MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome everyone to the SYNNEX Fiscal 2009 Third Quarter Earnings Conference Call. At this time, all lines have been placed on mute to prevent any background noise. After our speakers' remarks, there will be a question and answer session. [Operator Instructions]. And now, ladies and gentlemen, without further delay, it is with great pleasure that I introduce the host of today's conference, Ms. Laura Crowley.

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Donny. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2009 third quarter earnings conference call. Joining us on today's call are Mr. Kevin Murai, President and Chief Executive Officer; Mr. Dennis Polk, Chief Operating Officer; Mr. Thomas Alsborg, Chief Financial Officer; and Mr. Chris Caldwell, Senior Vice President and General Manager, Global Business Services.

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 investments in strategic areas, growth, market share, profitability and returns, expectations for our fourth quarter of fiscal 2009 including operating expenses, sales, revenues, net income, and earnings per share, our performance, benefits of our business alliances, benefits of our business model, market conditions, our expectations for our operating margins, profitability, and our ROIC, and our Canadian securitization program.

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. Once again, the SYNNEX team did an outstanding job on delivering solid results for the third quarter. We have surpassed Wall Street consensus on revenue, net income and EPS for the quarter. And we took another significant step forward in expanding year-over-year ROIC.

I will provide additional information on our results of operations for the quarter highlighting our key financial metrics, and then I'll provide guidance for our fiscal fourth quarter.

Our total consolidated revenues were $2.01 billion, compared to an average Wall Street estimate of $1.87 billion. This is a 10.8% increase sequentially and better than expected, especially in light of the economy. Compared to the year-ago quarter, our revenue was down just 1.9%, much less than industry-wide projections of double-digit year-over-year declines.

Our strong revenue was driven by most – all of our business units, but especially in certain lines of our core business including some higher velocity business with certain longstanding customers.

Our third quarter net income was $23.1 million or $0.67 per diluted share, handily surpassing average Wall Street estimates of $0.61 due to better revenue generation and our continued focus on cost controls.

ROIC was 8.9% for the first – fiscal third quarter 2009, up from 8.3% in the third quarter of 2008 continuing our virtual string of year-over-year ROIC growth improvements for the past eight quarters. (Editor's note: As per corrections made by company management, this line should be: ROIC was 8.9% for the fiscal third quarter 2009, up from 8.3% in the third quarter of 2008 continuing our virtual string of year-over-year ROIC growth improvements for the past eight quarters.) Our consolidated gross margin was 5.54%, up from 5.52% compared to the year-ago quarter and 33 basis points less than fiscal Q2 2009. Our gross profit reflects the healthy demand we've experienced and the margin is slightly skewed by the mix of our business this quarter, reflecting the better than expected demand that I mentioned earlier.

Our fiscal third quarter of 2009 selling, general and administrative expense was $71.9 million or 3.58% of revenues, compared to 73.4 million or 3.59% in the third quarter of 2008, and 74.7 million or 4.12 sequentially. Fiscal Q3 2009 SG&A dollars were lower relative to Q2 2009 primarily due to fewer reserves for bad debt, and also lower liabilities accrued for deferred compensation expense compared to Q2 2009. However, our Q3 results did include an additional true-up restructuring expense accrual of about $630,000 taken for our previously restructured Mississauga facility in Canada.

Income from operations was 39.3 million or 1.96% of revenues for the fiscal third quarter, compared to 39.5 million or 1.93% of revenues in the prior year's same quarter and 31.7 million or 1.75% of revenues in the fiscal second quarter of 2009. This more than 20 basis point increase in sequential operating margin represents a 7.6 million increase in operating income from the second quarter, and was a net result of our continued market share wins and strong demand, coupled with lower SG&A expense. As always, we remain committed to our path of long-term operating margin improvements through margin expansion and good cost management.

With respect to net interest expense, finance charges and other expenses, the net total interest expense and finance charges for the fiscal third quarter of 2009 was 3.1 million, about flat compared to a year-ago quarter, same quarter. The effective tax rate for the fiscal third quarter 2009 was 36.8% compared to 35.9% in the fiscal third quarter of 2008. Our third quarter tax rate reflects an accrual related to the expiration of a tax holiday in one of our foreign locations, which is expected to be renewed as well as some increased tax valuation allowances. Our effective tax rate for the full year fiscal 2009 is expected to be in the range of 36.0%.

