

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: ☐ a multiemployer plan; ☒ a single-employer plan; ☐ a multiple-employer plan; or ☐ a DFE (specify) ____
B	This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan NETWORK HARDWARE RESALE, INC. 401(K) PLAN	1b Three-digit plan number (PN) ▶ 002
		1c Effective date of plan 01/01/1999
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) NETWORK HARDWARE RESALE, INC. 26 CASTILIAN DR SUITE A SANTA BARBARA, CA 93117	2b Employer Identification Number (EIN) 33-0699468 2c Sponsor's telephone number 805-964-9975 2d Business code (see instructions) 541519

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2010	MICHAEL BOUCHER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") NETWORK HARDWARE RESALE, INC. 26 CASTILIAN DR SUITE A SANTA BARBARA, CA 93117	3b Administrator's EIN 33-0699468 3c Administrator's telephone number 805-964-9975
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	171
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	143
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	18
d Subtotal. Add lines 6a , 6b , and 6c	6d	161
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	161
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	119
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	17

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan NETWORK HARDWARE RESALE, INC. 401(K) PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 NETWORK HARDWARE RESALE, INC.	D Employer Identification Number (EIN) 33-0699468

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FID. INV. INST. OPS. CO.
04-2647786

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64 65 60	RECORDKEEPER	75	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ALLNZ NFJ DIV VAL AD - BOSTON FINAN 04-2526037	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
COL SM CAP VAL II Z - COLUMBIA MANA 04-2838628	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
MSIF MID CAP GRTH P - JPMORGAN INVE 22-2382028	0.35%	

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINAN 04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
WFA SM CAP VAL INV - BOSTON FINANCI 04-2526037	0.35%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan NETWORK HARDWARE RESALE, INC. 401(K) PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 NETWORK HARDWARE RESALE, INC.	D Employer Identification Number (EIN) 33-0699468	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	377693	394606
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	4623657	7208926
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	5001350	7603532

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	5001350	7603532
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	458913	
(B) Participants	2a(1)(B)	912331	
(C) Others (including rollovers)	2a(1)(C)	500	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1371744

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	2228	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		2228

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	165717	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		165717

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1634317
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		3174006

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	571720	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		571720
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	104	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		104
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		571824

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		2602182
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DAMITZ, BROOKS, NIGHTINGALE, TURNER

(2) EIN: 77-0076647

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>NETWORK HARDWARE RESALE, INC. 401(K) PLAN</u>	B Three-digit plan number (PN) ▶ <u>002</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NETWORK HARDWARE RESALE, INC.</u>	D Employer Identification Number (EIN) <u>33-0699468</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

NETWORK HARDWARE RESALE, INC.
401(K) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
Network Hardware Resale, Inc. 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Network Hardware Resale, Inc. 401(k) Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedule of assets held for investment purposes as of December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian and trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2009 and 2008 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
September 30, 2010

NETWORK HARDWARE RESALE, INC 401(K) PLAN

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<i>Assets</i>		
<i>Investments at fair value</i>		
Cash equivalents	\$ 394,606	\$ 377,693
Interest in registered investment companies	<u>7,208,926</u>	<u>4,623,657</u>
	<u>7,603,532</u>	<u>5,001,350</u>
<i>Other assets</i>		
Employer contributions receivable	-	17,556
Participant contributions receivable	<u>-</u>	<u>27,349</u>
	<u>-</u>	<u>44,905</u>
<i>Net Assets Available for Benefits</i>	<u><u>\$ 7,603,532</u></u>	<u><u>\$ 5,046,255</u></u>

The accompanying notes are an integral part of these statements.

NETWORK HARDWARE RESALE, INC 401(K) PLAN
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2009

Additions to (Deductions from) Net Assets Attributed to:

Contributions:

Employer	\$ 441,357
Participant	884,982
Rollovers	500
<i>Total contributions</i>	<u>1,326,839</u>

Net investment income

Investment gain and net appreciation in fair value of investments	1,634,317
Dividend income	165,717
Interest income	2,228
<i>Total net investment income</i>	<u>1,802,262</u>

Benefit payments and expenses

Benefits paid to participants	(571,720)
Administrative expenses	(104)
<i>Total benefit payments and expenses</i>	<u>(571,824)</u>

Increase in net assets available for benefits 2,557,277

Net Assets Available for Benefits:

<i>Net assets - beginning of year</i>	<u>5,046,255</u>
<i>Net assets - end of year</i>	<u><u>\$ 7,603,532</u></u>

The accompanying notes are an integral part of these statements.

