

Network-1 Reports 2009 Year-End Financial Results

NEW YORK, April 9 /PRNewswire-FirstCall/ -- Network-1 Security Solutions, Inc. (OTC Bulletin Board: NSSI), a company specializing in the acquisition, licensing, and protection of its intellectual property and proprietary technologies, today announced financial results for the year ended December 31, 2009. Network-1 reported a net loss of (\$2,578,000) for the year ended December 31, 2009 as compared to a net loss of (\$1,618,000) for the year ended December 31, 2008. Included in net loss for 2009 and 2008 are non-cash compensation expenses of \$901,000 and \$287,000, respectively.

Net loss attributable to common stockholders for the year ended December 31, 2009 was (\$2,578,000) or \$(0.11) per share. The net loss attributable to common stockholders was (\$1,618,000) or (\$0.07) per share for the year ended December 31, 2008.

Network-1 had revenues for the year ended December 31, 2009 of \$811,000 as compared to revenues of \$349,000 for the year ended December 31, 2008. Cash and cash equivalents were \$3,022,000 at December 31, 2009. At March 16, 2009, the Company had approximately \$2,264,000 in cash and cash equivalents which management believes will be sufficient to fund its operations until at least June 30, 2011.

On February 11, 2008, the Company announced that it had initiated patent litigation against several data networking equipment manufacturers in the United States District Court for the Eastern District of Texas, Tyler Division, for infringement of the 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. Under the Court's scheduling order, it is presently anticipated that the trial against the remaining defendants will be held during July, 2010.

In May 2009, Network-1 settled its litigation with Netgear, one of the original defendants in the patent litigation pending in United States District Court for the District of Texas. As part of the settlement and under the Network-1's Special Licensing Program, Netgear entered into a license agreement with the Network-1 for the Remote Power Patent, effective April 1, 2009. Under the terms of the license, Netgear licenses the Remote Power Patent for its full term which expires in March 2020, and pays 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.

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 products 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 the Company's business plans. Such statements are subject to a number of risk factors and uncertainties as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2009 including, among others, the ability of Network-1 to obtain license agreements from third parties for its patent portfolio, uncertainty of patent litigation, the Company's ability to achieve revenues and profits from its patent portfolio, the Company'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, the Company 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

	Years Ended December 31,	
	2009	2008
ROYALTY REVENUE	\$ 811,000	\$ 349,000
COST OF REVENUE	76,000	18,000
GROSS PROFIT	735,000	331,000
OPERATING EXPENSES:		
General and administrative	\$ 2,413,000	\$ 1,773,000
Non-cash compensation	901,000	287,000
TOTAL OPERATING EXPENSES	3,314,000	2,060,000
OPERATING LOSS	(2,579,000)	(1,729,000)
OTHER INCOME (EXPENSES):		
Interest income, net	1,000	111,000
LOSS BEFORE INCOME TAXES	(2,578,000)	(1,618,000)
INCOME TAXES	—	—
NET LOSS	\$ (2,578,000)	\$ (1,618,000)
Net Loss Per Share - Basic and Diluted	\$ (0.11)	\$ (0.07)

Weighted average common shares outstanding

Basic and Diluted

24,135,557

24,135,557

Condensed Balance Sheet as of 12/31/09

Cash and cash equivalents \$ 3,022,000

Total current assets \$ 3,212,000

Total assets \$ 3,310,000

Total current liabilities \$ 585,000

Total long term liabilities \$ - 0 -

Total stockholders' equity \$ 2,725,000

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