

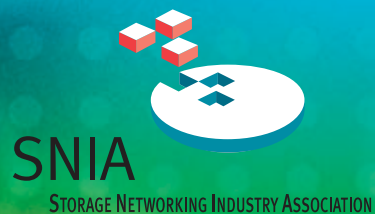
Storage Networking Industry Association



2005 Annual Report

**Financial Statements And
Report of Independent Public Accountant**

For The Year Ended November 30, 2005





The Storage Networking Industry Association

announces the

Annual Meeting of Members for 2006

will be held on

Sunday October 29, 2006

during

Storage Networking World Fall 2006

Orlando, Florida, USA



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Dear SNIA Members,

With the worldwide storage industry continuing to grow at a rapid rate, along with numerous vibrant activities, I am extremely pleased to review the many accomplishments of the Storage Networking Industry Association (SNIA) for the year 2005. At the SNIA, we build upon our successes each year and this past year was no exception. Our 2005 programs and accomplishments delivered on the SNIA's vision to advance the adoption of data and storage networks as complete and trusted solutions. There are many examples to relate, and the following are some of the highlights.

The SNIA expanded its commitment to IT professionals worldwide with a continued rollout of international programs. The SNIA sponsored Storage Networking World conferences in a number of geographic regions around the world, in addition to the two SNW events per year in the US. SNIA educational programs are featured in all geographies and employ a variety of settings, including SMI-S developer training in India, end-user programs featured in Beijing Peoples Republic of China's Tsinghua University SNIA Technology Center classrooms, seminars throughout Eastern Europe, localized certification tests in Japan, and SNIA tutorials offered during every Storage Networking World event. In addition, the SNIA has launched local language websites for China, France, Germany, Italy, and Japan, and localized dictionaries in Chinese and Japanese.

Education continues to be a top priority of the SNIA. In October 2005, the SNIA reached a significant milestone with an announcement that more than 10,000 IT professionals have participated in SNIA training programs since their inception in 2001. And in November 2005, another education milestone was reached when the SNIA announced that it has administered over 1,000 certification exams, resulting in over 900 certifications issued. The SNIA Hands-On Lab program is in its early stages of success, with expanded programs in the US and program introduction into Europe.

The SNIA continues to advance its specifications through the standardization process. The SNIA now has five specifications on the SNIA architectural track including the Storage Management Initiative Specification (SMI-S), Disk Data Format (DDF) Specification, Internet Small Computer System Interface (iSCSI) Management API (iMA) Specification, Multipath Management API (MMA) Specification, and eXtensible Access Method (XAM) Specification. XAM is the newest program, aimed at solving the challenges surrounding data long term archiving. Our technical work is the direct result of 16 SNIA Technical Working Groups, the

SNIA Technical Council, the SNIA Technology Center and countless SNIA volunteers. 2006 will be a banner year for Independent Standards Organization (ISO) and American National Standards Institute (ANSI) accreditation for SMI-S, iMA, MMA, and DDF. And we project that XAM will attract hundreds of independent software vendors (ISVs) who have never before been associated with the SNIA.



Additional key projects in 2005 included the second annual End User Council Survey, new education partnering programs, successful SNIA Conformance Testing Program (SNIA-CTP) client tests, the formation of the Strategic Alliance Committee, an increased focus on channel programs and membership, the expanded SNIA Developers Conference, the launch of the industry newsletter "FarSighted", the second SNIA Security Summit, and many, many more.

Along with the SNIA Board of Directors, I would like to thank everyone who contributed to our accomplishments this year, including the committee and workgroup volunteers, the committee chairs, the SNIA staff, and the past and current SNIA leaders. The SNIA has raised the bar to create, expand, and complete more programs for the worldwide IT industry. The SNIA's 20 plus worldwide employees along with the more than 460 member companies and 7,000 active individuals will expand the data and storage industry in 2006. I look forward to another productive year ahead with additional program expansion and a continued increase in membership and volunteer efforts.

Best regards,

A handwritten signature in black ink that reads "Wayne M. Adams". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Wayne M. Adams
Chair, SNIA Board of Directors

SNIA International

2005 was a busy and fruitful year in which SNIA International focused on strengthening and expanding SNIA regional affiliates worldwide. The summer of 2005 highlighted the first-ever SNIA Board of Directors meeting in Tokyo, Japan. With the support of the Board, new and innovative international programs accelerated at a phenomenal pace over this past year.

The SNIA International Education program saw the premier of the Australia-New Zealand (ANZ) Storage Networking World Conference in 2005. The SNIA now sponsors Storage Networking World conferences in Europe, Japan, China, and Australia-New Zealand, complimenting the two yearly SNW events held in the US. Other innovative international educational programs introduced in 2005 included the "Year of Storage" offered by SNIA China in Beijing, the "SNIA Storage Academy" introduced by SNIA Europe, "SMI-S Developers Training" offered by SNIA India in Bangalore, and four SAN/NAS educational summits offered by SNIA Canada.

The SNIA illustrated its expanding worldwide commitment by hosting their first-ever simultaneous worldwide press announcement at SNW Europe, SNW ANZ, and SNIA headquarters in San Francisco. The announcement highlighted the advanced features for standards-based data protection and management services, based on the version 1.1 of the Storage Management Initiative-Specification (SMI-S).

