

# Network-1 Reports Third Quarter 2008 Results

NEW YORK, Nov. 12 /PRNewswire-FirstCall/ -- Network-1 Security Solutions, Inc. (OTC Bulletin Board: NSSI) today announced financial results for the quarter ended September 30, 2008. Network-1 reported a net loss of (\$383,000) or \$(0.02) per share for the third quarter ended September 30, 2008 as compared to a net loss of (\$134,000) or \$(.01) per share for the third quarter ended September 30, 2007. Included in the net loss for the quarter ended September 30, 2008 and September 30, 2007 was non-cash compensation expenses of \$70,000 and \$67,000, respectively.

Network-1 reported a net loss for the nine months ended September 30, 2008 of \$(1,104,000) or \$(0.05) per share, compared with a net loss of \$(2,531,000) or \$(0.12) per share for the nine months ended September 30, 2007. Included in the net loss for the nine months ended September 30, 2008 and September 30, 2007 was non-cash compensation expenses of \$216,000 and \$1,294,000, respectively.

Network-1 had revenues of \$106,000 and \$240,000 for the three and nine months ended September 30, 2008, respectively, which was related to the receipt of royalties pursuant to its license agreements with D-Link Corporation and Microsemi Corporation. For the three month and nine month periods ended September 30, 2007, Network-1 had royalty revenues of \$181,000.

At September 30, 2008, Network-1 had \$4,788,000 in cash and cash equivalents which management believes will be sufficient to fund its operations until at least December 31, 2009.

On February 11, 2008, Network-1 announced that it had initiated patent litigation against several major data networking equipment manufacturers in the United States District Court for the Eastern District of Texas, Tyler Division, for infringement of its Remote Power Patent. Named as defendants in the lawsuit are Cisco Systems, Inc., Cisco-Linksys, LLC, Enterasys Networks, Inc., 3Com Corporation, Inc., Extreme Networks, Inc., Foundry Networks, Inc., NETGEAR, Inc., and Adtran, Inc.

On June 30, 2008, Network-1 announced a Special Licensing Program for the Remote Power Patent. The Special Licensing Program is of limited duration (through December 31, 2008) and is being implemented on an industry-wide basis to offer discounted running royalty rates and exceptions to Network-1's standard licensing terms and conditions for the Remote Power Patent to vendors of finished products that comply with the PoE Standard, including equipment defined in the PoE Standard as Power Sourcing Equipment (PSE) and Powered Devices (PD).

On August 13, 2008, Microsemi Corporation entered into a license agreement, with Network-1 as part of our Special Licensing Program. The license agreement provides that Microsemi

Corporation is obligated to pay Network-1 quarterly royalty payments of 2% of the sales price for certain of Microsemi's Midspan PoE products for the full term of the Remote Power Patent (March 2020).

The Remote Power Patent relates to, among other things, the delivery of power over Ethernet cables in order to remotely power network connected devices including, among others, wireless switches, wireless access points, RFID card readers, VOIP telephones and network cameras. In June 2003, the Institute of Electrical and Electronic Engineers (IEEE) approved the IEEE 802.3af Power over Ethernet ("PoE") standard which has led to the rapid adoption of PoE.

By taking advantage of PoE technology, companies can deploy next generation solutions such as Voice over IP and Wireless LAN's without having to run separate power cables. PoE technology provides numerous benefits including significant deployment savings and increased service reliability through centralized backup power. These benefits have caused analysts to identify PoE as a "must have" technology and vendors have responded with a wealth of new product offerings.

Indeed, industry analysts expect PoE to become a defacto technology embedded in LAN Ethernet switches that power devices such as wireless access points, VOIP telephones, and network cameras, among others. Industry analysts project that in 2008 fully 20% of all Ethernet switch ports were PoE enabled and between 90 and 95% of IP Phones and Wireless Access Points were also so enabled.

#### ABOUT NETWORK-1 SECURITY SOLUTIONS, INC.

Network-1 Security Solutions, Inc. is engaged in the acquisition, development, licensing and protection of its intellectual property and proprietary technologies. It currently owns six patents covering various telecommunications and data networking technologies and is currently focusing its licensing efforts on its Remote Power Patent (U.S. Patent No. 6,218,930) covering the remote delivery of power over Ethernet networks. The Remote Power Patent was granted by the U.S. Office of Patents and Trademarks on April 21, 2001 and expires on March 11, 2020.

This release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements address future events and conditions concerning Network-1's business plans. Such statements are subject to a number of risk factors and uncertainties as disclosed in Network-1's Annual Report on Form 10-KSB for the year ended December 31, 2007 and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008 including, among others, the ability of Network-1 to obtain license agreements from third parties for its patent portfolio, uncertainty of patent litigation, Network-1's ability to achieve revenues and profits from its patent portfolio, Network-1's ability to raise capital when needed, future economic conditions and technology changes and legislative, regulatory and competitive developments. Except as otherwise required to be disclosed in periodic reports, Network-1 expressly disclaims any future obligation or undertaking to update or revise any forward-looking statement contained herein.

The condensed statements of operations and condensed balance sheets are attached.

Network-1 Security Solutions, Inc.  
Condensed Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Royalty Revenue	\$106,000	\$181,000	\$240,000	\$181,000
Cost of Revenue	5,000	9,000	12,000	9,000
Gross Profit	101,000	172,000	228,000	172,000
Operating expenses:				
General and administrative	439,000	300,000	1,209,000	\$1,533,000
Non Cash Compensation	70,000	67,000	216,000	1,294,000
Total Operating Expense	509,000	367,000	1,425,000	2,827,000
Loss before interest income	(408,000)	(195,000)	(1,197,000)	(2,655,000)
Interest income - net	25,000	61,000	93,000	124,000
Net Loss	\$ (383,000)	\$ (134,000)	\$ (1,104,000)	\$ (2,531,000)
Loss per common share: basic and diluted	\$ (0.02)	\$ (0.1)	\$ (.05)	\$ (.12)
Weighted average shares: basic and diluted	24,135,557	23,198,057	24,135,557	21,869,913

Condensed Balance Sheet as of September 30, 2008

Cash and cash equivalents	\$4,788,000
Total current assets	\$4,864,000
Total assets	\$4,969,000
Total current liabilities	\$124,000
Total long term liabilities	\$ - 0 -
Total stockholders' equity	\$4,845,000

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**SOURCE Network-1 Security Solutions, Inc.**