

April 08, 1999

NSOL analyst issues false report.

A Prudential Securities Incorporated report dated April 7, 1999 states that Amendment 11 stipulates that both ICANN and each of the registrars must have separate agreements with Network Solutions, Inc.'s (NASDAQ Symbol: NSOL) (Price: \$115.50) prior to the initiation of competitive access. First, "competitive access" is an euphemism used by NSOL's stock promoters to refer to the scheduled termination of its exclusive government contract. Second, Amendment 11 specifically states that ICANN, not NSOL, will exercise DNS regulation responsibility and that ICANN, not NSOL, will subject registrars to consistent requirements. The Amendment further states that NSOL, if it operates the provisional Shared Registration System, shall give all licensed Accredited Registrars equivalent access. In the event that NSOL fails to provide an SRS, or makes unacceptable demands on ICANN's accredited registrars, the U.S. government can simply and readily terminate NSOL's contract, and solicit bids on a competitive basis or allow ICANN to develop a cooperative registry. In fact, the U.S. Department of Commerce has already requested and reviewed cost information from database management companies interested in providing a Shared Registration System. These companies have offered their services at \$2 versus the \$16 annual per name fee NSOL is attempting to obtain.

NSOL is an operator of a simple, small database under a government contract, which is being terminated. For Prudential to claim that ICANN accredited registrars will be subject to NSOL regulation is entirely absurd. The Prudential report further states that NSOL has not recognized ICANN. We believe this statement is purposely misleading. The U.S. Government has served NSOL with official notice of ICANN's designation as the DNS regulatory organization. NSOL is obligated and required to recognize ICANN. NSOL has no authority to refuse to recognize ICANN. We believe that NSOL's 12 times amended, temporarily extended contract has now been sufficiently exposed as an unnecessary obstacle to the Internet's growth and stability to prevent any political excuse for delaying its termination. Furthermore, NSOL's poor service and the spread between its monopoly price and available alternatives have created sufficient incentives for the Internet community to see that NSOL's contract is terminated on or before schedule.

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.