Turning to our balance sheet and related metrics, we continue to manage our working capital against the current demand environment on a real-time basis. Our total cash to cash cycle for the quarter once again improved. It was down by five days from the prior-year third quarter and managed to 40 days for Q3 2009. On the strong sequential revenue growth, our Q3 accounts receivable totaled 737 million compared to 700 million in the fiscal quarter of Q2 2009. Yet DSO improved by two days to 38 days.

Inventory totaled 696 million at the end of the fiscal third quarter, up from 651 million in the fiscal second quarter of 2009, translating to 33 days of inventory supply, a two-day improvement over the prior quarter. This also reflects the short-term mix of our business during the quarter with a higher content of higher velocity business.

Days payables outstanding at 31 days down from 34 days also affected in part by the mix of our business. Our debt to capitalization ratio for fiscal Q3 '09 was 32%, down from 44.9% in Q3 2008, and up slightly from 30.8% in Q2 2009, on the stronger business growth. This historically low debt-to-cap ratio is a reflection of both good cash generation during the slower period of our demand and also continued focus on working capital management improvement.

Our liquidity and access to cash remains excellent. Other financial data and metrics of note for the third quarter are as follows. Depreciation expense was $3.0 million, amortization expense was $2.1 million. HP at approximately 35% of sales was the only vendor accounting for more than 10% of our sales during the third quarter of 2009.

Capital expenditures were 14.6 million for the quarter which includes a 12.2 million expenditure for the purchase of our corporate headquarters facility in Fremont, California during Q3. Preliminary cumulative year-to-date cash flows provided from operations was approximately $201 million.

And now, moving to our fourth quarter 2009 expectations. For fiscal Q4 2009, we expect revenue will be in the range of 2.025 billion to $2.125 billion. This forecast reflects continued stability in the business demand and economic environments, consistent with what we have experienced over the past two full quarters now. While our business is always subject to changes in mix of our existing customer programs, we remain selective in the types of business we will take on and invest in and we will continue to focus on growing within our targeted high value growth markets based on execution and superior performance.

Net income expected to be in the range of 25.1 million to $26.1 million and diluted earnings per share is anticipated to be in the range of 72 to $0.75 per share. The calculation of diluted earnings per share for the fourth quarter is based on a diluted weighted average common share count of approximately 34.9 million.

You may notice that our diluted share count has grown slightly faster than historical rates. This is a result of actual and assumed employee purchases of company stock. Please also note that this does not include any impact for the possible accounting treatment of our convertible notes which could be treated as if converted under GAAP for fully diluted EPS purposes depending upon our stock price during the quarter. As a reminder, all of these statements are forward-looking, and actual results may differ materially.

I will now turn the call over to Kevin Murai, President and CEO, for his perspective on the business and quarterly results. Kevin?

Kevin Murai, President and Chief Executive Officer

Thank you, Thomas. Good afternoon, everyone, and thank you for joining our call today. Once again, I'm pleased to report to you that SYNNEX team's hard work is evident in our operating and financial performance and our focused execution around our strategic business plan. This has led SYNNEX to nearly three years of continuous market share gains, industry-leading operating margins and EPS results, as well as a virtual string of eight quarters of year-over-year ROIC growth.

Our third quarter reflects a continued long-term trend of industry-leading operating and financial performance. And even though within each quarter we can look back and reflect on something we would have liked to have done better, SYNNEX has demonstrated through its consistent ability to outperform the market that it has firmly taken the leadership position for operations and financial performance within our industry.

And yet it is the culture of our company to strive to achieve continuously improving results. So while on the one hand I'm pleased with the increasing recognition by the investment community of our leadership position within the space, on the other hand I look forward to the opportunities that lie ahead for SYNNEX.

Let me highlight for you some of the results of our third quarter and share with you some of our expectations for a good fourth quarter as well.

The completion of our third quarter marks our 89th consecutive quarter of profitability, a track record that is a constant reminder of our current operational and financial leadership. During our third quarter, our business units performed very well with some business lines doing much better than anticipated.