Network Hardware Resale, Inc. 401(k) Plan
Notes to Financial Statements
December 31, 2009

1. PLAN DESCRIPTION

The following description of the Network Hardware Resale, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

On January 1, 1999, Network Hardware Resale, LLC adopted the 401(k) Retirement Plan. As of February 1, 2008, the Plan Sponsor was changed from Network Hardware Resale, LLC to Network Hardware Resale, Inc. (the Company) and the name of the Plan was changed to Network Hardware Resale, Inc. 401(k) Plan. The Plan is a defined contribution plan covering all non-leased, United States (U.S.) resident employees of the Company and its wholly owned subsidiaries (Network Hardware Resale, LLC and Network Hardware Services, LLC) who have attained the age of 21, have completed three months of service, and perform services in offices located in the U.S. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 100% of pre-tax annual compensation, as defined in the Plan, subject to the annual limitation imposed by the Internal Revenue Code, which was \$16,500 for 2009. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants may change their contribution rates monthly or suspend them at any time. As of February 1, 2008 participants may elect a different contribution rate on bonus compensation as defined in the Plan.

Participants may direct contributions to a selection of registered investment companies offered under the Plan's investment contract. Participants may change their investment choices daily.

The Company can make discretionary and/or matching contributions to the Plan. The Company's matching percentage and maximum amount are determined annually, prior to the beginning of each Plan year, and may be changed at any time. Company matching contributions for 2009 were equal to 100% of the participant's contribution up to a maximum of \$7,500. Participants who have completed at least six months of service and have obtained the age of 21 as defined by the Plan are eligible for the employer match. The Company made matching contributions of \$441,357 during the Plan year ended December 31, 2009.

1. PLAN DESCRIPTION (Cont.)

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of a) the Company's contribution and, b) investment earnings, and is charged with certain investment and administrative expenses. Investment earnings are credited based upon the increase in market value per unit of investments held. Administrative expenses charged to participants consist of check fees for distributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's discretionary matching contributions plus actual earnings thereon is based on years of service. A participant is 100% vested after six years of credited service.

Participant Loans

Participant loans have not been allowed by the Plan through December 31, 2009.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, or in annual installments over a fixed period. At December 31, 2009, all participants who elected to withdraw from the Plan and requested a distribution of their account had received a distribution from the Plan. Account balances of continuing plan participants at December 31, 2009 were \$7,593,309.

Forfeitures

Forfeitures may be used to reduce Company contributions to the Plan. Total forfeitures for the year ended December 31, 2009 were \$70,483. Unallocated forfeitures were \$10,223 and \$53,098 at December 31, 2009 and 2008, respectively. Forfeitures of \$113,557 were used to reduce the Company contributions during the year ended December 31, 2009.

Administrative Expenses

All administrative expenses, except for those charged to participants for check fees, are paid by the Company on behalf of the Plan. Plan administrative expenses paid by the Company for the plan year ended December 31, 2009 were approximately \$12,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Basis of Accounting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Investment Valuation

The Plan's investments are stated at fair value. See Note 3 for valuation methodology by type of investment.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

Management has evaluated subsequent events through September 30, 2010, the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

3. FAIR VALUE MEASUREMENTS

Valuation of Investments

The Financial Accounting Standards Board's guidance on fair value measurements defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

3. FAIR VALUE MEASUREMENTS (Cont.)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Cash Equivalents: Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level II)

Mutual funds: Valued at the net asset value ('NAV') of shares held by the plan at year end. The per-share value is the closing price reported on the close of the business day. (Level I)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008.

	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
December 31, 2009				
Cash equivalents	\$ -	\$ 394,606	\$ -	\$ 394,606
Mutual funds	7,208,926	-	-	7,208,926
	<u>\$ 7,208,926</u>	<u>\$ 394,606</u>	<u>\$ -</u>	<u>\$ 7,603,532</u>

3. FAIR VALUE MEASUREMENTS (Cont.)

December 31, 2008	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
Cash equivalents	\$ -	\$ 377,693	\$ -	\$ 377,693
Mutual funds	4,623,657	-	-	4,623,657
	<u>\$ 4,623,657</u>	<u>\$ 377,693</u>	<u>\$ -</u>	<u>\$ 5,001,350</u>

