## MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, ladies and gentlemen. My name is Gerald and I will be your conference operator. At this time, I would like to welcome everyone to SYNNEX Corporation's Fiscal 2010 Third Quarter Earnings 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] Thank you.

I would now like to turn the conference over to Ms. Lori Barker, Senior Director of Investor Relations. Ma'am, you may begin.

### Lori Barker, Senior Director, Investor Relations

Thank you, Gerald. Good afternoon, and welcome to the SYNNEX Corporation fiscal 2010 third quarter earnings conference call for the period ending August 31, 2010. Joining us on today's call are Kevin Murai, President and Chief Executive Officer; Dennis Polk, Chief Operating Officer; Thomas Alsborg, Chief Financial Officer; and Chris Caldwell, Senior Vice President of Global Business Services.

Before we begin, I would like to note that the statements on today's call, which are not historical facts may be 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 and profitability, expectations of our revenue, net income and diluted earnings per share for the fourth quarter of fiscal 2010, our performance, benefits of our business alliances, general economic recovery, the impact of our recent dispositions and acquisitions, benefits of our business model, IT demand expectations and market conditions, our expectations for our profitability, operating expenses and effective tax rate, anticipated impact of net revenue accounting, and our new director's anticipated contributions to our company. These are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in the 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, Lori. Good afternoon, everyone. And thank you for joining our call today. Before we get started on the financial results, I'd like to welcome Lori Barker as our new Senior Director of Investor Relations. Some of you may know Lori from her past 15 years in IR at SanDisk, Remedy Software and Symantec.

She has hit the ground running with this quarterly earnings release and we're looking forward to introducing her to each of you in the coming weeks. You'll find Lori's contact information on today's press release.

And now, on to our operating and financial results for our fiscal third quarter 2010, I'll begin by summarizing our results of operations for the quarter with our key financial metrics and then I'll provide guidance for our fiscal fourth quarter.

In our third quarter, total consolidated revenues were $2.18 billion, up 7.1% sequentially, compared to the year-ago quarter, this represents a 9% increase in revenue, an impressive achievement especially when one considers that the Q3 2010 includes net revenue accounting of $95.7 million for certain service and extended warranty contracts. As a reminder, this revenue accounting treatment was introduced and discussed at length during our first quarter 2010 earnings call.

Just for comparative purposes, on an apples-to-apples gross revenue basis with the prior year's same quarter, our year-over-year revenue increase would have been 13.7% before the netting of the $95.7 million in sales. In our Global Business Services segment or GBS, the new wins ramp up that we told you about in previous quarters is growing as planned and the GBS revenue growth rate accelerated to 12% sequentially or an impressive 21.9% year-over-year well above industry growth rates.

Our third quarter net income from continuing operations net of tax was a record $30.9 million, or $0.86 per diluted share. This compares to $21.5 million, or $0.62 per diluted share in Q3 2009 and $24.8 million, or $0.70 per diluted share sequentially. And ROIC was 11.1%, up from 8.9% in the prior year third quarter extending our virtual string of the year-over-year quarterly growth in ROIC to 12 quarters.

In our third quarter, our consolidated gross margin was 5.74%, compared to 5.30% in the same quarter of 2009 and flat sequentially. Once again, gross margins in the core distribution business were strong driven by good pricing discipline and continued traction in our growth initiatives.

Compared to Q3 2009, we had a favorable mix change towards our value-add products and services, such as our enterprise server and storage, and networking, to name a few. In addition the switch to net revenue accounting in 2010 had a positive year-over-year impact on gross margin of about 24 basis points. The business segment mix impact of the 21.9% year-over-year growth in GBS revenue also contributed to a strong gross margin performance.

Third quarter total selling, general and administrative expense was $72.7 million, or 3.34% of revenues, compared to $67.8 million, or 3.39% in the third quarter of fiscal 2009 and $73.2 million, or 3.60% sequentially. We believe SYNNEX's SG&A margin reflects our industry leading position for lowest cost operating model, and is one of the key enablers to our increasingly superior operating margins.

Q3 2010 was marked by particularly good SG&A leverage and continued discipline in cost management. Going forward, we expect to continue to achieve good SG&A cost leverage, even as we continue to make further investments in our growth initiatives in both our business segments.