Within our distribution business, we continued our trend of delivering strong, profitable returns with better than anticipated sales performance. We were able to accomplish this while increasing our market share profitably in both the U.S. and Canada.

As Thomas noted, certain of our lines and markets delivered especially strong performance, considering the recent economic backdrop. This drove revenue to levels substantially higher than our guidance and impacted our business mix, allowed for greater leverage on SG&A, and in this case also positively impacted our inventory turns and further improved our cash-to-cash cycle.

As a result, SYNNEX's ROIC once again took a large step forward increasing from 8.3% in the third quarter of 2008 to almost 9% this quarter. Because of our successful track record, we continue to experience an increase in interest from the vendor community to partner with SYNNEX.

We continue to add new vendors to our line card helping us to complete the build-out of the various targeted solution sets we offer within our Technology Solutions Division, managed services and vertical industry solutions such as PRINTSolv, Green IT and Healthcare.

In addition to the distribution business, our Global Business Services segment also continues to perform very well. The Q3 results for GBS were driven by better utilization of our staff to support more programs per customer and our ability to optimize the use of our facilities. We're very pleased with our growth in this business and its profitability as we continue to add new customers and expand the services we offer to our existing customers.

GBS continues to develop a customer life cycle value proposition which through services such as tech support, channel management and other business process outsourcing helps clients acquire, support, retain and renew customer relationships as part of enhancing the supply chain.

So in both of our major segments, SYNNEX continues to have very good traction and operating results. And it's these results and frankly, the uniqueness of our strategy and the business model, that continue to distinguish SYNNEX against our competitors in the marketplace. We win the right kind of business because of our ability to have the right products and service at the right time in the right place and at the right prices, presenting true value to our customers and vendors.

And we will continue to invest in expanding our products and services offerings, penetrating adjacent markets and adding robust services up and down the supply chain. In this way, we intend to continue to strategically manage our business portfolio with a keen focus on winning the profitable business.

As we look at fiscal Q4, we remain encouraged by the stability and improving demand we have steadily experienced in the marketplace over the past two quarters. Our customers and partners are sounding increasingly optimistic about their businesses and future growth prospects. However, we're aware that we are not out of the recession yet, so we will remain optimistic, but slightly guarded in our outlook.

Also, we see the launch of Windows 7 as a catalyst for future growth with positive interest from our customers. However, it may also have a short-term dampening effect on our fourth quarter retail sales, as the official launch date of October 22 occurs late in our fourth quarter period.

So our guidance reflects our expectations for a solid fiscal fourth quarter and we remain confident in continued good traction and growth in our targeted sectors of unified communications, auto ID/point of sale, Enterprise and healthcare that carry higher value add and higher margins.

Over time we expect to continue our trend of expanding operating margins and returns. As always, we remain laser focused on growing shareholder value through better than market revenue performance, increasing margins, profitability and EPS growth and year-over-year improvements to ROIC.

Before I end my prepared remarks and open up the call for your questions, I want to once again thank all of our associates around the world for helping us to achieve our stated goals of growing profitability and returns on invested capital for investors. Our results for this quarter as well as over the past two-plus years increasingly demonstrate our industry leadership in operational and financial results, and that our differentiated strategic direction is the right one.

Thank you again for your time today and for 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. Donny, let's go ahead and open up the line for questions, please.

QUESTION AND ANSWER SECTION

Operator: Yes ma'am, thank you. [Operator Instructions]. And it appears our first question will come from the line of Brian Alexander with Raymond James.

<Q – Brian Alexander>: Thanks. Just on the gross margin decline sequentially, Thomas, I know you referenced high-velocity segments a couple times during the call. Can you just be a little bit more specific on what those segments were that drove that sequential decline, and I think roughly flat year-over-year performance?

And going forward, do you expect to stay in the mid-fives from a gross margin perspective or do you think we can migrate back to the high fives and potentially 6%?

<A – Thomas Alsborg>: Sure, Brian. So yes, our gross margin – first of all, I would just step back and just say as we have said in previous calls of course, there's a dozen different things that drive your gross margin in one quarter until the next and as we've said, in some quarters they will lean or skew your gross margin up or down one way or the other.

