MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the SYNNEX Corp Fiscal 2007 Fourth Quarter and Year End Results Conference Call. At this time, all participants are in a listen-only mode. Later, there will be a question-and-answer session and instructions will follow at that time. [Operator Instructions]. As a reminder, this conference is being recorded.

I would now like to introduce your host for today's conference, Ms. Laura Crowley, Director of Investor Relations. You may begin your conference.

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Adrian. Good afternoon and welcome to the SYNNEX Corporation fiscal 2007 fourth quarter earnings conference call. Joining us on today's call are Dennis Polk, Chief Operating Officer; and Thomas Alsborg, Chief Financial Officer. Bob Huang unfortunately has a short-term illness and is not able to join us today, as talking without coughing is difficult for him right now. We expect Bob will be fully recovered in the next few days.

Before we begin, I would like to note that the statements on today's call, which are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to statements regarding our Canadian consolidation expenses, our strategy for investing in higher growth businesses, seasonality, growth of our consumer electronics division, expectations of our revenue, gross margins, SG&A, net income, earnings per share, and return on invested capital for the first quarter of fiscal 2008, our growth and profitability, the future benefits of our recent acquisitions, our goals for return on invested capital are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in these forward-looking statements.

Please refer to today's press release and documents filed with the Securities and Exchange Commission, specifically our most recent Form 10-Q, for information on risk factors that could cause actual results to differ materially from those discussed in these forward-looking statements. Additionally, this conference call is the property of SYNNEX Corporation, and may not be recorded or rebroadcast without specific written permission from the company.

Now, I would like to turn the call over to Thomas Alsborg for an update on our financial performance. Thomas?

Thomas Alsborg, Chief Financial Officer

Thank you, Laura. Good afternoon everyone and thank you for joining our call today. I'm going to begin by summarizing the results of operations for the quarter. Total revenues for the fourth quarter of 2007 were $1.97 billion, a 13% increase over the fourth quarter of 2006 and a 12% increase sequentially. These results well exceeded our stated guidance and analyst consensus for the quarter. Both our U.S. and Canadian operations performed above expectations for the quarter, which largely drove a strong increase in revenues.

Fourth quarter net income was $20.2 million or $0.61 per diluted share also surpassing guidance and consensus. In the fourth quarter of our fiscal 2007 year, our gross margin once again expanded significantly to reach 5.35%. This represents an increase of 79 basis points compared to the prior year quarter and an increase of 17 basis points sequentially. Our core distribution business and our other businesses, process services, all contributed to an increased gross margin percentage for the fourth quarter, demonstrating continuing success of our transitioning business strategy and model. As always, we remain focused and committed to improving all drivers of our gross margins. Execution of this plan is in part the reason we had company-wide gross profit expense ratio of 1.54 in the fourth quarter, up 17 basis points from the third quarter.

Fourth quarter 2007 selling, general and administrative expense was $68.6 million or 3.48% of revenues compared to 51.2 million or 2.9% in the fourth quarter of fiscal 2006. This change as a percentage of revenues is in large part driven by our business process services acquisitions, which have a greater SG&A and gross margin profile than our core distribution business.

I would like to report that the Canadian warehouse consolidation is nearly complete and any remaining expected costs of completion are diminutive. Income from operations was 36.9 million or 1.87% of revenues for the fourth quarter compared to results of 28.1 million or 1.62% of revenues in the prior year and 24.5 million or 1.39% of revenues in the fiscal third quarter of 2007.

With respect to net, the total for the fourth quarter of 2007 was 4.6 million, a $900,000 increase from the prior year quarter of 3.7 million. Net interest expense and finance charges were 3.5 million in the fiscal third quarter of 2007. Within this big year, interest expense primarily increased as a result of increased borrowings used to support the growth and sales during the quarter. The effective tax rate for the fourth quarter of fiscal 2007 was 37.5%.

Turning to our balance sheet, information and metrics, accounts receivable totaled $730 million at November 30, 2007. DSO, including the receivables from the off-balance-sheet program, was 44 days. Inventory totaled 643 million at the end of the quarter, translating to 31 days of inventory supply. Days payable outstanding was 32 days. So our cash conversion cycle was 43 days, consistent with the normal fourth quarter seasonality.