Operating income from continuing operations before non-operating items, income taxes and non-controlling interest, once again grew, and this quarter, we achieved a record $52.2 million, or 2.40% of revenues, compared to $38.2 million, or 1.91% in the prior-year quarter and $43.4 million, or 2.14% of revenues in the fiscal second quarter of 2010. Net total interest expense and finance charges for the third quarter of 2010 were $4.6 million, a slight increase from the prior-year quarter.

As I mentioned last quarter, we are winding down the financing of a large contract in Mexico, and all else equal, you should expect to see some of this reflected in a slightly higher net interest expense moving forward.

The effective tax rate for the third quarter of fiscal 2010 was 34.5%, compared to 37.0% in the second quarter of 2010. This resulted in about $0.035 favorable impact to diluted earnings per share this quarter. The decrease in the effective tax rate for the quarter was primarily due to the benefit from the release of certain federal tax reserves due to the conclusion of IRS tax audits for the years 2004 and 2005, and the expiration of the statute of limitations for a previous year. We anticipate our full year 2010 effective tax rate to be in the range of 35.7% to 36.3%.

Turning to the balance sheet, our accounts receivable totaled $814 million at August 31, 2010, up from $733 million in the second quarter of 2010. DSO of 39 days was comparable to Q2 DSO of 38 days. Inventory totaled $794 million at the end of the third quarter, compared to 792 million at the end of the second quarter 2010, translating to 35 days of inventory supplies, which is down 3 days from the Q2 DIO of 38 days.

Days payable outstanding was 32 days, compared to 34 days in Q2. And hence, our overall cash conversion cycle for the third quarter was 42 days, consistent with the prior quarter. Our debt-to-capitalization ratio remains low at 26%. Our liquidity and access to cash remains excellent. At the end of Q3, the company had over $425 million available between cash and working capital lines.

Other financial data and metrics of note for the third quarter are as follows: Depreciation expense was $2.8 million. Amortization expense was $1.3 million. Hewlett-Packard had approximately 30% (sic) [37%] of our revenue with the only vendor accounting for more than 10% of sales. Capital expenditures were $2.4 million. Preliminary cumulative year-to-date cash flows used in operations was approximately $33 million.

Now, moving to our fourth quarter 2010 expectations, for Q4 2010, as a reminder, our revenue will be affected by two major types of items. First is a net change in net revenue accounting in 2010, consistent with our prior three quarters reporting of net revenue accounting for certain services in extended warranty contracts could reduce sales by about $110 million to $120 million, compared to gross revenue reporting, which is an approximate 4.5% to 5% downward adjustment to comparable year-over-year revenue.

Second, is the net impact of recent business changes. As noted in prior quarters, we do have a few puts and takes affecting our fourth revenue guidance, each of which will have some impact on a year-over-year revenue comparison. The two most notable items are the sale of our legacy platform manufacturing business that occurred in July, and the acquisition of Jack of All Games, which occurred in February.

We think it is noteworthy for investors to know that by and large from a top-line perspective these changes are expected to offset each other and the net impact on a year-over-year basis is negligible.

So with that said and taking into consideration the current stability of the demand environment and normal seasonal trend expectations for the balance of our business, our Q4 2010 year-over-year reported revenue growth which would normally have been up in the high single to low double-digit range with the net range now with the net revenue reporting is currently expected to be up about 5% to 9% year-over-year or in the range of $2.30 billion to $2.40 billion in revenue.

This represents a sequential increase of approximately 6% to 10% over Q3 2010, again keeping in mind both Q3 2010 and our Q4 guidance are based on the same net revenue reporting.

Turning now to income and EPS, our forecast for net income is expected to be in the range of $34.0 million to $35.0 million and diluted earnings per share is anticipated to be in the range of $0.94 to $0.97 per share.

The calculation of diluted earnings per share for the second – for this quarter, excuse me, is based on a diluted weighted average common share of 36.2 million shares. As a reminder, all of these statements are forward-looking and actual results may differ materially.

I'll now the turn call over to Kevin Murai for his perspective on the business and the quarterly results. Kevin?

**Kevin Murai, President and Chief Executive Officer**

Thank you, Thomas. Good afternoon, everyone and thank you for joining our call today. Before I begin my comments, I would also like to welcome Lori to the SYNNEX team as our Senior Director of Investor Relations.