On the 2005 technology front, SNIA International also sponsored the development of worldwide remote technology demonstrations in Germany, Japan, and the SNIA Technology Center in China. The SNIA Technology Center in China also featured a unique event of vendor-neutral Interoperability and Solutions demonstrations titled "Building a Harmonic Storage Environment"

Following are 2005 highlights from SNIA Regional Affiliates around the globe:

SNIA Australia-New Zealand

SNIA Australia-New Zealand (ANZ) completed their inaugural SNW conference in September 2005. Attendees heard presentations and reviewed demonstrations from over 40 exhibitors providing solutions targeting data storage, business continuity, ILM, security, and disaster recovery. Due to the success of the 2005 conference, SNIA ANZ is well positioned to grow SNW participation in 2006.

SNIA Canada

Canada served as a pilot for rolling out educational seminars worldwide. SNIA IP Storage Forum seminars were delivered in Calgary, Vancouver, Toronto, and Montreal to over 300 total participants. ILM seminars were delivered in Montreal and Toronto. In addition, SNIA Canada supported numerous conferences with speakers. In 2006, SNIA Canada has aggressive plans, including the launch of the SNIA Academy in conjunction with Storage Networking World Spring 2006. The SNIA Academy is a series of vendor neutral presentations designed by the SNIA providing timely and useful information for end users.

SNIA China

China is experiencing the same double-digit growth in shipped storage capacity as seen throughout the rest of the world, which is fueling the need for trained storage professionals. In a series of courses offered throughout 2005, over 500 IT professionals participated in SNIA China's successful "Year of Storage," the first storage networking educational series offered in Beijing, Peoples Republic of China. The series provided training on storage basics and advanced concepts such as storage virtualization, Information Lifecycle Management and iSCSI. In September 2005, SNIA China successfully completed a Storage Networking World Conference featuring an Interoperability and Solutions demonstration—the first of its kind at a storage-related event in China. Attendees also participated in a comprehensive set of the SNIA tutorials and a vendor-neutral demonstration titled "Building a Harmonic Storage Environment" provided by the SNIA China Technology Center.

SNIA Europe

In 2005, SNIA Europe added a Scandinavian Regional Committee and a Czech and Slovak Regional Committee to the existing country and regional committees in BeNeLux, Czech Republic and Slovakia, France, Germany, Italy, Switzerland, and the UK. These committees deliver SNIA Europe's mission and programs to the local markets by regularly engaging with the local end user groups and delivering educational programs at local storage events. 2005 events included:

- Storage Networking World Europe, which successfully concluded with over 1,200 attendees and 49 exhibitor companies.
- SNIA Europe Academy, held in Prague, Czech Republic, and Warsaw, Poland. These regional, one-day events served as a model for establishing a closer relationship between SNIA Europe and local end users and resellers.

Also in 2005, SNIA Europe announced the creation of the Data Management Initiative. This program will oversee the Information Lifecycle Management Initiative, a project directed at promoting standards development and adoption, the Data Protection Initiative, focused on increasing awareness of data protection strategies, and the Long Term Archival and Compliance Storage Initiative that addresses long term archival and compliance storage issues.

SNIA India

The first SMI-S/Common Information Model (CIM) developer's course offered in India trained 30 developers representing eight SNIA India member companies. The SNIA used hands-on lab exercises to guide students in developing example applications and instrumentation. SNIA India has trained 35 professional trainers in the last 12 months and these trainers have further educated more than 250 IT professionals in India. Also in 2005, SNIA India continued to evangelize storage networking by participating in storage events promoting the SNIA Data Management Forum (DMF), and writing articles for India publications.

SNIA Japan

There were many key accomplishments for SNIA Japan in 2005 including the publishing of the book 'Storage Networking Technology', completely written and edited by SNIA Japan members and advisors. Educational programs were enhanced by providing end user seminars and completing the localization of SNIA Certified Professional (SCP) testing. And 2005 ended with a positive response to the third End User Survey with over 500 participants.

SNIA South Asia

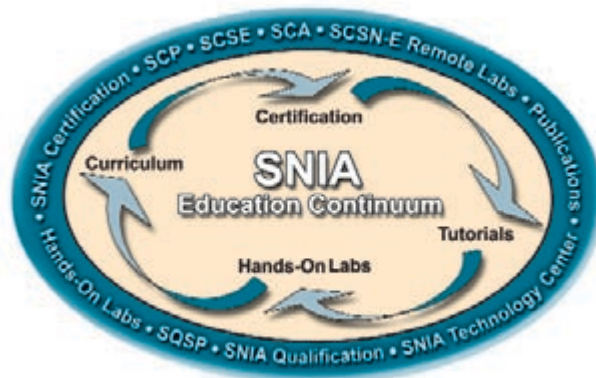
Education opportunities were offered throughout 2005 to end users and systems integrators through the SNIA South Asia member Data Storage Institute (DSI). A variety of seminars were hosted covering specific topics including "The Compliance Conundrum", "Storage Security", and "ILM". All events were well received and exceeded attendance expectations.

***In 2005 SNIA International demonstrated
Everywhere There's Data . . . You'll Find
The Storage Networking Industry Association***

SNIA Education

Education continues to be a focus of the SNIA, and in 2005, the SNIA's comprehensive storage Industry education program gained momentum. The SNIA Education program launched an internationally successful certification program in 2005 and worked to bring storage education, training, tutorials, and publications to multiple markets. The SNIA contributed to Storage Networking World conferences worldwide with a comprehensive vendor-neutral tutorial program, robust interoperability and solutions demonstrations, and new end user hands-on labs.