Other fourth quarter data and metrics of note are as follows. Depreciation expense was $2.2 million. Amortization expense was 1.9 million. Capital expenditures for the quarter were $2.7 million. Cash flow used in operations was approximately 155 million for the quarter. From the distribution product line standpoint, peripherals accounted for approximately 31 to 35% of sales. System components accounted for 17 to 21%. IT systems accounted for 29 to 33%. Software accounted for 8 to 12% and networking accounted for 5 to 9% of total distribution revenues.

Hewlett-Packard at approximately 27% of sales was the only vendor accounting for more than 10% of our revenues during the fourth quarter of 2007. Our total company associates are 6,616 at November 30. This consists of 6,052 permanent employees and 564 temporary personnel.

Moving to our first quarter 2008 expectations, for Q1, 2008, we expect revenues will be in the range of 1.73 billion to $1.78 billion, reflecting seasonality trends. Net income is expected to be in the range of 16.2 million to $16.9 million and diluted earnings per share is anticipated to be in the range of 49 to $0.51 per share.

Our first quarter guidance reflects the impact to our strategy of investing in businesses and lines that are more weighted toward our fiscal Q4 from sensitivity, or excuse me, seasonality perspective. And hence, as this business expands, we will experience a stronger seasonality to our business. You should expect to see a more dramatic lift of seasonality in our fiscal 2008 fourth quarter similar to what we experienced in 2007.

Our forecasted diluted earnings per share are based on the estimated weighted average diluted share count of approximately 33.1 million shares. As a reminder, all these statements are forward-looking statements and actual results may differ materially.

I will now turn over the call over to Dennis Polk for his perspective on the business and the quarterly results. Dennis?

Dennis Polk, Chief Operating Officer

Thank you, Thomas. Good afternoon to everyone. As Laura noted, Bob is not on the call today due to a short-term bug, nothing more. Thus please do not read anything into his absence. He looks forward to visiting with you in the near future, excuse me, to further discuss our solid results for this quarter.

Regarding our performance for the fourth quarter of 2007, SYNNEX produced several record-breaking financial milestones. Our revenue was 1.97 billion, the highest in the company's public history. Our gross margin was 5.35% for the quarter, also the highest in the company's public history. We achieved an operating margin of 1.87%, likewise the highest in the company's public history. We increased our continuing operations earnings per share by approximately 27% year-over-year to $0.61, also a record. And finally, we closed 2007 with ROIC of 9% and ROE of 14% in the fourth quarter. A solid reflection of the value we are creating for our investors.

As Thomas noted, our core U.S. and Canadian distribution operations drove results past our expectations. However, we received very nice contribution from our recently acquired businesses as well. With regard to customer or product mix, we did not see any material differences from historical patterns or from what is being reported in the marketplace today.

We would not be achieving these results without the continued hard work and dedication of our employees, and the continued business and support from our customers and suppliers. I want to take this moment to recognize and thank them. With the completion of our fourth quarter 2007, SYNNEX achieved our 82nd consecutive quarter of profitability, 20 plus years of profit.

I would like to begin our businesses update by providing some perspective on what we have accomplished at SYNNEX over the past several years. Afterwards, I will share with you our expectations for the company looking forward.

Over the past three years, we have focused on consistently growing the profitability of the company. And with each passing quarter, we continue to gain momentum in this endeavor. Late in 2004, we made a conscious decision to replace less profitable business with investments in higher margin and more profitable lines such as supplies, technology solutions and consumer electronics. This decision has helped drive our gross margins from 4.18% in 2004 to 5.35% this quarter, which is at more than 100 basis point or 20% plus increase in margin percentage.

Further, in 2006, we embarked on our strategy to transform our company into a more diverse business process service provider. As a result, we now offer our customers and vendors services such as demand generation and call center technical support as well. By refocusing and leveraging our distribution services, we now offer enhanced design registration, system integration services, logistic services, financing services and supply chain management capabilities, including refurbished and end-of-life product solutions for our vendors.