4. INVESTMENTS

The following investments represent 5% or more of the Plan's net assets at December 31, 2009:

Fidelity Retirement Money Market	\$ 394,606
Fidelity Freedom 2030	440,444
Pimco Total Return Admin	494,100
Fidelity Freedom 2045	1,027,607
Fidelity Freedom 2035	1,229,446
Fidelity Freedom 2040	1,754,287

The following investments represent 5% or more of the Plan's net assets at December 31, 2008:

Fidelity Retirement Money Market	\$ 377,693
Fidelity Freedom 2045	794,577
Fidelity Freedom 2040	1,074,997
Fidelity Freedom 2035	1,086,305

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500:

	2009	2008
Net assets available for benefits per financial statements	\$7,603,532	\$5,046,255
Less: Employer contributions receivable	-	(17,556)
Less: Participant contributions receivable	-	(27,349)
Net assets available for benefits per the Form 5500	<u>\$7,603,532</u>	<u>\$5,001,350</u>

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Cont.)

The following is a reconciliation of contributions per the financial statements at December 31, 2009 to Form 5500:

	2009
Total contributions per financial statements	<u>\$1,326,839</u>
Plus: Prior year employer contributions receivable	17,556
Plus: Prior year participant contributions receivable	<u>27,349</u>
Total employee contributions per the Form 5500	<u><u>\$1,371,744</u></u>

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated February 13, 2004, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe the Plan was qualified and the related trust was tax-exempt as of the financial statement date. As a result, the Plan has not provided for Federal or applicable state income taxes.

7. UNAUDITED INFORMATION CERTIFIED BY THE CUSTODIAN

The Plan's investments are held by Fidelity Management Trust Company. The Plan's administrator has instructed the independent public accountants not to examine the information certified and accurate by the trustee. The trustee's certification applies to all Plan assets except contributions receivable. Total net investment income as certified by the trustee for the year ended December 31, 2009 was \$1,802,262.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTAL INFORMATION

NETWORK HARDWARE RESALE, INC 401(k) PLAN

EIN 33-0699468

**Schedule H - Part IV - Line 4i - Schedule Of Assets Held For Investment Purposes at End of Year
December 31, 2009**

(a)	(b) Identity Of Issue, Borrower, Lessor Or Similar Party	(c) Description Of Investment, Including Maturity Date, Rate Of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
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* Fidelity Management Trust Company

Pimco Total Return Admin	Mutual Fund		\$	494,100
Morgan Stanley Inst Mid Cap Growth P	Mutual Fund			233,265
Columbia Small Cap Value II B	Mutual Fund			31,378
Allianz NFJ Dividend Value Admin	Mutual Fund			191,023
Wells Fargo Advantage Small Cap Val Inv	Mutual Fund			217,349
Fidelity Fund	Mutual Fund			48,257
Fidelity Capital & Income	Mutual Fund			57,063
Fidelity Value	Mutual Fund			19,356
Fidelity Leverage Company Stock	Mutual Fund			123,237
Fidelity International Discovery	Mutual Fund			359,874
Fidelity Capital Appreciation	Mutual Fund			272,011
Fidelity Emerging Markets	Mutual Fund			199,486
Fidelity Freedom Income	Mutual Fund			5,521
Fidelity Freedom 2000	Mutual Fund			10,889
Fidelity Freedom 2010	Mutual Fund			12,413
Fidelity Freedom 2020	Mutual Fund			5,314
Fidelity Freedom 2030	Mutual Fund			440,444
Fidelity Spartan Extended Mkt Index Inv	Mutual Fund			3,246
Fidelity Spartan International Inded Inv	Mutual Fund			107,863
Fidelity Retirement Money Market	Cash Equivalent			394,606
Fidelity Spartan US Equity Index Inv	Mutual Fund			92,459
Fidelity Freedom 2040	Mutual Fund			1,754,287
Fidelity Freedom 2005	Mutual Fund			373
Fidelity Freedom 2015	Mutual Fund			378
Fidelity Freedom 2025	Mutual Fund			137,472
Fidelity Freedom 2035	Mutual Fund			1,229,446
Fidelity Freedom 2045	Mutual Fund			1,027,607
Fidelity Freedom 2050	Mutual Fund			134,815
Total assets held for investment purposes				\$ 7,603,532

* Custodian for the Plan and, therefore, a party-in-interest for which a statutory exemption exists.