The SNIA Storage Networking Certification Program (SNCP) provides a strong foundation of vendor-neutral, systems-level credentials that integrate with and complement individual vendor certifications. The structure of the SNCP has been enhanced to reflect the advancement and growth of storage networking technologies, and to provide for expanded offerings in the future. Through evolving and enhancing the SNCP, the SNIA is establishing a uniform standard by which individual knowledge and skill sets can be judged.



The SNIA's educational programs, both in the US and internationally, continue to support all levels of storage networking expertise. The SNIA's education methodology centers on learning opportunities through comprehensive tutorial offerings, allowing professionals the ability to apply the knowledge they gain in hands-on lab environments and verify their skills by gaining professional certification status when successfully completing the appropriate SNIA certification exams offered.

SNIA Standards and Technology

In 2005, through the work of its Technical Working Groups (TWGs) and Forums, the SNIA made significant progress developing and promoting a number of technical specifications, submitting them for American National Standards Institute (ANSI) and International Standards Organization (ISO) approvals, and advancing standards adoption in the storage industry.

Storage Management

The Storage Management Initiative Specification (SMI-S) version 1.0.2 was released to the industry and was approved as an ANSI standard in early 2005 (American National Standard INCITS 388:2004). Success of this standard is reflected in more than 200 products from over 20 SNIA member companies having implemented the standard and achieved certification of conformance to the standard under the SNIA Conformance Testing Program (SNIA-CTP).

The SNIA-CTP program opened the year by announcing the availability of a conformance test for SMI-S client side software products. The Phase I test was designed to demonstrate the ability to "inventory" the storage in the data center. Nine companies passed the SMI-S Client 1.0 Conformance test and that number continues to grow.

A revised version to the SMI-S specification, designated version 1.0.3, was submitted to ISO in Fall 2005 and is expected to complete ISO qualification in Summer 2006. Additionally, work on SMI-S versions 1.1 and 1.2 is well underway.

The Storage Networking Industry Association Technology Center, US, located in Colorado Springs, Colorado, hosted nine week-long "plugfest" events for the continued development of the SMI-S version 1.1. Engineers from the nearly 40 member companies of the SMI Lab worked diligently to perfect the broader feature set of the new specification. SMI-S version 1.1 is expected to seek ANSI qualification in the first half and ISO qualification is expected in the second half of 2006.

The SNIA-CTP upgraded its SMI-S provider test to meet the new requirements of SMI-S version 1.1. Building upon a well-designed base, the program added functionality for many new provider capabilities. Approximately eight companies have participated in the SMI-S version 1.1 tests to date.

IP Storage

The SNIA's efforts to develop standards for IP storage made significant advances on two fronts during 2005. The IP Technical Work Group completed work on version 1.0 of the iSCSI Management API (iMA) and has submitted it for approval as an ANSI standard. It is currently in public review and expected to be designated an ANSI standard in Summer 2006. In addition, Version 1.1 of the Storage Management Initiative Specification, includes support for iSCSI.

Management of Storage Hardware

The SNIA Host Technical Working Group (TWG), chartered to serve as a center of technical activity related to management of storage hardware and hardware-enabling software associated with hosts, completed work on version 1.0 of the Multipath Management API (MMA). MMA has been submitted to ANSI for approval, which is expected in Spring 2006.

Data Structures

The SNIA Common Raid Disk Data Format (DDF) TWG, chartered to develop a standard methodology for representing the data structures that contain information describing how data is distributed across the drives in a RAID group, completed work on version 1.0 of the DDF specification, and is currently working on version 1.1. The methodology will include the location, size, and format of common descriptive data structures, and will include methods for allowing the representation of proprietary formats and functions to support innovation and differentiation between RAID offerings from different vendors. The TWG expects to submit DDF version 1.1 for ANSI qualification in 2006.

In late 2005, the Fixed Content Aware Storage (FCAS) TWG, in cooperation with the Storage Networking Industry Association's Data Management Forum (DMF), launched a Technical Working Group to develop a specification to be called the 'extensible Access Method Interface' (XAM). Work on the specification is underway and submission to become an ANSI standard is expected, but no schedule has been yet set.

Standards Outlook

The pace and progress of standards development is expected to continue, if not accelerate, in 2006 with several new or revised standards expected to complete. In addition to the progress on SMI-S, DDF, and XAM mentioned above, several other SNIA Technical Working Groups are working on specifications that are expected to emerge. Two are particularly noteworthy:

- The Storage Media Library (SML) Work Group is proposing new standards or enhancements to existing standards that will enable centralized management of all levels of Storage Media Libraries, including large complex clustered libraries and virtual disk systems. The intent of this emerging standard is to allow management applications to interoperate seamlessly with multiple media managers and applications, and keep the instrumentation of the library standards simple and timely. The SML is also continuing its CIM-based work, media management specifications for interoperability and standardization, and the exploitation of new technology contributions to standardize management control and configuration. Future work is forecasted to support advanced networked storage management functionality, such as policy-based management, root-cause analysis, and self-healing capability.
- A new Grid Task Force is expected to result in the formation of one or more development projects in the area of standards for grid storage.

