Logvinov, president and CEO of Arkados. “ST's investment into the design and development of this chip is a validation of both Arkados' vision and the entire powerline communication market. By uniting the best technology and IP blocks from ST, with Arkados' ten-year powerline chip experience and unique application-friendly HomePlug AV implementation, this single device can offer the cost-effective solution that the market needs – both for PHY/MAC-only solutions, and for the more powerful application-processing segments.”

“ST is a world leader in developing leading-edge SoC solutions across many diverse applications and bringing them to market quickly,” said Pietro Menniti, General Manager, Industrial and Power Conversion Division, STMicroelectronics. “The company believes that HomePlug AV is a market with a very high potential, in addition to recognizing the expertise of Arkados in developing cutting-edge powerline communications designs.”

The introduction of this device is timed to take place to meet the market’s needs for communications solutions that help to implement Smart Grid and Green Energy applications. The agreement specifies that both ST and Arkados will market a version of the device specifically targeted at “bridging” applications such as Ethernet-to-Powerline adapters, or other applications where only a MAC/PHY implementation is needed. Arkados will continue to focus on marketing the chip for more full-featured connected media applications such as whole-house audio, IPTV, and segments of the smart-grid market.

The agreement allows Arkados to complete the design and manufacturing of the state-of-the-art chip without making the costly investment of taping out a new chip. ST is contributing to the investment for the development and manufacturing for the Arkados-designed chip. In return, ST receives the rights to market the chip through its worldwide distribution network.

About Arkados, Inc.

Arkados, “the HomePlug Applications Company,” delivers a universal platform that enables networking of home entertainment and computer devices using standard electricity lines. The company’s system-on-chip solutions are uniquely designed to drive a wide variety of powerline-enabled consumer electronics and home computing products, such as stereos, radios, speakers, MP3 players, computers, televisions, gaming consoles, security cameras and cable and DSL modems. Arkados customers can bring numerous sophisticated, full-featured products to market faster at a lower overall development cost using a single platform: the company’s versatile and programmable ArkTIC[®] platform. Arkados solutions leverage the benefits of HomePlug Powerline Alliance specifications and can also be used for in-building and to-the-home (BPL) applications. Arkados[®] and ArkTIC[®] are registered trademarks and Direct to Speaker[™] is a trademark of Arkados Inc., a wholly owned subsidiary of the Arkados Group, Inc. HomePlug[®] is a registered trademark of the HomePlug Powerline Alliance, of which Arkados is a member. Other names and brands may be claimed as the property of others. More information can be found at <http://www.arkados.com>.

About STMicroelectronics

STMicroelectronics is a global leader in developing and delivering semiconductor solutions across the spectrum of microelectronics applications. An unrivalled combination of silicon and system expertise, manufacturing strength, Intellectual Property (IP) portfolio and strategic partners positions the Company at the forefront of System-on-Chip (SoC) technology and its products play a key role in enabling today's convergence markets. The Company's shares are traded on the New York Stock Exchange, on Euronext Paris and on the Milan Stock Exchange. In 2007, the Company's net revenues were \$10.0 billion. Further information on ST can be found at www.st.com.

Arkados, Inc. - “Forward-Looking Statements”

This release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934 that are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties, including statements as to the future performance of the company and the risks and uncertainties detailed from

time to time in reports filed by the company with the Securities and Exchange Commission. Although the company believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations or any of its forward-looking statements will prove to be correct. Factors that could cause results to differ include, but are not limited to, the company's ability to raise necessary financing, retention of key personnel, timely delivery of inventory from the company's contract manufacturers, timely product development, product acceptance, and the impact of competitive services and products, in addition to general economic risks and uncertainties.

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