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FOR IMMEDIATE RELEASE

Alliance Systems Announces New Distribution Agreement with ZNYX Networks

Agreement Enhances Best-of-Breed Component Strategy for ATCA Based Solutions

Plano, Texas – October 17, 2007 – Alliance Systems, a subsidiary of Network Engines, Inc. (NASDAQ: NENG), today announced its new U.S. distribution relationship with ZNYX Networks. Under the terms of the new agreement, Alliance Systems can sell and distribute the ZNYX Networks family of carrier-grade Ethernet switches for ATCA systems. The ZNYX switch family provides the industry's broadest range of backplane, egress configurations and switching capacities which will enable Alliance Systems to address diverse market requirements with a best-of-breed Advanced Telecommunications Computing Architecture (ATCA) strategy.

"Alliance selected ZNYX switches because they are well-aligned with our technology roadmap and open-standards integration model," said Rusty Cone, senior vice president of operations for Alliance Systems. "The telecom market is evolving to leverage open-standards, high-availability platforms versus proprietary solutions from single vendors. Alliance Systems and ZNYX Networks are appropriately positioned to provide the highest-quality products and services to ATCA customers."

As an industry leader in providing fully-integrated open-standards ATCA solutions for over four years, Alliance Systems integrates its partners' best technologies with the company's proven design and integration services to provide the optimal technology solutions to its customers.

Alliance Systems delivers on the promise of open-standards ATCA solutions by providing design, integration, validation, and support services for all open-standards components. By continually testing and validating a wide range of components, Alliance Systems selects commercial off-the-shelf components, like carrier-grade Ethernet switches from ZNYX Networks, to meet each customer's requirements.

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"As one of the early movers in the open-standards ATCA market, ZNYX Networks is very pleased to partner with Alliance Systems, another firm with a long commitment to this market," said Connie Austin, CEO of ZNYX Networks. "ZNYX Networks and Alliance Systems share a fundamental belief that modular systems integrating best-of-breed components always deliver a superior solution. This is a vital consideration for our customers, who deploy mission-critical applications in the telecom, military, aerospace, and storage markets."

About Alliance Systems

Alliance Systems, a subsidiary of Network Engines, is a leading provider of server solutions that are designed to meet the unique needs of customers in the telecommunications and enterprise markets. Alliance's solutions are distinguished by their high performance, superior reliability and energy efficiency. The company offers value-added design, engineering and manufacturing services backed by a proven global logistics and customer support organization. More information is available at www.alliancesystems.com.

Network Engines provides appliances and appliance-centric software and services to some of the world's largest and most demanding technology companies. Founded in 1997, Network Engines is headquartered in Canton, Mass., and trades on the NASDAQ exchange under the symbol NENG. For more information about the company's products and services, visit www.networkengines.com.

About ZNYX Networks

ZNYX Networks is the leading global provider of embedded Ethernet solutions - high availability switch blades and scalable security elements - for CarrierClass™ systems. Equipment manufacturers and systems integrators use ZNYX Networks technologies to create solutions with continuous service, high-performance, scalability and strict compliance to telecommunications standards. The ZNYX Networks family of hardware, software, and professional services provides design engineers with a significant "time to market" advantage by leveraging pre-built and pre-tested modular embedded network elements. These modular building blocks are designed in strict compliance with open, forward-looking industry standards such as PICMG3.x (ATCA) and IETF ForCES.

ZNYX solutions are sold into the telecommunication, military, aerospace and mass-storage markets.

Privately held, ZNYX Networks is headquartered in Fremont, California, with advanced research centers in Santa Barbara, San Francisco and Ottawa, Canada. Sales and professional service offices are in North America, Europe and Asia. For more information, see www.znyx.com and email sales@znyx.com or phone (510) 249-0800.

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