MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Christian, and I will be your conference operator today. At this time, I would like to welcome everyone to the SYNNEX Fourth Quarter Year-End Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Ms. Laura Crowley, you may begin your conference.

Laura Crowley, Director of Investor Relations and Public Relations

All right. Thank you, Christian. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2008 fourth quarter earnings conference call. Joining us, on today's call, are Kevin Murai, President and Chief Executive Officer, Dennis Polk, Chief Operating Officer, and Thomas Alsborg, Chief Financial Officer.

Before we begin, I would like to note that the statements on today's call, which are not historical facts, maybe 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 strategy, including growth, profitability, investments and business expansion, expectations of our operating expense, sales, revenues, net income and earnings per share for the first quarter of fiscal 2009; our debt-to-capital ratio, flexibility, efficiency, and benefits of our business model, market conditions, our expectations for our operating margins and profitability and our ROIC.

These 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'd 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'll begin by summarizing our results of operations for the quarter with our key financial metrics. And then, I will provide some further details on our results.

Total revenues for the fourth quarter of 2008 were 2.1 billion, a 6.4% increase over the fourth quarter of 2007, and a 2.5% increase sequentially. Relative to the third quarter of 2008, in constant currency revenue for the fourth quarter of 2008 would have improved by $42 million.

As for the bottom line, fourth quarter net income was $26.4 million or $0.80 per share, surpassing Wall Street consensus of the $0.71 per share.

ROIC rose to 10.6% achieving our stated goal of double-digit ROIC levels in the fourth quarter. I would like to take a moment to call out that at the beginning of the year we stated that achieving acquisition adjusted year-over-year EPS growth in excess of 20% and double-digit ROIC by the fourth quarter of 2008, were our two main financial objectives. And, I'm very pleased to report to our investors and prospective investors that SYNNEX achieved both of these goals in the midst of what we now know is a recession. This accomplishment is significant, as it reinforces that SYNNEX

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business model is very flexible and efficient, and that our company of hardworking and talented employees remain able to deliver our corporate objectives.

Now we'll go into the more specific line item details of our results. In the fourth quarter of fiscal 2008, our gross margin once again expanded significantly to reach 5.84%. This represents an increase of 49 basis points compared to the prior fourth quarter, and an increase of 32 basis points sequentially.

Once again, our core distribution business and our other business process services, both contributed to our increased gross margin for the fourth quarter, illustrating the continuing success of delivering increased value-added services to our partners. This is core to our strategy of transitioning our business model to an integrated business process services company.

Also, solid, efficient execution of the business plan is part of the reason why we achieved a company wide gross profit to expense ratio of 1.64 in the fourth quarter, up 10 basis points from our third quarter.

Fourth quarter 2008 selling, general and administrative expense was 74.5 million or 3.55% of revenues, compared to 3.48% in the fourth quarter fiscal 2007, and 3.59% sequentially. SG&A benefited by a reduction in deferred compensation liability, as we account for unrealized losses totaling 3.7 million, and our other income expense line in the P&L.

As a reminder, unrealized gains and losses on deferred comp instruments are offset against the deferred comp liability, and hence have no bottom line impact to the P&L. Going forward, we intend to continue to manage our SG&A expense relative to our gross profit and the demand environment, we're being careful not to disrupt the business development and investment activities that can provide additional, profitable growth opportunities for SYNNEX.

Income from operations was a record $47.9 million or 2.28% of revenue for the fiscal fourth quarter, compared to $36.9 million or 1.87% of revenues in the prior year and 39.5 million or 1.93% of revenues in the fiscal third quarter of 2008. This represents a virtual string of nine consecutive quarterly operating margin expansions that have resulted in an impressive operating margin growth trend for the company.

With respect to net interest expense finance charges, and other expenses the total for the fourth quarter 2008 was $8.4 million. A $4.2 million increase from the prior year quarter of 4.2 million, within this amount in Q4 2008 is a net interest expense finance charge of 3.8 million compared to 4.6 million in Q4 2007 and 3.1 million in the fiscal third quarter of 2008.

Also within the Q4 figure is a $3.7 million charge for the unrealized losses on our executive deferred compensation plan that we referred to earlier. And again this was offset in SG&A with no bottom line impact to the P&L. The effective tax rate for the fourth quarter of fiscal 2008 was 32.5%, compared to 37.5% in the fourth quarter of 2007. The decrease in the effective tax rate is primarily due to higher profit contributions, from lower tax jurisdictions as well as favorable permanent differences and favorable adjustment to the deferred tax assets and certain of our foreign jurisdictions.