The SNIA Technology Center in Colorado Springs successfully completed its work this year with the U.S. Army. For nearly four years, working together with SAIC, a leading systems integration company, the Army developed, tested and deployed the Personnel Electronic Records Management System (PERMS), ensuring that every member of the active duty Army, the Reserves, and the National Guard had access to his/her personnel records via a secure web browser. At last count, over 200 million documents had been added to this system, which is now located in Fort Carson, Colorado. The SNIA, the US Army, and SAIC created a working partnership to develop a real-world Information Lifecycle Management system that is solving a global management challenge for today's armed forces.

SNIA and End Users

The SNIA End User Council (EUC) provides a means to streamline the process of turning shared storage requirements into solutions, which expands business opportunities for vendors and puts viable products into the customers' hands sooner.

The EUC membership is comprised of individuals whose organizations use storage-related products. Membership is also open to individuals of companies that manufacture or supply storage-related products, but the potential member must work in internal IT departments and cannot be associated with sales, marketing, manufacturing or engineering of storage-related products within their companies. In November 2005, over 160 end-users were members of the EUC.

The EUC accomplished the following in 2005:

- Launched the second in a series of end user surveys, titled "Storage Management, Where Are We Now?" which looked to identify common trends and challenges in storage management. The EUC presented 2005 Survey results at Fall 2005 Storage Networking World. The final survey report can be viewed at www.snia.org/euc.
- Hosted the IP Storage and Storage Virtualization Hands-On Labs at the Spring and Fall 2005 Storage Networking World conferences, which were filled to capacity and received high marks from end user attendees.
- Managed the "Voice of the End User" SNIA Track at the Spring and Fall 2005 Storage Networking World conferences, with end users presenting sessions on a variety of storage and networking topics.
- Co-hosted End User Town Hall Meetings at the Spring and Fall 2005 Storage Networking World conferences with the Phoenix and Jacksonville/Tampa Bay/Orlando Storage Networking User Groups (SNUGs).

- Continued to actively influence the storage networking industry to target storage networking solutions that solve real end-user business problems with representation in many workgroups and committees, including:
 - SNIA Conformance Testing Program
 - SNIA Data Management Forum
 - SNIA Storage Management Forum
 - SNW Interoperability and Solutions Demo Steering Committee
 - SNW Interoperability and Solutions Demo Infrastructure Committee
 - SNW Interoperability Solutions Demo and Hands-On Lab Team
 - Storaenetworking.org Technical User Advisory Board.
 - SNIA Technical Council Roadmap Core Team
 - SNIA-ARMA Relationship Committee

The EUC has embraced as its mission to benefit both end-users and developers of storage networking technology.

- *Storage end users benefit by having a forum in which to cooperatively communicate to the industry strategic directions for shared needs. End users can also share ideas within the EUC, and help one another with information and ideas.*
- *The storage networking industry benefits through the direct communication of the end user voice through the EUC to assert their shared storage requirements and goals.*

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■

The Storage Networking Industry Association

(A California Not-for-Profit Corporation)

FINANCIAL STATEMENTS

NOVEMBER 30, 2005 AND NOVEMBER 30, 2004

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STORAGE NETWORKING INDUSTRY ASSOCIATION

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**THE BOARD OF DIRECTORS
STORAGE NETWORKING ASSOCIATION**

We have audited the accompanying statement of financial position of Storage Networking Industry Association (SNIA), a California not-for-profit corporation, as of November 30, 2005 and November 30, 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of SNIA's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Storage Networking Industry Association as of November 30, 2004, were audited by other auditors whose report dated February 14, 2005, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Storage Networking Industry Association as of November 30, 2005 and November 30, 2004, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants

San Francisco, California
March 3, 2006

**Storage Networking Industry Association
Statement of Financial Position, Exhibit A
November 30, 2005 and November 30, 2004**

	<u>November 30, 2005</u>	<u>November 30, 2004</u>
ASSETS		
CURRENT:		
Cash and cash equivalents	\$ 486,279	\$ 809,929
Investments	3,184,071	3,115,150
Accounts receivable - membership	352,411	292,663
Accounts receivable - other	250,000	294,744
Prepaid expenses	<u>6,982</u>	<u>1,100</u>
TOTAL CURRENT ASSETS	4,279,743	4,513,586
PROPERTY AND EQUIPMENT, at cost:		
Furniture and equipment	\$ 279,638	\$ 184,989
Less accumulated depreciation	<u>87,613</u> <u>192,025</u>	<u>47,774</u> <u>137,215</u>
TOTAL ASSETS	<u>\$4,471,768</u>	<u>\$4,650,801</u>
LIABILITIES AND NET ASSETS		
CURRENT:		
Accounts payable	\$ 439,118	\$ 440,898
Deferred revenue	128,419	246,240
Accrued payroll	<u>60,504</u>	<u>19,974</u>
TOTAL LIABILITIES (all current)	<u>628,041</u>	<u>707,112</u>
NET ASSETS:		
Unrestricted:		
Designated by Board of Directors:		
For regional affiliates and forums	\$ 442,716	\$ 573,346
For operating reserve	2,200,000	2,200,000
Undesignated	<u>1,201,011</u>	<u>1,170,343</u>
Total unrestricted	3,843,727	3,943,689
Temporarily restricted	0	0
Permanently restricted	<u>0</u> <u>3,843,727</u>	<u>0</u> <u>3,943,689</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$4,471,768</u>	<u>\$4,650,801</u>