We've also selectively grown our business geographically. We have enhanced our services in Canada through several strategic acquisitions, and today we are one of the largest distributors in Canada. Our strategic investment in HiChina, a web portal and web hosting services company enabled SYNNEX to participate in the growth opportunities in China, while minimizing our risks.

As a result of our strategic direction, SYNNEX has grown its GAAP EPS from continuing operations from a $1.27 in FY '05 to $1.93 in 2007. As we began fiscal 2007, Bob shared with you our strategy to continue to grow our market share by adding more value-added services and leveraging our efficient business model. Bob also stated that we will continue to invest in our new distribution businesses such as our Technology Solutions division and our Consumer Electronics business. Additionally, he mentioned that we would further invest in our business process outsourcing operations. And finally, we committed to growing our returns to our investors. As it's evident by our results today, we are very pleased to report and we have accomplished each of these goals providing SYNNEX a solid foundation for 2008 and beyond.

Now, I would like to update you specifically on the progress we have made during the fourth quarter on some of our larger initiatives. All of our recent acquisitions from 2007 are performing as planned and these acquisitions are on track with regards to delivering a double-digit ROIC contribution that we expect.

Regarding our Technology Solutions division, which includes our higher value-added services and higher margin lines such as networking, auto-ID, enterprise, document management, security and telephony businesses, we remain pleased with our progress in growing this business. And we are executing on our stated growth and returning goals for this division.

Our growing Consumer Electronics division branded under the NEXCE name also exceeded our internal projections for the fourth quarter, and has continued to ramp up nicely since its inception in September 2006.

We have also made excellent progress in the integration of RGC and our restructuring activities associated with our Canadian operations. With the restructuring and integration essentially behind us, our Canadian operation is well positioned as a market leader in commercial, consumer electronics and retail distribution.

With all these activities, SYNNEX is well on its way to becoming a company that can truly service our vendors to the entire life cycle of their products, from demand generation to supply chain management, to assemble and distribution and technical support.

With regard to our Q1 guidance and 2008 expectations, at the midpoint of our Q1 guidance, we are projecting a more than 10% increase in sales and a 16% increase in our earnings per share. With regard to our revenue, as Thomas noted, the change in revenues from our fourth quarter to our first quarter reflects the effects of higher seasonality in our fourth quarter. This is a result of our strategy to invest in consumer electronics and retail businesses in Canada and the U.S., followed by normal revenue trends in our fiscal first quarter that do not have the bump from the CE seasonality and other typical fourth quarter revenue streams.

The higher growth rate of our earnings is reflective of our continued focus of growing our business profitably. For fiscal 2008, we believe we will once again continue to grow faster than the overall channel. As a result, we expect our EPS will increase by more than 15% for the fiscal year. This reflects the full impact of our mid-year acquisitions, the increased contributions due to continuing synergies, and additional company-wide improvements in efficiency and productivity.

With a successful 2008, our goal of 10% ROIC by 2010 with 100 million net profit is attainable and within reach. Internally, we are shooting to reach 10% ROIC in Q4 of this year.

Before I turn the call over for questions, I'd like to emphasize that we are pleased with our current results and the opportunities we have going forward. We are also cognizant of the external issues currently affecting the macroeconomic environment. While we are not experiencing a material impact at the moment as is evidenced by our results reported today, we are, as are all of you listening today, monitoring the environment for any signs of material change.

Lastly, I would also like to recognize our Board member Dave Rynne. Dave let us know recently that he will not stand for reelection to the SYNNEX Board for the next term. Dave provided extraordinary service to SYNNEX as we transitioned from a private company to a public entity over the past five years. And we appreciate his efforts on behalf of SYNNEX. Dave, thank you very much.

Thanks again for your time today and your continued interest and investment in SYNNEX. Laura?

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Dennis. Adrian, let's go ahead and open up the line for questions, please.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions]. The first question is from Richard Gardner from Citigroup.