NETWORK HARDWARE RESALE, INC.
401(K) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
Network Hardware Resale, Inc. 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Network Hardware Resale, Inc. 401(k) Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedule of assets held for investment purposes as of December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian and trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2009 and 2008 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
September 30, 2010

NETWORK HARDWARE RESALE, INC 401(K) PLAN

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<i>Assets</i>		
<i>Investments at fair value</i>		
Cash equivalents	\$ 394,606	\$ 377,693
Interest in registered investment companies	<u>7,208,926</u>	<u>4,623,657</u>
	<u>7,603,532</u>	<u>5,001,350</u>
<i>Other assets</i>		
Employer contributions receivable	-	17,556
Participant contributions receivable	<u>-</u>	<u>27,349</u>
	<u>-</u>	<u>44,905</u>
<i>Net Assets Available for Benefits</i>	<u><u>\$ 7,603,532</u></u>	<u><u>\$ 5,046,255</u></u>

The accompanying notes are an integral part of these statements.

NETWORK HARDWARE RESALE, INC 401(K) PLAN
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2009

Additions to (Deductions from) Net Assets Attributed to:

Contributions:

Employer	\$ 441,357
Participant	884,982
Rollovers	500

<i>Total contributions</i>	1,326,839
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Net investment income

Investment gain and net appreciation in fair value of investments	1,634,317
Dividend income	165,717
Interest income	2,228

<i>Total net investment income</i>	1,802,262
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Benefit payments and expenses

Benefits paid to participants	(571,720)
Administrative expenses	(104)

<i>Total benefit payments and expenses</i>	(571,824)
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<i>Increase in net assets available for benefits</i>	2,557,277
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Net Assets Available for Benefits:

<i>Net assets - beginning of year</i>	5,046,255
<i>Net assets - end of year</i>	\$ 7,603,532

The accompanying notes are an integral part of these statements.

Network Hardware Resale, Inc. 401(k) Plan
Notes to Financial Statements
December 31, 2009

1. PLAN DESCRIPTION

The following description of the Network Hardware Resale, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

On January 1, 1999, Network Hardware Resale, LLC adopted the 401(k) Retirement Plan. As of February 1, 2008, the Plan Sponsor was changed from Network Hardware Resale, LLC to Network Hardware Resale, Inc. (the Company) and the name of the Plan was changed to Network Hardware Resale, Inc. 401(k) Plan. The Plan is a defined contribution plan covering all non-leased, United States (U.S.) resident employees of the Company and its wholly owned subsidiaries (Network Hardware Resale, LLC and Network Hardware Services, LLC) who have attained the age of 21, have completed three months of service, and perform services in offices located in the U.S. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 100% of pre-tax annual compensation, as defined in the Plan, subject to the annual limitation imposed by the Internal Revenue Code, which was \$16,500 for 2009. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants may change their contribution rates monthly or suspend them at any time. As of February 1, 2008 participants may elect a different contribution rate on bonus compensation as defined in the Plan.

Participants may direct contributions to a selection of registered investment companies offered under the Plan's investment contract. Participants may change their investment choices daily.

The Company can make discretionary and/or matching contributions to the Plan. The Company's matching percentage and maximum amount are determined annually, prior to the beginning of each Plan year, and may be changed at any time. Company matching contributions for 2009 were equal to 100% of the participant's contribution up to a maximum of \$7,500. Participants who have completed at least six months of service and have obtained the age of 21 as defined by the Plan are eligible for the employer match. The Company made matching contributions of \$441,357 during the Plan year ended December 31, 2009.

1. PLAN DESCRIPTION (Cont.)

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of a) the Company's contribution and, b) investment earnings, and is charged with certain investment and administrative expenses. Investment earnings are credited based upon the increase in market value per unit of investments held. Administrative expenses charged to participants consist of check fees for distributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's discretionary matching contributions plus actual earnings thereon is based on years of service. A participant is 100% vested after six years of credited service.

Participant Loans

Participant loans have not been allowed by the Plan through December 31, 2009.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, or in annual installments over a fixed period. At December 31, 2009, all participants who elected to withdraw from the Plan and requested a distribution of their account had received a distribution from the Plan. Account balances of continuing plan participants at December 31, 2009 were \$7,593,309.