I would also like to welcome another member to the SYNNEX team. We have seen a separate press release today in which we announced that Andrea Zulberti has been elected to the SYNNEX board of directors. The appointment of Ms. Zulberti adds a new independent director and financial expert to our board, bringing the total number of Independent Directors to six and the total board membership to eight.

In addition to joining the SYNNEX board, Andrea has been appointed to the company's Audit and Compensation Committees. Andrea's risk management background combined with her global leadership experience will provide a valuable perspective to SYNNEX's already strong and diverse board.

And now on to the results for the quarter, I'm pleased by our continued strong sales growth and even more pleased with our operating income, margin expansion and profitability results. We set new records for operating income from continuing operations and net income from continuing operations. And once again, we extended our streak of year-over-year quarterly ROIC growth now at 12 quarters.

SYNNEX's third quarter results once again demonstrate that our hybrid distribution model, including our unique go-to-market vertical and technology strategy together with our GBS business process outsourcing segment drive superior market penetration, high partner satisfaction and leading industry operating and financial performance.

In the third quarter, the U.S. IT market exhibited better than expected demand and we experienced good growth across the breadth of our product lines and services. We continue to add new vendors. We continue to achieve good performance from the Jack of All Games acquisition and we drove excellent growth with our SMB VARS, direct market resellers and consumer electronics retailers.

And importantly, we achieved robust growth in our specialized technology solutions division, such as enterprise server and storage, unified communications, and wide format print.

Like the U.S., signs of Canada's pending economic recovery have been mixed, with Canada reporting slowing GDP growth, but improving unemployment numbers. Nevertheless, our sales growth in Canada continues to increase and we outperformed the overall market as we continued to increase our market share. From an end market standpoint, IT demand remains solid with relatively normal demand trends throughout the entire quarter for both the U.S. and Canada.

Now turning to our global business services segment, as Thomas noted, we grew sales very nicely this quarter at almost 22%. The team has done an exceptional job in driving growth through recent wins both with existing clients and the ramping of new clients. Our growth is even more impressive given that the BPO market has been slow to recover from the recession.

GBS operating income from continuing operations was up 25% year-over-year and GBS ROIC continues to achieve our double-digit target which exceeds our corporate average. SYNNEX will continue to invest in this segment and seek more opportunities to leverage our relationships with our partners on both the distribution and GBS sides of our business.

So summarizing the results of our third quarter, we posted yet another excellent quarter of record setting profitability and industry leading margins. We have established a solid business growth strategy for both our distribution and GBS businesses and are making good progress towards our strategic goals. We continue to feel very confident about our future.

So now as we've almost completed the first month of our fourth quarter, we're seeing continued strength and stability in IT demand. We expect that we will continue to build on the success we've achieved so far in our key growth areas, as well as continue the momentum we've created in our GBS business.

Thomas mentioned a number of items to remember when looking at our sales forecast. However, the punch line is that we expect to perform better than the overall market and grow our business well over 10% sequentially (sic) [year-over-year] on an apples-to-apples basis. We expect to deliver excellent operating profit through operating leverage and traction in our key growth initiative. Since late last year, we've seen positive year-on-year growth in the U.S. market. This was driven by pent-up demand in the SMB enterprise market. The stability and growth has since continued and we believe the economic recovery will remain relatively stable. In Canada, we started to see positive growth around mid-summer as the Canadian IT markets seems to be trailing the U.S. by a number of months.

Overall, we are optimistic about the future market environment as there are a number of trends that we believe will continue to stimulate growth in IT and consumer electronics products. As the unemployment rates are expected to be high for the next couple of years, the need for productivity improvement through better IT will likely continue to drive refresh and consolidation.

Solutions-based segments that we invested in over the past two years, such as healthcare, unified communications and Pro-AV provided growth during the recession, but are really taking off now as the economy improves. Mobility continues to evolve and with the anticipated launch of Android-based tablets, we believe that any cannibalization of netbooks will be offset with tablet sales especially with the focus SYNNEX has on the consumer market.

We expect the holiday season this year to be better than last year and we expect to capture incremental growth with our acquisition of Jack of All Games. In addition to our more visible investments in growth, such as Jack of All Games, we've also been investing in people.