Turning to the balance sheet and related metrics, accounts receivable totaled 866 million at November 30 2008. DSO including the AR from the off balance sheet program was 42 days, an improvement of one day over the third quarter period.

Inventory totaled 696 million at the end of the fourth quarter, translating to 32 days of inventory supply, a three-day improvement over the third quarter. Days payable outstanding was 30 days, and hence our overall cash conversion cycle improved over the third quarter to 44 days.

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Our debt to capitalization ratio for the fourth quarter was 44.8%, down from 45.5% in Q4 of 2007, and inline with 44.9% from Q3, 2008. The company has a long history of managing our debt-to-cap ratio in the low to mid 40% range. From a fixed term debt perspective, SYNNEX had only $173 million in debt outstanding, which represents about 14.1% of the total 44.8% debt-to-cap structure. The balance of our debt represents borrowings under our working capital lines. As a note, our debt-to-cap ratio tends to go down in soft economies due to the nature of our business model, hence generating more cash for the company. At the end of Q4, the company had a $167 million available under its working capital lines.

Other financial data and metrics of note are as follows; fourth quarter depreciation expense was $2.9 million; amortization expense was $1.8 million. Return on equity for the fourth quarter was 15.6%, HP at approximately 30% of our sales, that is 34% of our sales was the only vendor accounting from more than 10% of sales during the fourth quarter of 2008.

Capital expenditures were $7.8 million for the fourth quarter and $34 million for the fiscal year. Preliminary cash flow generated from operations was approximately $53 million for the fiscal year of 2008 compared to 97 million on a pro forma basis for fiscal 2007. The 97 million amount is after adjusting for the change in accounting treatment of our U.S. accounts receivable securitization of approximately 249, that is $249 million, which prior to February 2007 was treated as an off balance sheet financing and hence the AR was not on our balance sheet.

Our total company full-time associates were 6804 at November 30, 2008. Moving to our first quarter 2009 expectations, for Q1 2009, we expect revenues will be in the range of 1.74 to $1.84 billion. This forecast reflects normal seasonality trends and a continued softness in the economic environment. We've also allowed for taking a more disciplined approach to be selective in the types of business we take on and walking away from those types of deals that are less profitable. Net income is expected to be in the range of 16.6 million to $17.6 million, and diluted earnings per share are anticipated to be in the range of 0.50 to $0.53 per share.

As a reminder, all of these statements are forward-looking statements and actual results may differ materially. Finally, I'd like to highlight for you that we are scheduling our Investor Day at the New York Stock Exchange on Tuesday, January 27th. We issued a press release on this earlier this week. Please contact our Investor Relations department for more information and registering for this event. The contact information for Investor Relations department is in this release. Our objective in holding the Analyst Day is to provide our investors and potential investors more transparency into our business model and strategy. Also in the spirit of increased transparency, we will begin starting in our 10-K for this fiscal year 2008, and in future 10-Qs, segment reporting of our BPO business. So I hope you will attend or join our webcast.

I will now turn the call over to Kevin Murai for his perspective on the business and our quarterly results. Kevin.

Kevin Murai, Chief Executive Officer

Thank you, Thomas. Good afternoon to everyone and thank you for joining our call today. Regarding our performance, SYNNEX produced solid results for the fourth quarter of 2008, providing a strong finish to an exceptional year-end growth and profitability for the company from our core operations and acquisitions.

As Thomas noted, we achieved many significant milestones and record results for the fourth quarter. We believe this is a testament to our focused execution and the strength of our business model. All aspects of our business operations including our core U.S. and Canadian distribution operations as well as our growing services business drove results for the quarter. We would not be

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achieving these results without the continued hard work, dedication and focus of our employees and the continued business and support from our customers and suppliers. I want to take this moment to recognize these contributions and to thank them.

On December 1, 2008, we announced that Bob Huang retired as President and Co-CEO of SYNNEX and has assumed the role of Chairman of the Broad. I'd like to take this opportunity to congratulate Bob on his new appointment and thank him for his many contributions to the organization over the past 28 years. Without his vision, passion and focused determination, SYNNEX would not be the company it is today.

Now, with the completion of our fourth quarter of 2008, SYNNEX achieved our 86th consecutive quarter of profitability, continuing our strong track record of achieving our core operating and financial objectives. As we begin fiscal 2009, our strategy remains to grow our market share by adding more value added services up and down the supply chain. Our Q1 guidance reflects our view of the current market conditions, and as expected the market is softer than normal when factoring in normal seasonality.