**Storage Networking Industry Association
Statement of Activities and Changes in Net Assets, Exhibit B
November 30, 2005 and November 2004**

	<u>Year Ended November 30, 2005</u>	<u>Year Ended November 30, 2004</u>
REVENUE:		
Membership and forums	\$ 2,471,166	\$ 3,151,145
Storage Networking World and other events	1,611,005	1,362,047
Technology center	692,196	681,710
Administrative fees	230,243	198,815
Developer's conference	280,037	230,332
Investment income	94,170	58,449
Other	<u>35,820</u>	<u>27,714</u>
TOTAL REVENUE	<u>5,414,637</u>	<u>5,710,212</u>
EXPENSES:		
Program services	2,998,061	4,114,462
General and administrative expenses:		
Employee expense	1,885,107	744,684
Operations	480,417	347,169
Meetings	128,559	121,818
Board of Directors	<u>22,455</u>	<u>36,270</u>
TOTAL EXPENSES	<u>5,514,599</u>	<u>5,364,403</u>
INCREASE (DECREASE) IN NET ASSETS	(99,962)	345,809
NET ASSETS, beginning of year	<u>3,943,689</u>	<u>3,597,880</u>
NET ASSETS, end of year	<u><u>\$ 3,843,727</u></u>	<u><u>\$ 3,943,689</u></u>

**Storage Networking Industry Association
Statement of Program Expenses, Exhibit B-1
November 30, 2005 and November 30, 2004**

	<u>Year Ended November 30, 2005</u>	<u>Year Ended November 30, 2004</u>
PROGRAM SERVICES:		
Technology center	\$ 155,081	\$ 689,065
Data Management forum	384,224	523,851
Interoperability lab	506,428	499,719
IP Storage forum	173,499	391,730
Marketing committee	288,598	345,925
SMI forum	550,672	308,881
SMI committee	213,557	304,009
Conference committee	47,735	245,062
Technical council	43,387	251,941
Education committee	171,801	144,757
End user committee	83,086	110,552
Website committee	136,312	106,894
CIFS conference	116,340	96,730
Storage Networking World	68,771	60,164
SSI forum	25,234	20,859
Supported Solutions World	0	12,336
Membership committee	26,390	687
Other	<u>6,946</u>	<u>1,300</u>
TOTAL PROGRAM SERVICES	<u><u>\$ 2,998,061</u></u>	<u><u>\$ 4,114,462</u></u>

**Storage Networking Industry Association
Statement of Cash Flows, Exhibit C
November 30, 2005 and November 30, 2004**

	<u>Year Ended November 30, 2005</u>	<u>Year Ended November 30, 2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets (Exhibit B)	\$ (99,962)	\$ 345,809
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) in operating activities:		
Depreciation and Amortization	\$ 39,839	\$ 29,061
Unrealized (appreciation) depreciation of investments	50,719	42,193
Realized (gain) loss of sale investments	0	262
Decrease (increase) in:		
Accounts receivable - membership	(59,748)	(40,084)
Accounts receivable - other	44,744	355,310
Accrued revenue	0	(28,800)
Prepaid expense	(5,882)	2,918
Increase (decrease) in:		
Accounts payable	(1,780)	91,555
Deferred revenue	(117,822)	(41,425)
Due to regional affiliate	0	(9,635)
Accrued payroll	40,530	19,974
	<u>(9,400)</u>	<u>421,329</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(109,362)	767,138
CASH FLOWS FROM INVESTING ACTIVITIES:		
Plant and equipment purchases	(94,649)	(130,889)
Purchase of investments	<u>(119,639)</u>	<u>(84,937)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(214,288)</u>	<u>(215,826)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	(323,650)	551,312
CASH AT BEGINNING OF YEAR	809,929	258,617
CASH AT END OF YEAR	<u>\$ 486,279</u>	<u>\$ 809,929</u>

**Storage Networking Industry Association
Notes To Financial Statements, Exhibit D
November 30, 2005 and November 2004**

Note 1.NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of business:

Storage Networking Industry Association (the Association) is a United States of America based trade association engaged in the promotion, growth and development of storage networking systems and technologies throughout the world. The Association provides education, training, and market information to companies in the field of storage networking technologies and acts as a referral and information network for such companies. The Association has several regional affiliate agreements to promote and support, on a worldwide basis, all technical standards, specifications, infrastructure and architecture adopted by the Storage Networking Industry Association.

The accompanying financial statements have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities. The Association maintains its accounting records on a fiscal year commencing on December 1.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the Association considers all unrestricted highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

Allowance for Doubtful Accounts:

The Association provides an allowance for doubtful accounts based on management's assessment of the collectibility of existing accounts. Management considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Investments:

Investments are composed of mutual funds investing primarily in US Government bonds and are carried at fair value.

Depreciable Assets:

The Association owns various property and equipment, which is located in their administrative office in San Francisco, California and in their technical center in Colorado Springs, Colorado. These assets are carried at cost or, if donated, at the approximate fair value at the date of donation and depreciated over the estimated useful lives of the assets on the accelerated method. Major items and betterments are capitalized; minor items and repairs are expensed as incurred.

Income Taxes:

The Association is exempt from Federal Income Tax under Internal Revenue Code Section 501(c)(6) and from California State Tax under Revenue and Taxation Code Section 23701(e). The Association complies with other Internal Revenue reporting requirements regarding contributions received, payroll transactions, and payments to independent contractors.