Forfeitures

Forfeitures may be used to reduce Company contributions to the Plan. Total forfeitures for the year ended December 31, 2009 were \$70,483. Unallocated forfeitures were \$10,223 and \$53,098 at December 31, 2009 and 2008, respectively. Forfeitures of \$113,557 were used to reduce the Company contributions during the year ended December 31, 2009.

Administrative Expenses

All administrative expenses, except for those charged to participants for check fees, are paid by the Company on behalf of the Plan. Plan administrative expenses paid by the Company for the plan year ended December 31, 2009 were approximately \$12,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Basis of Accounting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Investment Valuation

The Plan's investments are stated at fair value. See Note 3 for valuation methodology by type of investment.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

Management has evaluated subsequent events through September 30, 2010, the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

3. FAIR VALUE MEASUREMENTS

Valuation of Investments

The Financial Accounting Standards Board's guidance on fair value measurements defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

3. FAIR VALUE MEASUREMENTS (Cont.)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Cash Equivalents: Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level II)

Mutual funds: Valued at the net asset value ('NAV') of shares held by the plan at year end. The per-share value is the closing price reported on the close of the business day. (Level I)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008.

	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
December 31, 2009				
Cash equivalents	\$ -	\$ 394,606	\$ -	\$ 394,606
Mutual funds	7,208,926	-	-	7,208,926
	<u>\$ 7,208,926</u>	<u>\$ 394,606</u>	<u>\$ -</u>	<u>\$ 7,603,532</u>

3. FAIR VALUE MEASUREMENTS (Cont.)

December 31, 2008	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
Cash equivalents	\$ -	\$ 377,693	\$ -	\$ 377,693
Mutual funds	4,623,657	-	-	4,623,657
	<u>\$ 4,623,657</u>	<u>\$ 377,693</u>	<u>\$ -</u>	<u>\$ 5,001,350</u>

4. INVESTMENTS

The following investments represent 5% or more of the Plan's net assets at December 31, 2009:

Fidelity Retirement Money Market	\$ 394,606
Fidelity Freedom 2030	440,444
Pimco Total Return Admin	494,100
Fidelity Freedom 2045	1,027,607
Fidelity Freedom 2035	1,229,446
Fidelity Freedom 2040	1,754,287

The following investments represent 5% or more of the Plan's net assets at December 31, 2008:

Fidelity Retirement Money Market	\$ 377,693
Fidelity Freedom 2045	794,577
Fidelity Freedom 2040	1,074,997
Fidelity Freedom 2035	1,086,305

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500:

	2009	2008
Net assets available for benefits per financial statements	\$7,603,532	\$5,046,255
Less: Employer contributions receivable	-	(17,556)
Less: Participant contributions receivable	-	(27,349)
Net assets available for benefits per the Form 5500	<u>\$7,603,532</u>	<u>\$5,001,350</u>

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Cont.)

The following is a reconciliation of contributions per the financial statements at December 31, 2009 to Form 5500:

	2009
Total contributions per financial statements	<u>\$1,326,839</u>
Plus: Prior year employer contributions receivable	17,556
Plus: Prior year participant contributions receivable	<u>27,349</u>
Total employee contributions per the Form 5500	<u><u>\$1,371,744</u></u>

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated February 13, 2004, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe the Plan was qualified and the related trust was tax-exempt as of the financial statement date. As a result, the Plan has not provided for Federal or applicable state income taxes.

7. UNAUDITED INFORMATION CERTIFIED BY THE CUSTODIAN

The Plan's investments are held by Fidelity Management Trust Company. The Plan's administrator has instructed the independent public accountants not to examine the information certified and accurate by the trustee. The trustee's certification applies to all Plan assets except contributions receivable. Total net investment income as certified by the trustee for the year ended December 31, 2009 was \$1,802,262.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTAL INFORMATION

NETWORK HARDWARE RESALE, INC 401(k) PLAN

EIN 33-0699468

**Schedule H - Part IV - Line 4i - Schedule Of Assets Held For Investment Purposes at End of Year
December 31, 2009**

(a)	(b) Identity Of Issue, Borrower, Lessor Or Similar Party	(c) Description Of Investment, Including Maturity Date, Rate Of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
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* Fidelity Management Trust Company

