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Arkados Commends Stimulus Package for Focus on Smart Grid Related Activities and Expanding Broadband Access

- Powerline Communications can play an enabling role to make power grids smarter, and deliver broadband to far-reaching places -

PISCATAWAY, NJ February 26, 2009 – Arkados (OTCBB:AKDS) commends the Obama administration and Congress for including \$4.5 billion focused on smart grid related activities, including Smart Meters, and \$7.3 billion to support expanding access to broadband in underserved communities, in the recently enacted American Recovery and Reinvestment Act of 2009.

Arkados designs its chip-and-software platform specifically to implement cost-effective powerline communications applications such as energy-saving smart energy networks, digital home applications, and systems to deliver broadband over existing power lines, without the need for enormous capital expenditures to build out a fiber optic network backbone.

The team at Arkados has already spent significant time and effort in groundbreaking research solving challenges associated with smart grid and rural broadband systems, and holds patents on significant pieces of related intellectual property.

Arkados has reported service revenue related to smart grid development projects. As early as October 2007, Arkados and MainNet Communications announced plans to jointly develop applications to improve the reliability and efficiency of electrical grids, connect consumer electronic devices over power lines, enable energy-saving initiatives, and deliver Broadband content to homes and offices. Arkados has also provided solutions for components intended to implement energy-saving programs (such as temperature control, smart thermostats, and demand-driven load control) that were used in trials of a “green power” application with Corporate Systems Engineering.

Arkados believes in the importance of industry standards and its team members continually contribute into the development of global standards through organizations such as the HomePlug® Powerline Alliance, the IEEE P1901, and the Telecommunication Industry Association (TIA-1113). The development of the IEEE 1901 standard is especially timely, as it addresses the needs of the broadband over powerline industry.

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While the specifics of the expenditures under the American Recovery and Reinvestment Act remain to be published and evaluated, many now recognize the importance of the technologies that make the delivery and utilization of power more efficient, and that facilitate communication over power lines. Arkados believes that this recognition will contribute to the demand for Arkados applications and expertise in the future.

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™ and Whole House Audio in a Box™ are trademarks 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>.

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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