**Storage Networking Industry Association
Notes To Financial Statements, Exhibit D
November 30, 2005 and November 2004**

**Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued):**

Revenue:

Revenues are derived primarily from annual membership fees, sponsors, special events, and trade shows. Membership fees are recognized over the period to which the dues relate. Funds from events and trade shows are recorded as they occur. Revenue from events is recorded at the net amount received from the entity coordinating that event. The Association offers voting memberships to companies depending upon sales volume. Companies with an annual sales volume over five hundred million dollars are eligible for a large membership, whereas companies with sales volume over ten million dollars are allowed to purchase a regular annual membership. Companies have the option of purchasing an initial emerging company annual membership at a discount, but will revert to the regular or large membership dues the following year.

Donated Services:

A portion of the Association's functions and activities is conducted by unpaid volunteer officers and committees. The value of this contributed time is not reflected in the accompanying financial statements, since the volunteer time does not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

Note 2. NATURE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and disclosures. Accordingly, actual results could differ from those estimates.

Note 3. CONCENTRATIONS OF CREDIT RISK:

The Association maintains cash balances at financial institutions located in the states of California and Indiana. Accounts at these institutions are secured by the Federal Deposit Insurance Corporation to a maximum of \$100,000. Uninsured balances were approximately \$ 386,000 at November 30, 2005 and \$710,000 at November 30, 2004.

Note 4. INVESTMENTS:

Investments are composed of mutual funds invested primarily in US Government bonds. These investments are unrestricted and have a cost of \$3,309,025 and \$3,189,402, and a fair value of \$3,184,071 and \$3,115,150 as of November 30, 2005 and November 30, 2004, respectively.

Investment income shown in Exhibit B consists of the following:

	Year Ended December 31,	
	2005	2004
Interest & dividend income	\$ 144,888	\$ 100,903
Unrealized losses	(50,718)	(42,193)
Realized losses	0	(262)
Totals	\$ 94,170	\$ 58,448

**Storage Networking Industry Association
Notes To Financial Statements, Exhibit D
November 30, 2005 and November 2004**

Note 5. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	November 30,	
	----- 2005	----- 2004
Machinery and equipment	\$ 238,333	\$ 179,467
Facility improvements	35,783	0
Office furniture		5,522
	<u>279,638</u>	<u>184,989</u>
Accumulated depreciation	<u>87,613</u>	<u>47,774</u>
Totals	<u>\$ 192,025</u>	<u>\$ 137,215</u>

Depreciation expense totaled \$ 39,839 and \$29,061 at November 30, 2005 and 2004.

Note 6. DEFERRED REVENUE:

The Association offers annual voting and non-voting memberships to companies and individuals. The membership term begins upon the invoice date and continues until the fiscal year end. Income from membership dues is recognized over the period to which the dues relate. The portion that covers the period subsequent to the end of the Association's fiscal year is recorded as deferred revenue on the Statement of Financial Position.

Note 7. MEMBERSHIP AND FORUM REVENUE:

Membership and forum revenue for the years ended November 20, 2005 and 2004 is comprised as follows:

	November 30,	
	----- 2005	----- 2004
Association memberships	\$ 1,245,168	\$ 1,466,925
Data Management forum	338,000	566,955
Storage Management forum	468,538	495,815
Interoperability committee	223,000	285,200
IP Storage forum	148,161	252,750
Supported solutions forum	0	42,500
Storage Security information	47,300	35,000
Fiber Channel forum	1,000	6,000
Totals	<u>\$ 2,471,167</u>	<u>\$ 3,151,145</u>

**Storage Networking Industry Association
Notes To Financial Statements, Exhibit D
November 30, 2005 and November 2004**

Note 8. LEASE COMMITMENTS:

On January 1, 2004, the Association entered into a five-year operating lease expiring on December 31, 2008 for its new administrative offices located in San Francisco, California. The initial annual base rent on the premises is \$37,335, payable in monthly installments of \$3,111 each. The base rent increases by approximately \$983 each year during the term of the lease. In addition to the base rent, the Association pays as additional rent its share of the annual operating expenses, insurance expenses, utility expenses and tax expenses that are in excess of the total of those expenses for the base year. The base year is 2005.

The Association leases a facility and various personal property, located in Colorado Springs, Colorado, for use as a technical center. The operating lease, which has an initial term of six years and expires on January 31, 2007.

On January 1, 2004, the Association also entered into a month-to-month operating lease for additional storage space at \$125 per month, and a thirty-six month operating lease for a copier, payable in monthly installments of approximately \$314.

The Association's future minimum rental payments due under these leases are approximately as follows:

Years Ending December 31,	
2006	\$ 78,069
2007	40,598
2008	41,267
2009	<u>3,520</u>
Total	<u>\$243,852</u>

Rent expense amounted to \$ 85,246 and \$59,843 for the years ended November 30, 2005 and November 20, 2004, respectively.

