

Network-1 Reports Third Quarter 2009 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, 2009. Network-1 had revenues of \$141,000 and \$655,000 for the three and nine months ended September 30, 2009 as compared with revenues of \$106,000 and \$240,000 for the three and nine months ended September 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, Inc. ("Netgear").

Network-1 reported a net loss of (\$457,000) or \$(0.02) per share for the third quarter ended September 30, 2009 as compared to a net loss of (\$383,000) or \$(.02) per share for the third quarter ended September 30, 2008. Included in the net loss for the quarter ended September 30, 2009 and September 30, 2008 were non-cash compensation expenses of \$51,000 and \$70,000, respectively.

Network-1 reported a net loss for the nine months ended September 30, 2009 of \$(1,716,000) or \$(0.07) per share, compared with a net loss of \$(1,104,000), or \$(0.05) per share for the nine months ended September 30, 2008. Included in the net loss for the nine months ended September 30, 2009 and September 30, 2008 were non-cash compensation expenses of \$797,000 and \$216,000, respectively.

At September 30, 2009, Network-1 had approximately \$3,450,000 in cash and cash equivalents which management believes will be sufficient to fund its operations until at least December 2010.

In May 2009, Network-1 settled its litigation with Netgear, one of the 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.

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 September 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. In September 2009, the IEEE approved the IEEE 802.3at standard, which is an amendment to the Power over Ethernet Standard. The IEEE 802.3at standard increases the amount of power that can be delivered over Ethernet cables, which will allow devices with increased power requirements to also be remotely powered.

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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Royalty Revenue	\$141,000	\$106,000	\$655,000	\$240,000
Cost of Revenue	4,000	5,000	69,000	12,000
Gross Profit	137,000	101,000	586,000	228,000
Operating expenses:				
General and administrative	542,000	439,000	1,505,000	1,209,000
Non Cash Compensation	51,000	70,000	797,000	216,000
Total Operating Expense	\$593,000	\$509,000	2,302,000	1,425,000
Loss before interest income	(456,000)	(408,000)	(1,716,000)	(1,197,000)
Interest income - net	(1,000)	25,000	0	93,000
Net Loss	<u>\$(457,000)</u>	<u>\$(383,000)</u>	<u>\$(1,716,000)</u>	<u>\$(1,104,000)</u>
Loss per common share:				
basic and diluted	<u>\$(0.02)</u>	<u>\$(0.02)</u>	<u>\$(0.07)</u>	<u>\$(.05)</u>
Weighted average shares:				
basic and diluted	<u>24,135,557</u>	<u>24,135,557</u>	<u>24,135,557</u>	<u>24,135,557</u>

Condensed Balance Sheet as of September 30, 2009

Cash and cash equivalents \$3,450,000

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Total current assets	\$3,582,000
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Total assets	\$3,681,000
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Total current liabilities	\$198,000
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Total long term liabilities	\$- 0 -
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Total stockholders' equity	\$3,483,000
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SOURCE Network-1 Security Solutions, Inc.