Pimco Total Return Admin	Mutual Fund		\$	494,100
Morgan Stanley Inst Mid Cap Growth P	Mutual Fund			233,265
Columbia Small Cap Value II B	Mutual Fund			31,378
Allianz NFJ Dividend Value Admin	Mutual Fund			191,023
Wells Fargo Advantage Small Cap Val Inv	Mutual Fund			217,349
Fidelity Fund	Mutual Fund			48,257
Fidelity Capital & Income	Mutual Fund			57,063
Fidelity Value	Mutual Fund			19,356
Fidelity Leverage Company Stock	Mutual Fund			123,237
Fidelity International Discovery	Mutual Fund			359,874
Fidelity Capital Appreciation	Mutual Fund			272,011
Fidelity Emerging Markets	Mutual Fund			199,486
Fidelity Freedom Income	Mutual Fund			5,521
Fidelity Freedom 2000	Mutual Fund			10,889
Fidelity Freedom 2010	Mutual Fund			12,413
Fidelity Freedom 2020	Mutual Fund			5,314
Fidelity Freedom 2030	Mutual Fund			440,444
Fidelity Spartan Extended Mkt Index Inv	Mutual Fund			3,246
Fidelity Spartan International Inded Inv	Mutual Fund			107,863
Fidelity Retirement Money Market	Cash Equivalent			394,606
Fidelity Spartan US Equity Index Inv	Mutual Fund			92,459
Fidelity Freedom 2040	Mutual Fund			1,754,287
Fidelity Freedom 2005	Mutual Fund			373
Fidelity Freedom 2015	Mutual Fund			378
Fidelity Freedom 2025	Mutual Fund			137,472
Fidelity Freedom 2035	Mutual Fund			1,229,446
Fidelity Freedom 2045	Mutual Fund			1,027,607
Fidelity Freedom 2050	Mutual Fund			134,815
Total assets held for investment purposes				\$ 7,603,532

* Custodian for the Plan and, therefore, a party-in-interest for which a statutory exemption exists.

NETWORK HARDWARE RESALE, INC.
401(K) PLAN

FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008



INDEPENDENT AUDITOR'S REPORT

To the Administrative Committee of
Network Hardware Resale, Inc. 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Network Hardware Resale, Inc. 401(k) Plan as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009, and the supplemental schedule of assets held for investment purposes as of December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the custodian and trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2009 and 2008 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Damitz, Brooks, Nightingale, Turner & Morrisset

Damitz, Brooks, Nightingale,
Turner & Morrisset
Santa Barbara, California
September 30, 2010

NETWORK HARDWARE RESALE, INC 401(K) PLAN

Statements of Net Assets Available for Benefits

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<i>Assets</i>		
<i>Investments at fair value</i>		
Cash equivalents	\$ 394,606	\$ 377,693
Interest in registered investment companies	<u>7,208,926</u>	<u>4,623,657</u>
	<u>7,603,532</u>	<u>5,001,350</u>
<i>Other assets</i>		
Employer contributions receivable	-	17,556
Participant contributions receivable	<u>-</u>	<u>27,349</u>
	<u>-</u>	<u>44,905</u>
<i>Net Assets Available for Benefits</i>	<u><u>\$ 7,603,532</u></u>	<u><u>\$ 5,046,255</u></u>

The accompanying notes are an integral part of these statements.

NETWORK HARDWARE RESALE, INC 401(K) PLAN
Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2009

Additions to (Deductions from) Net Assets Attributed to:

Contributions:

Employer	\$ 441,357
Participant	884,982
Rollovers	500
<i>Total contributions</i>	<u>1,326,839</u>

Net investment income

Investment gain and net appreciation in fair value of investments	1,634,317
Dividend income	165,717
Interest income	2,228
<i>Total net investment income</i>	<u>1,802,262</u>

Benefit payments and expenses

Benefits paid to participants	(571,720)
Administrative expenses	(104)
<i>Total benefit payments and expenses</i>	<u>(571,824)</u>

<i>Increase in net assets available for benefits</i>	2,557,277
---	------------------

Net Assets Available for Benefits:

<i>Net assets - beginning of year</i>	<u>5,046,255</u>
<i>Net assets - end of year</i>	<u><u>\$ 7,603,532</u></u>

The accompanying notes are an integral part of these statements.