Member Companies

UNITED STATES

Vendor Large Voting

Brocade Communications
Cisco Systems
Computer Associates
Dell Computer Corporation
EMC Corporation
Hewlett-Packard
Hitachi Data Systems
IBM Corporation
Intel Corporation
Microsoft Corporation
Network Appliance
Oracle
Qlogic
Quantum Corporation
Seagate Technology
Storage Technology Corporation
(StorageTek)
Sun Microsystems
VERITAS Software

Vendor Large Non-Voting

Agilent
AT&T
Broadcom Corporation
Fujitsu Computer Products
Hitachi GST
Novell Incorporated
Symantec

Vendor Medium Voting

Adaptec Incorporated
ADIC
AMCC (formerly JN1)
AppIQ
ATTO Technology Incorporated
CommVault Systems
Computer Network Technology
Crossroads Systems Incorporated
Dot Hill Systems Corporation
Emulex Corporation
LSI Logic Corporation
FalconStor Incorporated
McDATA
Overland Storage
Revivio
Syncsort Incorporated
XIOtech Corporation
Xyratex

Vendor Medium Non-Voting

3PAR
Accusys
American Megatrends
Incorporated
BellSouth
BlueArc Corporation
CIENA Corporation
Computerworld
Finisar
HCL Technologies

Infotrend
MRV Communications
Incorporated
Nexsan
Promise
Qualstar Corporation
SANZ
Softtek
Texas Memory Systems
Unisys Corporation
Vitesse Semiconductor

Vendor Small Voting

Aristos Logic Corporation
Arkivio
Cloverleaf Communications
Crosswalk (formerly JRBM
Incorporated)
DataCenter Technologies
Digi-Data Corporation
EqualLogic Incorporated
iStor Networks Incorporated
Knowledge Transfer
NeoScale Systems Incorporated
PANASAS Incorporated
Permabit Incorporated
Pillar Data Systems
Rainfinity
SANRAD

Vendor Small Non-Voting

Aarohi Communications
Absolute Analysis
Acopia
Akorri
Alacritech
Archivas
ARIO Data Networks Incorporated
Arkeia Corporation
Bridgeworks Ltd.
CaminoSoft Corporation
CentrePath
Comtech AHA Corporation
COPAN Systems
CreekPath Systems
Decru Incorporated
Eastman Kodak Company
emBoot
ETEC (European Training
& Education Center)
Fabric7 Systems
FilesX
FMJO dba Infinity I/O
Imperative Networks
Incipient
InMage
InterSAN
Intransa
iQstor Networks Incorporated
Ivivity
Kashya Incorporated
Kasten Chase
Kazeon Systems

Lasso Logic
LeftHand Networks
Maranti Networks
MaXXan Systems
Mendocino Software
Mimosa Systems Incorporated
MonoSphere Incorporated
Neopath Networks
NexiTech
Onaro
ONStor Incorporated
Pivot3
Plasmon
Powerfile
SBE Incorporated
Scentric
Stonefly Networks Incorporated
Storage Engine Incorporated
STOREServer
TeraCloud Corporation
TimeSpring
Troika Networks
VION
Wasabi Systems
XOsoft
Xtore
YottaYotta Incorporated
Yosemite Technologies
Incorporated
Z-force

Channel: Large Voting

MCI

Channel: Large Non-Voting

Nippon Telegraph & Telephone
Corporation
Tokyo Electron Limited

Channel: Medium Voting

Forsythe
Infostream Technologies
Nth Generation Computing
Incorporated

Channel: Medium Non-Voting

Intervision Systems Technology
Incorporated

Channel: Small Non-Voting

Data Center Enhancements
Fast Lane
Firefly Communications
Institute for Software
Advancement
Micro-Data Systems
Nova Technology Incorporated
Open Systems Technologies
Packet Light Networks
ProAct Datasystems AG
Silverback Systems Incorporated
StoreWiz Incorporated

Customer Company

AllTel Communications
Bank for International Settlements
BuilderDepot Incorporated
Chisa Technologies
Dexia Credit Local
eCollege
First American CREDCO
Hewitt Associates
Hudson's Bay Company
Nielsen Media Group
Saudi Aramco
SPRINT
The Hill School
WBEM Solutions
WebEx

Non-Profit

Aerospace Corporation
Arizona Department of
Transportation
Bureau of Indian Affairs
Bureau of Labor Statistics
Cancer Therapy & Research
Center
Carnegie Mellon University
Center for Magnetic Recording
Research at University of
California San Diego
City of Cleveland
CSC/ US ARMY LMP
Defense Information Systems
Agency-DISA
Department of Justice - Canada
Drew University
ETRI
Green Shield Canada
Health Sciences Centre
IDEMA
Information Storage Industry
Center at University of
California San Diego
ITRI
Mountain States Health Alliance
NASA Ames Research Center
National Security Agency
Pennsylvania State University
Public Employers Retirement
System of Ohio
Public Works and Government
Services Canada (PWGSC)
Republic Polytechnic
Rex Healthcare
San Diego Supercomputer Center
at University of California
San Diego
Sandia National Labs
SPAWAR Systems Center US
Navy
St Jude Children's Hospital
University of New Hampshire
University of Pennsylvania
Graduate School of Education

University of California San Diego,
Extension
University of Arkansas
University of Colorado
University of Mississippi
University of Nebraska Lincoln
United States Agency for
International Development
Ysleta Independent School District

REGIONAL AFFILIATE MEMBERS

AUSTRALIA/NEW ZEALAND

Voting Members

Acer
Brocade
Computer Associates
EMC Corporation
Hitachi Data Systems
Hewlett-Packard
IBM Corporation
Imation
Network Appliance Australia
Pty Ltd.
Quantum SSG
Sun Microsystems Australia
Pty Ltd.
VERITAS Software