Over the past nine months, we've hired a number of people in sales, product management and business development that are focused on growing our share of wallet with existing customers and on board-ing new businesses in our technical solution segment.

Next week we will be hosting our annual National Sales Conference in Greenville, South Carolina. We are projecting record attendance from both our customers and vendor partners, which we believe to be a strong vote of confidence in their partnership with SYNNEX.

So in closing I would like to thank the entire SYNNEX team for once again delivering another outstanding quarter and also, thank our customer and vendor partners for their continued support of SYNNEX. So, Lori, let's now turn the call back to the operator for questions.

**Lori Barker, Senior Director, Investor Relations**

Thank you, Kevin. Gerald, we would now like to open up the lines for any questions.

 

## QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from Craig Hettenbach with Goldman Sachs.

**<Q – Craig Hettenbach>:** Yes, thank you. Kevin, can you talk about the GPS pipeline business for the next 6 to 12 months and then also your efforts in the enterprise space and any changes to the line card there?

**<A – Kevin Murai>:** Sure. As we talked about since the beginning of the year we've had actually a record number of pilot programs that we've been on boarding with our – with new GBS clients, new opportunities. But probably to add a bit more color on that Chris Caldwell is here, he is better positioned to do that.

**<A – Christopher Caldwell>:** So from a pipeline perspective what we're starting to see is a number of customers bringing products to market as the economy heats up and we generally see a 4 to 6 month lag time from those products hitting to when we start to see growth in our business. So, from a growth perspective the numbers that we're seeing now are sustainable as we continue to go into the next year.

**<Q – Craig Hettenbach>:** Okay. And then on the enterprise side, Kevin?

**<A – Kevin Murai>:** Okay. Well, pipeline across the board on the IT side of the business is very strong in particular, through – since the beginning of the year, both on the enterprise side and on the other, what I would call, other commercial side of the business. It's been very, very good, but that has been building, in particular, over the past few months.

Enterprise for us, of course, is probably a much stronger segment than the underlying market which itself is strong too, because of the focus that we have, in particular, focusing on the HP Enterprise Server and Storage area. So, that pipeline for us continues to be very, very strong. A lot of it driven by continued consolidation and virtualization, but we're optimistic on what we see there Craig.

**<Q – Craig Hettenbach>:** Okay. And then, just a follow-up, you commented that you expect normal seasonal trends. Can you just comment on the pricing environment? How it was in the quarter, and then expectations into the current quarter?

**<A – Kevin Murai>:** Yeah, nothing to write home about on the pricing environment. It's been relatively stable. We expect that that will likely continue through the current quarter as well.

**<Q – Craig Hettenbach>:** Okay. Thank you.

**<A – Kevin Murai>:** Thanks, Craig.

Operator: Your next question comes from Brian Alexander with Raymond James.

**<Q – Brian Alexander>:** Thanks, and nice quarter guys. Your sales and your gross profits were up about 7% sequentially, but your OpEx was down about 1%. I know you had about $1 million, or so of integration costs for Jack in your Q2 OpEx, but adjusting for that your expenses were still basically flat on pretty good growth. So, can you just talk about whether there were any other factors we should consider that led to this performance whether it be bad debt accruals or just other unusual items and I'm just trying to get a sense for whether this is the right OpEx to model off of going forward?

**<A – Thomas Alsborg>:** Hi, Brian, it's Tom. Thank you. The first thing I would comment on is with the sale of the manufacturing platform business there was a wholesale reduction in some of our

 

SG&A expense that will be long-term. So, that's another important factor. And that's I would say on a net-net basis probably the factor. There are in every quarter going to be puts and takes between things like bad debt expense, compensation expense, and so forth. And our bad debt this quarter happened to be a little bit lower. We had a little bit higher compensation expense related to some of the variable costs associated with revenue, as well as some stock expense. And so those tended to generally speaking net each other out, and so I think that the rate that we're at this quarter overall I think is representative of the leverage that we can get out of this business for this level of sales.