We are laser focused on managing our business as cost effectively as possible and have a bias to profitability and returns over sales growth. It's important to note that today's environment differs from what most IT distributors experienced back in 2001 when the demand for IT products was saturated and spending habits from our customers dampened.

A leading industry analyst firm recently commented that although spending patterns will be down for 2009, the need for IT is still very much in demand, especially surrounding those solutions that provide customers efficiencies and benefits as well as a near-term return on investment. Solutions such as managed services, security, digital signage, data capture, storage and virtualization reflect these types of benefits and all of which are strong focuses for SYNNEX in the 2009 year.

The market for North American IT spending is very large and contains significant opportunities for growth and expansion for SYNNEX, not only organically but through adjacent market business opportunities as well. We've had good success in growing our business and realizing good results in new adjacent markets such as consumer electronics, managed print solutions and other higher margin sectors. Although recent reports on the retail segment have been soft, we see market share opportunities in this segment through line card expansion with a broader consumer electronics offering.

So, we remain focused on maximizing our key financial goals such as ROIC and EPS while maintaining good cash flow and liquidity. Our priority is managing our business profitably through the current environment; however, we also continue to think strategically to ensure the long-term health and success of our business.

Now, I would like to take a moment to give an overview of SYNNEX's key differentiators that we believe are allowing us to continue to outperform our competition and make us an attractive investment. First is our low-cost operating model. To be clear we are not the low price leader, but a provider of good value to our vendors and customers by leveraging our low cost base. Second, we believe we out-execute our competitors in our shared market spaces with our top – our team of very disciplined and talented associates, our top notch IT systems and operational processes, our decentralized warehouse strategy and our overseas back office IT and technical support capabilities.

Third is our diversified business model. A key component of our strategy is our business process services geared toward providing our vendors and customers alike with cost effective value added services and solutions. In addition to demand generation services, logistics and manufacturing services that our core distribution business offers, we also have a solid offering of BPO services that provide our partners with a cost effective alternative to managing non-core parts of their business. These services range from call center based technical support and customer care to financial and IT outsourcing, to marketing and creative services.

These differentiators are a large part of the reason that SYNNEX has been able to consistently deliver on its financial goals and why we believe we can continue to outperform our industry in the coming year.

As a final thought, with the prevalent softness in the current economic environment, we are by no means going to take it as a free pass for the SYNNEX team not to get the job done. We have a long-term track record of managing our business effectively through soft environments and even growing our market share in such times. We performed very well in 2008, and as we enter the new year we will continue our disciplined, focused and creative approach to out-execute our competition and to achieve our goals and objectives. And I have confidence that this team is up for that challenge.

Thanks again for your time today and your continued interest and investment in SYNNEX. Laura let's now turn the call back to the operator for questions.

Laura Crowley, Director of Investor Relations and Public Relations

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

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QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from the line of Brian Alexander with Raymond James. Please go ahead with your question.

<Q – Brian Peterson>: Hi, this is Brian Peterson in for Brian Alexander. Thomas or Kevin, could you guys talk a little bit more about what drove the margin performance this quarter, because we've seen a pretty meaningful deceleration in growth. But, we're kind of in uncharted territories from a profitability perspective, could you say maybe like what's really driving that? Is it BPO, is that the largest bucket? Just help us connect the dots there?

<A – Thomas Alsborg>: Sure, glad to. I'll start with this, this is Thomas. First thing I want to point out is that, as Kevin commented on the line, and I did as well, our gross margin expansion is really driven by both the BPO line of our business, as well as the distribution side of our business. So, all of our business aspects continue to perform very well, we're pleased to say. The only other thing I'd comment is from maybe the distribution side, again is, it's really coming down to really solid execution and being able to achieve our goals in terms of vendor rebates and marketing and so forth.

<A – Kevin Murai>: And I guess, Thomas, what I would add to that is, from an overall operating margin standpoint as well, we've been very disciplined and diligent in managing our cost structure. And in particular, in the soft environment that we're in, we've been even more aggressive in looking under every corner of the rug so to speak, to look for any additional cost savings. And I think we've done a very good job in doing so.

<Q – Brian Peterson>: Okay. On working capital, I see that metrics moderate it a little bit this quarter, can you talk about what you guys are doing to improve working capital internally, and may be where you see it heading in '09?