<Q – Richard Gardner>: Thank you very much. Dennis and Thomas, the consensus from your competition is that there is at least some modest slowing in the U.S. small to mid sized business market. I think some have talked about maybe a point or two of slowing in the end markets, but definitely with discernible slowing. And we've also heard that Dell, for example, is having a tough time in the U.S. corporate market. It doesn't sound like you have seen anything, but could you just talk about whether you have seen any discernible change in the market at all in this quarter that we just had? And then as a follow on to that, it looks like excluding acquisitions you may have accelerated the growth of your U.S. distribution business at the same time that you expanded gross margins, and I'd just like some perspective on how do you achieve that?

<A – Dennis Polk>: Sure. Let me take that first part of that question, and then maybe Tom will jump in on the second part. Regarding the SMB marketplace in North America, as far as Q4 is concerned, we tend to have a mix shift in our business towards larger deals and larger customers because of the government selling season and the fact that we have a large retail business as well. So our SMB business tends to become a smaller component of our business in Q4. That being said, I think it is fair to say and echo the comments of our competitors that there is a, I will call, a slight change in the demand patterns of the SMB. I wouldn't call it a weakness by any stretch, but the business – the SMB market is not as strong as it was last year at this time. As far as our growth of our core business, I will let Thomas take that question.

<A – Thomas Alsborg>: I would just comment, Rich, that as you can see from the numbers, our core business did indeed grow particularly as we commented in North America and the U.S. and Canadian distribution. We talked about on the call the seasonality of the Consumer Electronics and Retail business that we experienced this quarter, and we'll expect to experience in the fourth quarter of each of our coming fiscal years. And I would tell you frankly that we are executing very well in this company. So our growth in the business comes from good execution on all fronts with regards to both the core distribution business as well as the recent acquisition that we made for the company. There are no, to be clear, then, there are no special or one-time circumstances that would have drove this other than ongoing operations.

<Q – Richard Gardner>: Okay. Thank you.

Operator: Your next question is from Sean Hannan from Needham & Company.

<Q – Richard Kugele>: Yes. Hi. This is actually Rich Kugele. You have done a very good job over the years integrating on number of acquisitions. And I was just hoping now that we are far along in so many of them, you could update us on your ability to bring your IT systems, your internally developed IT systems to bear on these companies. And how much, as we look at your OpEx, which has not been rising as fast as sales, you have been able to keep that contained? How much of that is really driven by those systems? And I guess in a broader sense, how much of your costs do you think today are driven by your total IT costs?

<A – Dennis Polk>: Sure. I'll take that one. This is Dennis. From our acquisitions in 2007, from an integration standpoint, I think it is best to look at them in two categories. We have the PCW acquisition and the RGC acquisition in Canada. Those are both distribution-centric businesses. And for both of those businesses, we did integrate them very quickly especially from a IT standpoint because IT is at the core of our low cost operations. We leverage that quite well. Each of those businesses again was integrated very quickly within our IT systems almost since day one and we are realizing the benefits of the IT systems and the integration of those businesses as is evidenced by our results today. The other camp of acquisitions linked to support in HiChina. Those businesses are in different service categories, and thus we don't use our IT system as much in those businesses, but we are looking at ways to leverage our IT systems and further gain synergies and drive down the costs in those businesses.

<**A – Thomas Alsborg**>**:** Rich, this is Thomas, the only thing I would add to that, as you aware is, in this business primarily the core distribution business, the IT system is a significant part of the backbone of the company and a significant part of the cost structure. But I would just point out that as I think you maybe sensing our IT system and the fact that we have an in-house system that we developed over the years is a hugely competitive differentiator in our space. And it is one of the key driving reasons that we have such a low SG&A profile and moreover that we have a highly competitive operating margin compared to the other players in this space.

<**Q – Richard Kugele**>**:** Okay. That's helpful. And then I guess just lastly, if we – whether we go into recession or whatever you want to call it, or if we just have the continuation of relatively stable to small digit spending in the U.S., as you get to be a bigger company, do you think that you should be readdressing, perhaps your participation in Asia in a different way? And if you have any thoughts there on potentially expanding out there?