Network Hardware Resale, Inc. 401(k) Plan
Notes to Financial Statements
December 31, 2009

1. PLAN DESCRIPTION

The following description of the Network Hardware Resale, Inc. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

On January 1, 1999, Network Hardware Resale, LLC adopted the 401(k) Retirement Plan. As of February 1, 2008, the Plan Sponsor was changed from Network Hardware Resale, LLC to Network Hardware Resale, Inc. (the Company) and the name of the Plan was changed to Network Hardware Resale, Inc. 401(k) Plan. The Plan is a defined contribution plan covering all non-leased, United States (U.S.) resident employees of the Company and its wholly owned subsidiaries (Network Hardware Resale, LLC and Network Hardware Services, LLC) who have attained the age of 21, have completed three months of service, and perform services in offices located in the U.S. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Each year, participants may contribute up to 100% of pre-tax annual compensation, as defined in the Plan, subject to the annual limitation imposed by the Internal Revenue Code, which was \$16,500 for 2009. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. Participants may change their contribution rates monthly or suspend them at any time. As of February 1, 2008 participants may elect a different contribution rate on bonus compensation as defined in the Plan.

Participants may direct contributions to a selection of registered investment companies offered under the Plan's investment contract. Participants may change their investment choices daily.

The Company can make discretionary and/or matching contributions to the Plan. The Company's matching percentage and maximum amount are determined annually, prior to the beginning of each Plan year, and may be changed at any time. Company matching contributions for 2009 were equal to 100% of the participant's contribution up to a maximum of \$7,500. Participants who have completed at least six months of service and have obtained the age of 21 as defined by the Plan are eligible for the employer match. The Company made matching contributions of \$441,357 during the Plan year ended December 31, 2009.

1. PLAN DESCRIPTION (Cont.)

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of a) the Company's contribution and, b) investment earnings, and is charged with certain investment and administrative expenses. Investment earnings are credited based upon the increase in market value per unit of investments held. Administrative expenses charged to participants consist of check fees for distributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's discretionary matching contributions plus actual earnings thereon is based on years of service. A participant is 100% vested after six years of credited service.

Participant Loans

Participant loans have not been allowed by the Plan through December 31, 2009.

Payment of Benefits

On termination of service due to death, disability or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount, or in annual installments over a fixed period. At December 31, 2009, all participants who elected to withdraw from the Plan and requested a distribution of their account had received a distribution from the Plan. Account balances of continuing plan participants at December 31, 2009 were \$7,593,309.

Forfeitures

Forfeitures may be used to reduce Company contributions to the Plan. Total forfeitures for the year ended December 31, 2009 were \$70,483. Unallocated forfeitures were \$10,223 and \$53,098 at December 31, 2009 and 2008, respectively. Forfeitures of \$113,557 were used to reduce the Company contributions during the year ended December 31, 2009.

Administrative Expenses

All administrative expenses, except for those charged to participants for check fees, are paid by the Company on behalf of the Plan. Plan administrative expenses paid by the Company for the plan year ended December 31, 2009 were approximately \$12,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates and Basis of Accounting

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Investment Valuation

The Plan's investments are stated at fair value. See Note 3 for valuation methodology by type of investment.

Payment of Benefits

Benefits are recorded when paid.

Subsequent Events

Management has evaluated subsequent events through September 30, 2010, the date the financial statements were available to be issued. No material subsequent events were identified for recognition or disclosure.

3. FAIR VALUE MEASUREMENTS

Valuation of Investments

The Financial Accounting Standards Board's guidance on fair value measurements defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

3. FAIR VALUE MEASUREMENTS (Cont.)

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Cash Equivalents: Valued utilizing benchmark yields, reported trades or broker dealer quotes. (Level II)

Mutual funds: Valued at the net asset value ('NAV') of shares held by the plan at year end. The per-share value is the closing price reported on the close of the business day. (Level I)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008.

	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
December 31, 2009				
Cash equivalents	\$ -	\$ 394,606	\$ -	\$ 394,606
Mutual funds	7,208,926	-	-	7,208,926
	<u>\$ 7,208,926</u>	<u>\$ 394,606</u>	<u>\$ -</u>	<u>\$ 7,603,532</u>

3. FAIR VALUE MEASUREMENTS (Cont.)

December 31, 2008	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Total Fair Value of Assets
Cash equivalents	\$ -	\$ 377,693	\$ -	\$ 377,693
Mutual funds	4,623,657	-	-	4,623,657
	<u>\$ 4,623,657</u>	<u>\$ 377,693</u>	<u>\$ -</u>	<u>\$ 5,001,350</u>

4. INVESTMENTS

The following investments represent 5% or more of the Plan's net assets at December 31, 2009:

