

## Network-1 Reports Second Quarter 2009 Results

NEW YORK, Aug. 13 /PRNewswire-FirstCall/ -- Network-1 Security Solutions, Inc. (OTC Bulletin Board: NSSI) today announced financial results for the quarter ended June 30, 2009. Network-1 had revenues of \$487,000 and \$514,000 for the three and six months ended June 30, 2009 as compared with revenues of \$65,000 and \$134,000 for the three and six months ended June 30, 2008, respectively. The increase in revenues during 2009 was related to additional licensees of Network-1's Remote Power Patent and its settlement with NETGEAR ("Netgear").

Network-1 reported a net loss of (\$297,000) or \$(0.01) per share for the second quarter ended June 30, 2009 as compared to a net loss of (\$402,000) or \$(.02) per share for the second quarter ended June 30, 2008. Included in the net loss for the quarter ended June 30, 2009 and June 30, 2008 were non-cash compensation expenses of \$191,000 and \$73,000, respectively.

Network-1 reported a net loss for the six months ended June 30, 2009 of \$(1,262,000) or \$(0.05) per share, compared with a net loss of \$(721,000), or \$(0.03) per share for the six months ended June 30, 2008. Included in the net loss for the six months ended June 30, 2009 and June 30, 2008 were non-cash compensation expenses of \$746,000 and \$146,000, respectively.

At June 30, 2009, Network-1 had approximately \$3,869,000 in cash and cash equivalents which management believes will be sufficient to fund its operations until at least December 2010.

In May 2009, the Company settled its litigation with NETGEAR, Inc., one of the defendants in the patent litigation pending in United States District Court for the Eastern District of Texas. As part of the settlement and under the Company's Special Licensing Program, Netgear entered into a license agreement with the Company for the Remote Power Patent, effective April 1, 2009. Under the terms of the license, NETGEAR will license the Remote Power Patent for its full term which expires in March 2020, and pay quarterly royalties (beginning as of April 1, 2009) based on its sales of Power over Ethernet products, including those products which comply with the Institute of Electrical and Electronic Engineers 802.3af and 802.3at Standards. Licensed products include NETGEAR's Power over Ethernet enabled switches and wireless access points. The royalty rates included in the license are 1.7% of the sales price of Power Sourcing Equipment, which includes Ethernet switches, and 2% of the sales price of Powered Devices, which includes wireless access points. In addition, NETGEAR made a payment of \$350,000 with respect to the settlement.

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.

Remaining defendants in the lawsuit are Cisco Systems, Inc., Cisco-Linksys, LLC, Enterasys Networks, Inc., 3Com Corporation, Inc., Extreme Networks, Inc., Foundry Networks, Inc., and Adtran, Inc.

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 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 2009 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-K for the year ended December 31, 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.

Condensed Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Royalty Revenue	\$487,000	\$65,000	\$514,000	\$134,000
Cost of Revenue	64,000	4,000	65,000	7,000
Gross Profit	423,000	61,000	449,000	127,000
Operating expenses:				
General and administrative	529,000	418,000	966,000	770,000
Non Cash Compensation	191,000	73,000	746,000	146,000
Total Operating Expense	\$720,000	\$491,000	1,709,000	916,000
Loss before interest income	(297,000)	(430,000)	(1,263,000)	(789,000)
Interest income - net	-	28,000	1,000	68,000
Net Loss	\$ (297,000)	\$ (402,000)	\$ (1,262,000)	\$ (721,000)
Loss per common share:				
basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.03)
Weighted average shares: basic and diluted	24,135,557	24,135,557	24,135,557	24,135,557

Condensed Balance Sheet as of June 30, 2009

Cash and cash equivalents	\$3,869,000
Total current assets	\$3,974,000
Total assets	\$4,075,000
Total current liabilities	\$190,000
Total long term liabilities	\$-0-

Total stockholders' equity

\$3,885,000  
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