<**A – Thomas Alsborg**>**:** Yes. Right now our goal is still to grow our North American business, distribution business, again faster than the marketplace. We have been able to do that for many, many years in a row. We feel there are a lot of opportunities to continue to do so. As far as from a distribution perspective, investing in Asia is not on our radar right now. As we did mention in the call, we are doing business in China through our HiChina business as well as our internal business process outsourcing services. So, our goal and our focus is to remain a leading North American distributor, while looking at opportunities outside North America and businesses that are contributory to distribution and synergetic to distribution, but not in a distribution environment.

<**Q – Richard Kugele**>**:** Okay. Thank you very much.

Operator: The next question is from Ananda Baruah from Banc of America.

<**Q – Ananda Baruah**>**:** Hi guys. Thanks for the question. I was just wondering if you could – if you could drill down on gross margins just a little bit more. You mentioned that you saw, I guess, incremental – I guess margin expansion from both distribution and from the services. I was wondering if you could speak more specifically to some of the areas in both of those categories.

<**A – Thomas Alsborg**>**:** Pleasure. I would point out because we know that the newly acquired businesses are, if you will, from a P&L perspective in fact that they weren't here all year long is a bit of the noise factor when you try and look at the gross margin. But the first thing I would point out here is that our gross margin improvement was primarily driven by the core operations of the business. We had very nice complementary contributions from our recent acquisitions. But I want to be clear that that the gross margin is driven by the core business of SYNNEX. Having said that, also I'd just point out that many of the various initiatives that we talk about and Dennis highlighted recently in this call are taking hold and they are making nice contributions. So, again, the consumer electronics in a retail space is growing very nicely with nice higher than average margins. Our technology solutions distribution service is also growing with very nice margin. So the only way I could characterize this is that, again, we're executing very well and the company is operating on all eight cylinders.

<**Q – Ananda Baruah**>**:** And then just one follow-up if I could. It seems like each quarter for the last – I don't know, it's just been fourth quarters now or so, you've released ER estimates on the gross margin line, and just wondering if it's exceeding your internal expectations? And – well, I will just stop there and get your thoughts.

<**A – Dennis Polk**>**:** Yes, as far as our gross margins we have done quite well in the past year plus. Frankly speaking though, we were really focused on the operating income line. The 1.87%

that we posted today is obviously a very solid result. And our goal is to continue to focus on that metric and drive that metric higher.

<Q – Ananda Baruah>: And do you guys still – you still maintain the goal of, I think, it's 5 basis points annual expansion in operating margin?

<A – Thomas Alsborg>: As you think about that goal, Ananda, that is a goal that we put out – the number actually was 5 basis points for annual operating margin expansion. We put that out there couple of years ago as a data point for you. I would tell you that as we think about the business model now, it is important to take into consideration the strategy and the implication to becoming a business processes services company. Well, that goal would still exist perhaps with the core distribution business, notwithstanding my earlier comments about how we're growing margins within that business.

As you look at SYNNEX as a business process services company, I think it's time to start rethinking the model. For example, if you compare our operating margin this quarter versus last year or this year versus last year, we are up substantially more than 5 basis points as you can see. And as we look forward, as Dennis said, our model changes so we're focusing on generating increasing operating margins. And I would expect to see that those operating margins in 2008 would be a multiple of two or three times what you're referring to, 5 basis points.

<Q – Ananda Baruah>: Okay, great. Thank you.

Operator: [Operator Instructions]. The next question is from Ben Radinsky from Bear Stearns.

<Q – Ben Radinsky>: Hi, good afternoon.

<A – Thomas Alsborg>: Hi, Ben.

<A – Laura Crowley>: Hi, Ben.

<Q – Ben Radinsky>: Can I dig into that question just a little bit further. If you look at your guidance for Q1, I think the implication is somewhere like a 1.7% operating margin, which would be down sequentially, but it still would be pretty nice operating margin relative to where you have been in the past. What should we think of now as the baseline? Is Q4 a baseline for where you think your business can be? Or do you think that that was really just a great quarter and – not that it's an anomaly, not saying it's another business, but perhaps the baseline has materially changed.