<A – Thomas Alsborg>: Sure, I will start and I'll invite Dennis, our Chief Operating Officer, to join in as well. First, we have seen good improvement, particularly where the areas with most focus, which is on the inventory and receivable side of our business. That really is coming by just blocking, tackling key execution, key focus of our Company on managing without taking away from the needs of our vendors and our customers. Going forward, from a cash-to-cash cycles perspective as we've shared in the past, this continues to be a very key focus for our Company, and our objective is to continue to reduce that cash-to-cash cycle even in the soft economy.

<A – Dennis Polk>: Yes, Thomas, this is Dennis. I would just add that we have a laser focus on ROIC in this company and managing working capital is also very important function of that. And it's been worked throughout the Company very well, this focus on this ROIC aspect and it's produced dividends this quarter and we expect to have to produce dividends moving forward as well.

<Q – Brian Peterson>: Okay. Now and a last one for me. Regarding New Age could you guys break out how much that that actually contributed to the quarter and maybe what's the normal seasonality of that business heading into February?

<A – Dennis Polk>: Hi this is Dennis again, yes from a revenue breakout perspective we are not gone break out the revenue from that division. It's actually becoming more difficult to define the actual revenue from the New Age business as we've integrated into our Company. That being said I can tell you that the seasonality of that business is such that it's highest in Q4, so the benefit that we get from the New Age business – was – came through in Q4 this year from a high point perspective. And then it'll step down in Q1 based on pretty normal seasonality in the consumer IT business and then we expect that to increase throughout the year of 2009 and peak-in in Q4.

<**A – Thomas Alsborg**>**:** If I may on the subject of seasonality I'll just remind our listeners that our seasonality trends from Q4 to Q1 have somewhat accelerated this year and last year as a result of the last 18 months our additional investments in the consumer electronics line of the business which tends to have a higher seasonality cycle.

<**Q – Brian Peterson**>**:** Thanks, guys congrats on the quarter.

<**A – Dennis Polk**>**:** Thank you.

Operator: Our next question comes from the line of Richard Gardner with Citigroup. Please go ahead with your question.

<**Q – Richard Gardner**>**:** Okay. Thank you. Kevin and Dennis I was hoping maybe you could talk about the progression of demand throughout the quarter. Given that you hit the low-end of your revenue guidance range and yet the lower half of your Q1 revenue guidance is down about twice the normal seasonal amount, did you see I guess specifically deterioration in demand as the quarter progressed?

<**A – Kevin Murai**>**:** Yes. September and most of October I would tell you was pretty stable. November was weaker than anticipated. Part of that might have been due to a fewer number of business days in the month and where the holidays fell. What I can tell you though is December was reasonable from a sales perspective.

<**Q – Richard Gardner**>**:** Okay. So, you did see some rebound in December?

<**A – Kevin Murai**>**:** Yes. That's right. We did see some level of strength there.

<**Q – Richard Gardner**>**:** Okay. And then you mentioned that your guidance allowed flexibility to walk away from aggressively priced business. I was hoping maybe you could provide some more color on where exactly you are seeing price aggression and whether it's getting materially worse during the current, well, during the quarter just reported?

<**A – Kevin Murai**>**:** Yes, I would tell you, Rich, that statement really is a statement of the way that we have been managing our business for a while now. It's not anything new specific in fourth quarter. And as I've said in the past, which is still true today, we are not as dependent as others might be on some of the larger deals that tend to transact at more aggressive margins. We always put our profitability ahead of sales growth, and we just continue to do so. That's just the way we manage our business. But the pricing environment overall in light of this soft environment I can tell you we have not seen any significantly more aggressive activity out there.

<**Q – Richard Gardner**>**:** Okay. And then one final question if I could, and that is could you talk about why you lost the IBM business in the quarter? And maybe talk about potential to get that business back again or what the implications there are? Thank you.

<**A – Kevin Murai**>**:** Sure. And I think we've had talked about this in prior discussions as well. It was IBM's decision to streamline the number of partners that they, the number of distribution partners they deal with. And although we were their biggest broadline distribution partner, they believed that they needed to gain more relevance. So that being said, the level of business as well as the profitability from that business was not material to our overall numbers. And in fact we've been working on moving that business over to other competitive lines.

<**Q – Richard Gardner**>**:** Okay. All right. Well thank you very much.

<**A – Kevin Murai**>**:** Thanks, Rich.

Operator: Our next question comes from the line of Matt Sheerin with Thomas Weisel & Partners.