**<Q – Brian Alexander>:** Okay. And then just looking at your guidance for Q4, it looks like the implied operating margin is 2.5% and that's a great performance versus where you've been historically. But if I look at it sequentially, it's up about 10 basis points versus Q3. And I think the prior three years' operating margins have tended to go up by about 30 basis points sequentially and I would have thought the leverage would be even more pronounced now that you have Jack of All Games and they've got pretty big seasonality in Q4. So, what I am missing here that's driving kind of a more muted margin expansion in the fourth quarter as per your guidance, is it the consumer business that's weaker than you expect or is it something else?

**<A – Thomas Alsborg>:** No, I would comment that the consumer business is pretty much tracking to our expectation and without getting into very specifics, one of the other things that we had mentioned in our prepared remarks is that we continue to make investments in our businesses, both in the GBS side and on the distribution side of our business, we will continue to be doing that in Q4 as well, and so our guidance allows for some of that. Other than that I would not tell you if there is anything structurally changing about our business.

**<Q – Brian Alexander>:** Okay. And then just final clarification, Chris I think you mentioned the growth in GBS is sustainable given the pipeline and the lag time from new product launches. So, I guess if I read that literally you expect 20% plus growth for the next few quarters? And then also what was your comment beyond operating margin for GBS going forward?

**<A – Christopher Caldwell>:** So from a growth perspective, I think what we've always said is we want to grow faster than the market, and so I wouldn't necessarily peg it at that 20% range, but I would say you're getting close because that's our goal and that's what we see from a pipeline in front of us, provided the customers bring to product in the market, but we're talking to them about it right now. So, I think that's in line.

As far as the operating margin, we are making some investments, as bringing on some new facilities and growing some additional facility. So, what you'll tend to see is some fluctuation up and down by some percentage points and the operating margin as we bring those on and then gain leverage as we fill them up, and you've seen that probably over the last six quarters and you'll continue to probably see that going forward, for the next foreseeable future as well.

**<A – Thomas Alsborg>:** I would just add as we shared at our Investor Day, Brian, that longer term we do expect to see operating margin expansion in the GBS segment, as we change the mix of our business particularly towards the platform offering.

**<Q – Brian Alexander>:** But is it fair to assume that in Q4 you would expect GBS margins to be down sequentially due to some of these investments and maybe that's driving some of the overall operating margin guidance per my previous question.

**<A – Thomas Alsborg>:** Yes, that could be a factor in Q4.

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

**<A – Christopher Caldwell>:** Thanks, Brian.

  

Operator: Your next question comes from Matt Sheerin with Stifel, Nicolaus.

**<Q – Matthew Sheerin>:** Yes, thanks. Hello, everyone. So, just a question regarding the manufacturing assembly business that you sold, how much revenue did you recognize in the quarter before you sold it? Could you give us a ballpark?

**<A – Thomas Alsborg>:** Matt, that business at large was running at about a 350 to $375 million annual run rate, and so if you do the math on that, I think it's about $30 million, or so a month putting aside seasonality. We sold the business at the end of July, so roughly speaking we are in the $60 million range.

**<Q – Matthew Sheerin>:** Okay. So, 60 million. So, still if you look at the November quarter then, so that's about on an incremental basis about 60 million I guess, right? And so I am just trying to look at the seasonality because you've got more consumer exposure than you did a year ago, so if you add that you are looking at sort of 10% to 12% revenue increase sequentially and that seems like it's more seasonal than your actual guidance was. Does that make sense?

**<A – Thomas Alsborg>:** Yes, if I follow you, the fact that we do have more consumer electronics business and especially with Jack of All Games you will expect – you should expect to see heightened seasonality in our Q4 period, particularly and slightly in Q3 as well.

**<Q – Matthew Sheerin>:** I'm sorry – I'm just getting at on the apples-to-apples basis, that's right, so there's seasonality. Okay.

**<A – Thomas Alsborg>:** Yeah. So, just to kind of make sure that we're clear, I think that $60 million reference point relative to Q3 is a fair reference point. I think again, as I commented in our prepared remarks, that offsetting part of that is the jack of all games business; because as we commented before, that's a highly seasonal business that tends to do nearly half of the company's revenue in the month of October, November and December. You would also expect to see almost the exact same amount of increase in revenue, which generally speaking, offsets the manufacturing piece.

**<Q – Matthew Sheerin>:** I got you. Okay, great. And then just looking at this quarter again, just to track out the 30 million from August, you had a very strong quarter, better than the high end of your guidance. And it sounds like, Kevin, you're talking about strengths across all end markets. Was there one specific market that was better than others that drove that?