<A – Thomas Alsborg>: Yes and yes. Q4 was a great quarter, but the baseline isn't really changing. I wouldn't focus your analysis, Ben, so much on a quarter-to-quarter basis. Again, we just talked about the fact that we're going to see increased seasonality in this business. One of the reasons we've shared with you some of our annual targets now for 2008 in terms of EPS growing by more than 15% is because we want to draw your attention to the fact that this businesses model is changing. As I look out over 2008 and I look at the business model, it looks a lot more like our Q4 results does than it would prior quarters or for that matter fiscal 2007.

<Q – Ben Radinsky>: Okay.

<A – Dennis Polk>: And just to be real clear, Ben, Q4 was not an anomaly quarter at all. We executed very well and posted very strong results, but we feel we can continue to do that moving forward.

<Q – Ben Radinsky>: Okay. The next question is just I guess more of how we should think about your business if the economy were to turn. If we entered into a recession, do you think that you would be able to maintain your EPS target simply by margin expansion?

<A – Dennis Polk>: Ben, this is Dennis. Whatever the market conditions are, we obviously can't use that as an excuse. We have a fairly large market that we are participating in and we're not that large of a player currently. So we think we can execute in almost all conditions, albeit we have to be very cognizant of the market going into recessionary type – to a recessionary part environment, excuse me. So we're – as we look forward to 2008, we are planning for the market to be more challenging. But, again, we feel through our execution we can hit the revenue and EPS guidance that we talked about in Q1 and the EPS guidance for the full year.

<Q – Ben Radinsky>: Okay. Two last questions from me. The first is, assuming the numbers that you have given us for 2008, you will be generating a nice amount of free cash flow. With that presumption, what do you think you will do? What are your primary uses of that free cash flow? What will you do with the cash you generate?

<A – Thomas Alsborg>: Well, obviously, we are going to invest that cash to help achieve the higher double-digit returns that we have been talking about all this time. On the short run, in some cases, that will mean just reducing our debt within the company. But over the longer term, we are going to be making continued investments in this business to drive ROIC.

<A – Dennis Polk>: I would add, Ben, we always are looking at acquisitions to improve our business, and where we see opportunity we will definitely invest our free cash flow in that.

<Q – Ben Radinsky>: Okay. And then the last question is, your guidance for Q4 was substantially lower than where you actually came in. What would you attribute the greatest variance to? Where was your budget materially different than the actual results?

<A – Thomas Alsborg>: From a top line perspective, Ben, the revenue achievement came from the distribution business and it came from both sides of the border in North America. Our Canadian and our U.S. distributions both executed very well and achieved results above our expectations for the quarter.

<Q – Ben Radinsky>: And then on the margin side?

<A – Thomas Alsborg>: Consistent with the revenue comment as well.

<A – Dennis Polk>: I think it is important to note...

<Q – Ben Radinsky>: So I guess where I'm trying to go, was there a specific acquisition that outperformed? Was there something in specific that you could attribute it to other than saying just the business was great?

<A – Dennis Polk>: There really is no outlier that contributed to the revenue or earnings achievements that we had. Again, we had consistent performance through our core businesses, as well as our new businesses that we added, including the RGC business in Canada, Link2Support, HiChina and PCW. The key thing – the message we are trying to get across here is, our services and our business model is working very well here and it is being recognized by our customers. We received an award during the quarter from CDW. We received an award during the quarter from Sun. And we also received an award in the quarter acknowledging our government services. So all the initiatives that we have, been working on are starting to bear fruit.

<Q – Ben Radinsky>: Okay. That's it from me. Thanks.

<A – Dennis Polk>: Thank you.

<A – Thomas Alsborg>: Thank you.

Operator: Your next question is from Brian Alexander from Raymond James.

<Q – Brian Alexander>: Okay. Thanks, guys, and nice job. Just have a one clarification and a few questions. So on the Q1 guidance if I hear you correctly, the entire delta in terms of the sequential decline being below normal historical patterns is new seasonality driven by some of the acquisitions you have made and more exposure to consumer and retail, and it's not due to any weakness in demand. Although, you did say you are seeing signs of weakness. So I am just trying to figure out whether you have factored into your guidance the weakness that you talked about?

<A – Dennis Polk>: Yeah, I think it is fair to say of your question there is more weight on the seasonality aspect of that statement. But we obviously are cognizant of the marketplace.