In this case, the skew was towards a more contracted gross margin driven primarily by mix. Still I would point out, first of all, that most important to us is driving operating margin, and we continue to do a very good job of driving the operating margin up and to the right over time and that continues to be our goal.

We don't guide on gross margin, but the contraction that you saw in the current quarter again driven primarily by mix with certain customers, certain programs, you know, one example of one program is in the government sector, but then, again, within the government sector, it was only one particular program and one particular customer.

So generally it's just more higher volume products that we were selling through in this particular quarter that drove this. We also had, as I think I made mention of, some new business that we were ramping up. And this is new business that we invest in. There's start-up costs associated with this, and over time, as we have done in the past, this is our MO, is as that business ramps up it continues to grow in terms of its profitability as well.

So to get to your main point, there is no change in the direction of our business or change in our strategy. We're still investing in higher margin areas overall. That's our target area for growth. With existing customers when we have good velocity or good demand we're going to take that because it drives our operating margin, our EPS and our ROIC.

So, the other thing I'd point out is that the mix of our business of our gross margin's also going to be driven in part by the mix of business between our two segments, distribution and our GBS segment. So again, a number of different things that drive it, but the key message here is that this was in the lower end of the spectrum, but no, we don't expect to see gross margins sustained at the lower end of our spectrum. We continue to expect to grow gross margins and more importantly, operating margins.

<Q – Brian Alexander>: Great. And just a follow-up on GBS. What's the right way to think about the trade-off of growth and profitability in that business specifically? Is there a minimum operating margin that you are looking to hit there, and just curious as the economy does recover, if you're looking to step up the investment rate in that business so we could perhaps see margins contract initially but then re-expand longer term. Just trying to think about the right way to think about the financial model for GBS?

<A – Thomas Alsborg>: Sure. Well, for starters, I don't want to give guidance on a segment level, but I will generally speak about the numbers with you. We do continue to invest in that business.

Chris is here as well. He can certainly comment on this after I do, if he likes. But we will continue to invest in this business. It's a good opportunity for us and the industry itself is growing at a much faster rate.

We've maintained that our goal is to grow with the industry, if not exceeding the industry's growth rate. Making those investments, though, we do that with a couple important factors in mind. Number one is we want to maintain good ROIC above all things. And typically you've seen in the past that our operating margins in that business have been in the low teens. That should continue to be the case as well, but for example, M&A type investments, which could certainly on a temporary basis skew the results. Does that answer your question?

<Q – Brian Alexander>: Yep. Thank you.

<A – Thomas Alsborg>: Okay, Brian.

Operator: [Operator Instructions]. Our next question will come from the line of Matt Sheerin with Thomas Weisel Partners. Your line is now open.

<Q – Matt Sheerin>: Yes, thanks and hello everyone. So just a question on the guidance. Obviously, you had a very strong quarter. If you look at the high end of your guidance, guiding revenue up about 6% sequentially, and certainly last year was an outlier, but if you look at the previous four or five November quarters, you were up anywhere from nine to mid-teens sequentially. So I know you talked about potentially the new Microsoft operating system being – coming late in the quarter and having an impact on your consumer electronics business, but is there anything else, because I would expect to see maybe even better than seasonal trends here, given the base you're coming off of and given what we're hearing from other people out there? Or are you just being conservative?

<A – Thomas Alsborg>: Hi, Matt. I'll try to answer that question for you. So there are a number of different things that affect our forecast. The first thing I'd point out is that we are still in a recession, and if you look at our performance on a revenue basis relative to our competition, we're guiding up. Our competition, the market industry overall, let me speak to, is guiding down. So we recognize that we are still in unusual times, and so while we are, I think commented, that we are expecting, as you would expect, normal growth in Q4, that's a seasonal pattern that is typical, I wouldn't – we're not really able frankly to say whether we – what the new normals going to be coming out of this recession.