Fidelity Retirement Money Market	\$ 394,606
Fidelity Freedom 2030	440,444
Pimco Total Return Admin	494,100
Fidelity Freedom 2045	1,027,607
Fidelity Freedom 2035	1,229,446
Fidelity Freedom 2040	1,754,287

The following investments represent 5% or more of the Plan's net assets at December 31, 2008:

Fidelity Retirement Money Market	\$ 377,693
Fidelity Freedom 2045	794,577
Fidelity Freedom 2040	1,074,997
Fidelity Freedom 2035	1,086,305

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2009 and 2008 to Form 5500:

	2009	2008
Net assets available for benefits per financial statements	\$7,603,532	\$5,046,255
Less: Employer contributions receivable	-	(17,556)
Less: Participant contributions receivable	-	(27,349)
Net assets available for benefits per the Form 5500	<u>\$7,603,532</u>	<u>\$5,001,350</u>

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Cont.)

The following is a reconciliation of contributions per the financial statements at December 31, 2009 to Form 5500:

	2009
Total contributions per financial statements	<u>\$1,326,839</u>
Plus: Prior year employer contributions receivable	17,556
Plus: Prior year participant contributions receivable	<u>27,349</u>
Total employee contributions per the Form 5500	<u><u>\$1,371,744</u></u>

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated February 13, 2004, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe the Plan was qualified and the related trust was tax-exempt as of the financial statement date. As a result, the Plan has not provided for Federal or applicable state income taxes.

7. UNAUDITED INFORMATION CERTIFIED BY THE CUSTODIAN

The Plan's investments are held by Fidelity Management Trust Company. The Plan's administrator has instructed the independent public accountants not to examine the information certified and accurate by the trustee. The trustee's certification applies to all Plan assets except contributions receivable. Total net investment income as certified by the trustee for the year ended December 31, 2009 was \$1,802,262.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

9. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

SUPPLEMENTAL INFORMATION

NETWORK HARDWARE RESALE, INC 401(k) PLAN

EIN 33-0699468

**Schedule H - Part IV - Line 4i - Schedule Of Assets Held For Investment Purposes at End of Year
December 31, 2009**

(a)	(b) Identity Of Issue, Borrower, Lessor Or Similar Party	(c) Description Of Investment, Including Maturity Date, Rate Of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
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* Fidelity Management Trust Company

Pimco Total Return Admin	Mutual Fund		\$	494,100
Morgan Stanley Inst Mid Cap Growth P	Mutual Fund			233,265
Columbia Small Cap Value II B	Mutual Fund			31,378
Allianz NFJ Dividend Value Admin	Mutual Fund			191,023
Wells Fargo Advantage Small Cap Val Inv	Mutual Fund			217,349
Fidelity Fund	Mutual Fund			48,257
Fidelity Capital & Income	Mutual Fund			57,063
Fidelity Value	Mutual Fund			19,356
Fidelity Leverage Company Stock	Mutual Fund			123,237
Fidelity International Discovery	Mutual Fund			359,874
Fidelity Capital Appreciation	Mutual Fund			272,011
Fidelity Emerging Markets	Mutual Fund			199,486
Fidelity Freedom Income	Mutual Fund			5,521
Fidelity Freedom 2000	Mutual Fund			10,889
Fidelity Freedom 2010	Mutual Fund			12,413
Fidelity Freedom 2020	Mutual Fund			5,314
Fidelity Freedom 2030	Mutual Fund			440,444
Fidelity Spartan Extended Mkt Index Inv	Mutual Fund			3,246
Fidelity Spartan International Inded Inv	Mutual Fund			107,863
Fidelity Retirement Money Market	Cash Equivalent			394,606
Fidelity Spartan US Equity Index Inv	Mutual Fund			92,459
Fidelity Freedom 2040	Mutual Fund			1,754,287
Fidelity Freedom 2005	Mutual Fund			373
Fidelity Freedom 2015	Mutual Fund			378
Fidelity Freedom 2025	Mutual Fund			137,472
Fidelity Freedom 2035	Mutual Fund			1,229,446
Fidelity Freedom 2045	Mutual Fund			1,027,607
Fidelity Freedom 2050	Mutual Fund			134,815
Total assets held for investment purposes				\$ 7,603,532

* Custodian for the Plan and, therefore, a party-in-interest for which a statutory exemption exists.