<Q – Brian Alexander>: Okay. And on that change in demand patterns, as you characterized it, Dennis, could you just give us a sense for when you started to see that? Is it across product lines and verticals, or is it concentrated in any particular area?

<A – Dennis Polk>: I'm sorry, Brian. Was that a linearity question for Q4 or are we talking about Q1?

<Q – Brian Alexander>: Just in general. When you said demand patterns have softened a little bit, I'm just wondering when that – when you started to see that?

<A – Dennis Polk>: Yes. I'm not suggesting that demand patterns have softened. I think you're referring to the first question about the SMB marketplace.

<Q – Brian Alexander>: Yes. The demand patterns within the SMB sector.

<A – Dennis Polk>: Right. Again, that, as Bob noted on our call in the last quarter, Q3, we did see some indications of that, and that continued through Q4. But again it's just a lower growth pattern, not suggesting any weakness necessarily in SMB.

<Q – Brian Alexander>: Okay. And then if we switch gears to the full year, growing EPS by 15% or more implies you are going to do – or you hope to do $2.22 or thereabouts or higher than that, which is well above consensus. If we drill into that 15% EPS growth, could you just kind of help us prioritize how much of the growth would come from your core distribution business? How much of it would come from your specialty distribution, i.e., TSD? And how much do you think will come from BPO? If you are not going to quantify, maybe just help us think about where you expect the most meaningful growth to come from.

<A – Dennis Polk>: Yes. I'm not going to break down the growth from those categories necessarily, but I can say that each one of those categories is contributing to the growth. As Thomas mentioned earlier in one of his responses, our core distribution business is growing nicely. Our TSD business is continuing to grow nicely, and we continue to get solid benefits from our acquisitions. And on top of that, our Canadian businesses is growing nicely from a core distribution perspective as well.

<A – Thomas Alsborg>: And the other thing I'd like to add to that, Brian, is as we talked about the model before, again, in addition to just the revenue opportunities that we have, we are seeing good margin expansion which we expect to continue to see. And so as we look out over the whole fiscal year of 2008, you would expect to see substantially nicer operating margins. Again, not dissimilar to what we were experiencing just currently in Q4 of 2007.

<Q – Brian Alexander>: But if the likelihood of a meaningfully slower U.S. IT environment materializes, where industry growth instead of 5 to 7% drops down to low single digits, it sounds like you are still very confident you can grow EPS 15%. So I'm just trying to understand, is there a base revenue growth that you would need to feel – to still maintain that confidence? In other words, if industry growth dropped to 1 or 2%, it sounds like you're still confident you can drive that level of EPS growth, and I'm not sure how that would materialize.

<A – Thomas Alsborg>: Of course, I'm not going to present to you a particular minimal growth rate for revenue that we expect to incur in order to achieve our goals. I want to bring you back to the comment that Dennis said, which is we're committed to driving the results that we've described to you. We have a history of growing at or above the rate of the distribution channel in the market overall. You can expect SYNNEX to continue to do that responsibly. But the reason that we're giving you guidance not so much on the top line basis, but on an EPS basis and ROIC basis, is because we're trying to bring your attention to what our focus is. And we're committed to profitable revenue growth, we're committed to growing our EPS and we're committed to growing ROIC. Those are our top priorities.

<Q – Brian Alexander>: And just a final clarification on that 15% target. I assume that does not include any future acquisitions that you haven't already announced.

<A – Dennis Polk>: That is correct. That does not include any future acquisitions.

<Q – Brian Alexander>: Okay. Thanks a lot.

<A – Dennis Polk>: Thank you.

<A – Thomas Alsborg>: Thank you. Appreciate your comments.

Operator: [Operator Instructions]. There are no further questions.

Laura Crowley, Director of Investor Relations and Public Relations

Okay, great. Thank you, Adrian. We'll go ahead and conclude our conference call today. Thank you for joining our fourth quarter earnings conference call. We will have an interim replay of this call available for two weeks beginning today at approximately 5:00 p.m. Pacific Time through January 24, 2008. And as always, should you have any follow-up questions, both Thomas and I are available to take your calls. Thank you.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This concludes the program. You may now disconnect.