**<A – Kevin Murai>:** Yeah, I mean, there's always going to be slight differences. But as an end market comment, we actually grew in all segments of our business. Some of the stronger markets I would say – and I highlighted some of those in the prepared comments. Our commercial – our traditional commercial market, which is primarily FMD, was stronger than average here in the U.S. Same comment for Canada. Our direct market segment was strong here. Government sales overall were good, but federal government in particular, was stronger, state and local being a little bit softer. And of course, with our investments and focus on the enterprise space, our enterprise customers were also much stronger.

**<Q – Matthew Sheerin>:** Okay. And then – so just on your commentary on government. So, looking in September here, which obviously is a big month for federal, did you see the normal federal budget flush that you normally see?

**<A – Kevin Murai>:** Yeah. We're seeing normal federal government business right now.

**<Q – Matthew Sheerin>:** Okay. And just my last question on operating margins, as Brian pointed out, I mean, it's a very strong year. You're at record margins. Can you give us an idea of how much can you push the envelope in terms of where you'd like to take the margins, given the change of business mix?

**<A – Kevin Murai>:** Well, Matt, we want to take it. We want to continue taking it up and to the right. And it's – what we're not going to do is set a target in terms of where we're going to take it to and when. But we've been, going back two and three years ago, we talked about our strategy, how we're focusing on diversifying the markets that we're in, focusing on enhancing the overall business with services, both on the distribution side of the business, but also continuing to grow and invest in our GBS business.

And I think what we've been able to demonstrate over the past three years is that with traction in that strategy, that is working. So, we still have significant opportunity to continue to grow in these key growth areas that we have, that do offer better margin opportunity for us. So, without giving you a target, it's certainly our intention to continue to grow our margins.

**<Q – Matthew Sheerin>:** Got it. Okay, thanks very much.

**<A – Thomas Alsborg>:** Thank you.

Operator: Your next question comes from Shaw Wu with Kaufman Brothers.

**<Q – Shaw Wu>:** Okay, thanks. Great quarter. Just a couple of questions. First, I just wanted to – just a deeper dive into the revenue guidance. You commented that basically, the Jack of All Games, the seasonality is more – pretty much I guess offsetting the sale of your contract manufacturing business, yet you're still guiding above consensus. So, just wanted to understand like what's the delta there? Is it something else? Is it a core business, or is that Jack of All Games, that's the first question?

**<A – Thomas Alsborg>:** So I'm sure that the consensus that was put together was not based on the knowledge of our Q3 numbers of course, Shaw. So, given the market has performed a little bit better than even we expected over the last quarter, our run rate heading into Q4 is greater than it used to be. That's probably the most significant factor. After that, I think as I commented that our revenue, again, adjusting for 4.5 to 5% net, if you add that back to the revenue forecast that we gave, it gets us into the low 11, 12% year-over-year range, which I think is pretty much what investors can expect, given our current mix of business and a stable demand environment.

**<Q – Shaw Wu>:** Okay, thanks. And then the second question is, any comments on – I'll put the other two. The second question is, any comment on the digital TV market? And then the last question is just – you talked a little bit about seasonality. I guess March quarter – I'm sorry, the February quarter – normally you see a double-digit decline. I know the last couple of years have been a little strange. I guess, with Jack of All Games, could that be – it's usually down low double-digits, could it be down more than that sequentially? This is for the February quarter, thanks.

**<A – Kevin Murai>:** Shaw, I'll address the TV question first. I think from a consumer electronics standpoint, where we've been – I think where we've done our homework and where we've done a really good job is partnering with the right vendors and being in the right markets. Because our TV business is actually up significantly year-on-year. As measured in units, we're up about 50%. Understand that according to the latest NPD data, that the overall market in North America was down I think around 3% in units. But the partners that we have, the areas that we play in have seen good growth.

What we're seeing, Shaw, is – and I guess just some commentary on what we're seeing in the TV market is – the opening price point category is really where it's hot right now. So, some of the smaller formats, LCD and even plasma, certainly 720p is where we're seeing a lot of volume. Probably a bit of a slow adoption on the 3D versions. But here's where I think the opportunity lies in the coming months ahead is on board on some of that new technology. But we're pretty optimistic about our TV business.