<Q – Matt Sheerin>: Thanks. I'd like to get back to the issue of gross margin, which was obviously very strong in the quarter. Is there some seasonality there because, for instance, it's year-end so you have more incentives or rebates? Is it more a mix issue that's more seasonal? Or is that 5.75, 5.85 is that a range that's sustainable going forward?

<A – Thomas Alsborg>: Well, let me first start by – and I probably – this Thomas, I should have called this out, of course the seasonality is a factor in this. And so our fourth quarter tends to have higher gross margin, higher profitability anyway just from the utilization perspective, and that certainly was part of the benefit that we normally see in fourth quarter. I forgot the latter part of your question.

<Q – Matt Sheerin>: Just so the sustainability of that, sort of should we expect, I mean if you just sort of back into your guidance, you take the revenue, you assume that there is some lower expenses just because of the lower revenue run rate, just to get to that 50, $0.51 range, it assumes that gross margin is down a bit but not significantly so?

<A – Thomas Alsborg>: Okay, so two quick comments. First, I would tell you that you're always going to from quarter to quarter you're going to have puts and takes. But as we look out into 2009 and you compare margins in 2009 relative to 2008, I think it's a fair thing to expect continued good margins that we have been putting forth in the last four quarters.

If you look at the operating margin, it was above 2%, that was one of the things that we have been looking forward to achieving and I hope that to continue to see more of that in 2009. I think that other than the seasonality in the general trend that you're going to see in 2009 relative to 2008, I think that is the main thing I'd point to.

<A – Kevin Murai>: Well, it's really consistent though. I think our performance is consistent with getting traction along our strategy. So, first of all I think we need to ensure that we get appropriate credit for the good management of the pricing that we've done in our core distribution businesses, because we have been able to improve our overall profitability in core distribution, expanding into product categories that do have higher gross margin profile as well as, as we continue to grow our services business faster than the overall business, that also enhances our overall gross margin for the business as well. So, as we continue along the path of doing all three, which we certainly expect to do, over the long-term we can certainly expect to see more gross margin expansion.

<Q – Matt Sheerin>: Okay, great. Kevin, and could you talk about the BPO business and the sensitivity of that business to downward economic cycle? I mean are your customers, would they be looking to scale back that or in fact would you see more outsourcing and more opportunities as the economy continues to worsen?

<A – Kevin Murai>: Well, I tell you, you really do see both. And I would tell you that in balance, I think we've benefited overall from the current environment. So, on the one hand, where we do have existing partners that are looking to cut costs, when you take for example, call center work, perhaps looking at reductions in the service level and trying to drive down costs that way. Yet at the same time we have such a robust pipeline of new opportunities because we have a pretty cost effective solution for those that are looking for cost reductions overall in their business and outsourcing as part of that answer that net-net we're able to grow in this kind of environment.

<Q – Matt Sheerin>: And I believe you said that you're going to break that out or at least some of the numbers from that division out at your Analyst Day, is that right?

<A – Thomas Alsborg>: Yes, some of the numbers.

<Q – Matt Sheerin>: Okay. And but could you give us an idea though of the growth, year-over-year growth rate in that business that you're seeing now?

<A – Thomas Alsborg>: We're going to cover this extensively in our Investor Day. I will tell you that the growth that we're seeing on that side of the business as we've said on the distribution side have both been healthy.

<Q – Matt Sheerin>: Okay. And just lastly on the guidance, so you have seen some weakness, doesn't sound like things are falling off the cliff. But is that pretty much across your various customer segments and the reseller, I mean, sorry, the distribution business, is that pretty much across the board? Or are there any specific pockets of weakness that are worse than others?

<A – Kevin Murai>: Yes, there're always going to be outliers, both on the positive and on the negative side. As a general comment, softness is across the board. Just kind of highlight from fourth quarter, I would tell you that federal government space was strong on a relative basis. We had relative strength in our own ETel space, or at least ETel business with the customers that we deal with. But, overall softness I would think is a fair comment.

<Q – Matt Sheerin>: Okay. Okay, thanks a lot.

<A – Kevin Murai>: Okay, thanks, Matt.

Operator: [Operator Instructions] There appear to be no further questions at this time. Please proceed with any closing remarks.

Laura Crowley, Director of Investor Relations and Public Relations

Okay, thank you, Christian. Okay, this concludes our fourth quarter earnings conference call. Thank you for joining us today. For note, we will have a replay of this call available for two weeks beginning today at approximately 5:00 PM Pacific Time through January 22, 2009.

As always, should you have any follow-up questions, both Thomas and I are available to take your calls. Thank you again for your participation.

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