It is true that we historically have a very strong fourth quarter sequential growth, and that is accentuated by our recent investments in the retail side of the business, in the New Age investment that we made in the United States. But again, with all the changes that have taken place here in the environment, it's hard for us – I would – first of all, I would step back and say I would not expect that Q4 is going to be really normal seasonality for anybody. I think we're closest to it, projecting growth in the quarter versus a contraction. But as I think Kevin commented, we still look at this quarter with a level of conservatism.

We feel good about the stability that we're seeing in the demand, but as far as the percentage growth up, part of that's driven by the overall market, part of that's driven by winning of share, but we're not in a normal marketplace where you would expect to see normal seasonal quarter-over-quarter sequential growth.

<Q – Matt Sheerin>: Yeah, that's fair. But you are coming off of a quarter where you saw a lot better than seasonal trends. And I guess that's what I'm getting at. Perhaps you shipped to some of your bigger customers at the end of August, in anticipation of their September, and that's why you're not seeing the demand trends that would lead you to see another better than seasonal quarter?

<A – Thomas Alsborg>: Yeah, I think that we're probably trying to, frankly, analyze a little too deep something that's probably hard to analyze. I mean, the market is still not – while it's stable, you know, I wouldn't say it's necessarily predictable on that fine of a level.

<Q – Matt Sheerin>: Okay. And you talked about some government deals being good. You also talked about other high volume deals. Could you talk about any product areas, consumer electronics, back-to-school, any other areas where you've seen some good strength?

<A – Kevin Murai>: Sure Matt. Overall, systems were our strongest category. Some of the peripherals were about at our average growth. Some of the weaker categories that we experienced were in software. Now, specific to those, I'll just add a little bit more color, those are fairly broad categories but as you would expect, the notebook category still remain relatively strong. Servers were okay. Bit of a different story between U.S and Canada, but on average, about okay. Our systems components business, even though that market is a little bit tough right now, competitively, we're doing very well there, so we did hold our own. And networking was about average for us as well.

<Q – Matt Sheerin>: Okay. That's helpful. Thanks, Kevin. And then on your guidance, if you sort of just back into the numbers with on the revenue and then the bottom line, it looks like gross margin will be sort of flattish, although I'm not exactly sure where SG&A, I'd imagine it goes up a little bit sequentially on the higher revenue but it looks like gross margins, at least you're guiding to flattish, and again, is that an issue of mix or just being conservative and really not knowing how it's going to shake out at this point?

<A – Thomas Alsborg>: So I would tell you that within any given quarter, we have a good feel, good visibility for what the business is, good decent visibility for the profitability on that business, but as things unfold in the quarter, you have to allow – which is the reason we give a range of guidance – you have to allow for the quarter business to unfold. The thing I'd highlight for you, as I shared with Brian earlier, is our business strategy and our go-to-market strategy has not changed. We're still focused on winning more share of higher value add business. We continue to do that and do nicely in that. I – you would expect to see, as I shared with Brian, our gross margins start to return more towards the norm, although, again, we don't guide at the gross margin level. And you'd also expect to see our operating margin continue to expand which you are also seeing in our guidance.

<Q – Matt Sheerin>: Okay. And just what is the normal range then we should be looking at for gross margin now?

<A – Thomas Alsborg>: Matt, we have not shared a range. What we have shared is that we expect to continue to be able to expand our margins. We've changed our business strategy and our intent is to continue to see an upward and to the right trend in gross margin, though not always consecutive quarter-after-quarter. There's going to be variability there.

<Q – Matt Sheerin>: Okay. Thanks a lot.

<A – Thomas Alsborg>: One thing I would tell you...

<Q – Matt Sheerin>: Yeah.

<A – Thomas Alsborg>: ...though, again, because we again like to focus more on the operating margin. We look at the overall mix for profitability, not so much on a gross margin basis, is that if you look back at 2008, you saw us overall for the year end up with 195 or 190 basis point year. This year, even in this recession, we're still coming out about the same level which I think by any standard is pretty impressive and as we think going forward about our operating margins, we think in terms of numbers that have a two in front of them, not a one.

<Q – Matt Sheerin>: Got you. Okay. Thanks a lot.

Operator: [Operator Instructions]. And our next question will come from the line of Shaw Wu with Kaufman Bros. Your line is now open.