Non-Voting Members

Adaptec
Cisco
eiStream
HdS NZ
Infinity I/O
Iomega
Markom Marketing
Microsoft
XSI

CANADA

Albert White Technologies
Allstream
Cisco Systems Canada
C.S. Draveurs
Department of National Defense
Canadian Forces
Directeur des services Internet
et Intranet
EMC Corporation
Falconstor Software Incorporated
Hill and Knowlton Canada
Hitachi Data Systems
IBM Corporation Canada
Infostream Technologies
Incorporated
Loto-Québec's
Medium Rare
Metafore
NetStor Technology Group

New Brunswick Department of
Supply & Services
Peel Regional Police
SGI Canada
Skydata Corporation
Social Development Canada
Sony of Canada Ltd.
Soroc Technology Incorporated
Storageflex Incorporated
Storage Technology Corporation
(StorageTek)
Sun Microsystems
Summit Technology Management
Synetic Incorporated
TSI Learning
University of Ontario Institute of
Technology
Windsor Public Library
Xiotech

EUROPE

ACAL Storage Networking
ADIC
ADVA AG Optical Networking
Anacom
ATTO Technology Incorporated
Brocade Communications
CIENA
Cisco Systems
Computer Associates
CommVault EUROPE
C-Storage
DataSave
Dell Computer Corporation
Distrilogie
EMC Corporation
Emulex Corporation
Erudict NV
Exello AB
FalconStor
Fujitsu Siemens Computers GmbH
GCH Test and Computer
Services Ltd.
Hammer
Hewlett-Packard International
Hitachi Data Systems Europe
HMK Computer Technologies
GmbH
HPS
IBM Corporation
InfineData
Infotrend Europe Ltd.
Infinity I/O
Info X Technology Solutions
iSCSI-Welt.de
ISIT
Kingswell Data Management
LapiStor Ltd.
LB-Systems Messgeraete GmbH
Logicalis Computing Solutions
LSI Logic Europe Ltd.
McDATA

MEN@NET
Network Appliance
Njini Incorporated
ONstor, Ltd.
Overland Storage
Plasmon Data Limited
ProAct IT Group
qSkills GmbH & Co. KG
Quantum
Rako Electronic
RELDATA Europe
RISE
SanServices
Scasicomp
SecurStore
Servodata A.S.
SHD - System Haus Dresden
Skyrr
SM Data
SNE Europe BV
Source NV
Storage Technology Corporation
(StorageTek)
Sun Microsystems (Europe)
Symantec
Syncsort GmbH
TBA-Telemica e Burutica
Telindus Group
TIM
TOPNORDIC
Xyratex
Zycko

INDIA

Voting Member Companies

Apara
ApplQ
Brocade
Cisco
Commvault Systems
Computer Associates
Data Storage Institute
DishaTech
Hewlett-Packard
Hitachi Data Systems
IBM Corporation
Infosys Technologies Limited
Legato/EMC Corporation
Maxxan
Mindtree
Neilsoft Limited
Patni Computer Systems
Seagate
Spartan Labs
SP Software Technologies
Symantec
TSI Learning
Wipro Technologies
XIO Tech
Xserve

Associate Member Companies

Ace Data Devices Pvt. Ltd.
Amity Institutions
elfinochips Ltd.
Fourtune Computer Technologies
HCL Technologies
HDFC Bank
Hero Honda Motors Limited
IIT Mumbai
Indian Institute of Science,
Bangalore
KRONE Communications Ltd.
Mother Dairy
Mphasis
NetMagic Solutions P. Ltd.
Ontrack Solutions
Qualex Systems Pvt. Ltd.
Renaissance
Siemens Shared Services
Select Technologies
Vitage Infoservices Pvt Ltd.

JAPAN

Voting Member Companies

Brocade Communications
Systems K.K.
Cisco Systems K.K.
Computer Associates
EMC Corporation, Japan K.K.
Fujitsu Limited
Hewlett-Packard Japan, Ltd.
Hitachi, Ltd.
IBM Corporation, Japan, Ltd.
NEC Corporation
Network Appliance, Japan K.K.
Nihon Unisys, Limited
NTT Communications Corporation
Tokyo Electron Limited
Toshiba Solutions Corporation
VERITAS Software K.K.

Associate Member Companies

Agilent Technologies Japan, Ltd.
Adaptec Japan, Ltd.
ADTX (Advanced Technology and
Systems Co., Ltd.)
CLC Corporation
Computer Network Technology
Japan K.K.
Kanematsu Electronics LTD.
MACNICA, Incorporated
Microsoft Co., Ltd.
NEC Computer Integration &
Construction, Ltd.
NISSHO Electronics Corporation
NTT EAST
Oki Electric Industry Company, Ltd.
Servants International Corporation
Sony Corporation, Osaki East TEC

SNIA
www.snia.org

SNIA Australia and New Zeland
www.snia.org.au

SNIA Canada
www.snia.ca

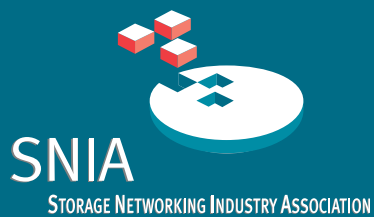
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www.snia-j.org

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