<Q – Shaw Wu>: Okay. Thanks. Yeah, I just had a question on your expenses, SG&A. You commented of some lower costs with reserves and liabilities. Just wanted a little more color on that and also the sustainability of that going forward. Thanks.

<A – Thomas Alsborg>: Sure, glad to Shaw. So, first is by way of background, we've commented on previous calls over the last year in particular, that we've taken notably higher levels of reserves on bad debt given the recession. And we commented even in our last call that as we exit the recession and start to see better results from our customers and stronger balance sheets and so forth in terms of their credit worthiness that we don't expect to have to sustain the same levels of reserves that we were taking in the past.

And so this is one such quarter where we did not have to take the same levels of reserves. We're really kind of regressing at least in this quarter and I hope continue to be the case back to more normal levels of SG&A reserves – excuse me, bad debt reserves. And so relative to last quarter, our SG&A is $2.8 million lower because we had about that much lower in bad debt reserves.

Speaking generally about our SG&A, one of the other factors that impact our SG&A from quarter-to-quarter is the amount of deferred comp expense we would accrue relative to our deferred compensation plan. This quarter that expense was also slightly less than it was last quarter by about $1.5 million. But then again, on the other side of the spectrum, I mentioned we took a reserve of about $630,000 that we normally wouldn't. That was a true-up, a reserve on a restructuring we did last year and then we also had some increased normal expenses associated with employees' costs and so forth. So, on the net-net from Q2 to Q3 our SG&A was down by about $2.8 million.

<Q – Shaw Wu>: Okay. Thanks. And just a housekeeping question, what was your ending head count?

<A – Thomas Alsborg>: Just one moment here and I'll look that up for you. I'm going to ask Donny to go ahead and take the next question. I'll just – after I pull that number up we'll go ahead and insert that into the conversation here.

Operator: Yes sir. Our final question is a follow-up from the line of Matt Sheerin. Your line is now open.

<Q – Matt Sheerin>: Yes, thank you. Just a couple of follow-ups. One, you talked about some new business ramping up. Could you talk about that a little bit more specifically?

<A – Kevin Murai>: Yeah. During the quarter, Matt, with both new and existing customers, we were able to capture some net new business for ourselves and some of that business does include some investments that we have to make in people as well as other services that we bring to the table. And so there's a short-term startup cost period but that business long-term is going to be certainly beneficial for the company and so we should expect to see the impact that we saw on gross margins in particular for this current quarter mitigate in time.

<Q – Matt Sheerin>: What is the business?

<A – Kevin Murai>: Well, business actually, the business is pretty broad across distribution as well as some of our manufacturing business as well.

<Q – Matt Sheerin>: Was it service oriented?

<A – Kevin Murai>: Both product and services.

<Q – Matt Sheerin>: Okay. And how are you looking on the M&A front these days? Obviously the economy has stabilized. We're seeing more M&A activity out in the distribution channel and the broader supply chain. What is your thinking or your thoughts on M&A right now, Kevin?

<A – Kevin Murai>: Well, I think our position on M&A has been consistent through the past number of quarters, which is, it's a way that we accelerate our path along our strategy, whether it be in services, new markets, new product categories and so we continue to keep our eyes open on what's available out there. I mean, right now, I would tell you that beyond just financial fit, there's also ease of integration, there's cultural fit, at least so far, we just haven't found the right total fit.

<Q – Matt Sheerin>: Okay. Okay, that's it. Thanks a lot.

<A – Kevin Murai>: Thank you.

<A – Thomas Alsborg>: On the question of head count, our head count at the end of the quarter for full-time employees was about 6,900 employees.

Operator: And if there are no further questions, have you any closing comments?

Laura Crowley, Director of Investor Relations and Public Relations

Yes. Thanks, Donny. [inaudible]. This concludes our third quarter earnings conference call. Thank you all for joining us today. As a note, we will have a replay of this call available for the next two weeks, beginning today at approximately 5:00 P.M. Pacific Time, through October 5, 2009. As always, should you have any follow-up questions, both Thomas and I are available to take your calls. Again, thank you for your participation today.

Operator: Ladies and gentlemen, we appreciate your attention and your participation. That will conclude today's conference call. You may now all disconnect.