**<A – Thomas Alsborg>:** And on the question about the seasonality, it is correct that you expect with the heightened Q4 seasonality, that the declines in Q4 and Q1 would also be more pronounced than it has been previous to our entrance into consumer electronics, and so forth. One thing I would call out to you, though as you model this is, as you've heard in the past, the Jack of All Games revenue is primarily affecting the October, November and December quarter; and of course, in months that is October, November and December months, and the December month falls into our first quarter. So, that will slightly offset that seasonal impact, at least pushing it out from Q1 to Q2.

**<Q – Shaw Wu>:** Okay. Thanks for all the color, and congrats again.

**<A – Thomas Alsborg>:** Okay.

**<A – Kevin Murai>:** >: Thank you, Shaw.

**<A – Thomas Alsborg>:** And I just want to insert a comment, it was – a note was passed along to me that in my prepared remarks, it sounded like I said, Hewlett-Packard was 30% of our revenue. The – Hewlett-Packard revenue was actually 37% of our total sales. I just want to be sure that's clear.

Operator: And your next question comes from Rich Kugele with Needham & Co.

**<Q – Richard Kugele>:** Thank you. And I'll add my congratulations as well. Two questions. One, how has your – obviously, your comments on consumer probably are surprising to people. How have your checks, your own checks on the business trajectory changed post-Jack? Is it a different group of customer base that you're getting inputs now from on that side of the business? And is the strength in the consumer or at least the expectation of the seasonal Q4, is that on the other side of the business, the organic side as well?

**<A – Kevin Murai>:** Yes, so just as overall comments, Rich; in terms of what we're hearing on the overall consumer market, I would kind of describe it as guarded optimism. Okay? I think the market in general believes that this year's buying season is probably going to be better than last year. What we're seeing though with the product set that we have with the customers that we have and the business that we're pretty confident in being able to write in the coming months, that is a growth area for us. So, as I've said before, we've done a good job on our homework and we happen to be in the right places and partnering with the right vendors.

**<Q – Richard Kugele>:** Okay. And then, just lastly, on the inventory side, your inventory days were down, does that still protect you on having enough for this type of growth? Is this more an example of the SYNNEX business model, getting its hands on the Jack inventory? How should we interpret that?

**<A – Dennis Polk>:** Yes, hi, Rich, this is Dennis. I'll answer that one. As far as having enough inventory for the upcoming season here, yes, we do believe we have an adequate supply for the busy season. We are putting the SYNNEX metrics and ways of doing business on the Jack division, so that does help improve the metrics.

But that being said, the overall Jack business is a relatively small percentage of our total inventory, so the overall answer is we did a very good job managing our inventory throughout the quarter, and we have a good supply of inventory going forward, and we expect to continue to manage it well throughout the fourth quarter and into the first quarter.

  

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

Operator: Your next question comes from Louis Miscioscia with Collins Stewart.

**<Q – Louis Miscioscia>:** Okay. Thank you. You know what, HP which you just mentioned, 37% of revenues had a pretty upbeat analyst meeting and actually sort of looked at IT numbers of their expectation for both the end of the year and actually looking out to the future. Just wondering if you can give some more color, what do you think would possibly from a devil's advocate perspective derail things in IT going through the end of this year? Is it mainly just macro – there was another big macro crisis and then also, if you can give us some thoughts on 2011. I know CIOs are still in the process of trying to put budgets in place, I'm not looking for your company guidance, just your view on IT. Do you expect another pretty decent year, since we're still way below '08 levels?

**<A – Kevin Murai>:** Okay. So, on the first part of your question, I think that the comments that we've already talked through, both in prepared and questions, and our – I guess, our positive view on what we've seen through the quarter, how we're looking at our current quarter, our fourth quarter is very consistent with the tone that we've understood from coming out of HP's Analyst Day as well. And I think we're on the same page there; I think we're in line there.

Honestly, when we take a look at the – when we take a look at our pipeline, when we look at some of the key things that are driving growth today, I don't see anything that can derail the stability that we're seeing right now, at least in the short-term. Obviously, anything that is more macroeconomic, world economic, certainly could have some impact, which is outside of our control.

And again 2011 is hard to call, because there, I would factor in macroeconomic issues probably to a greater extent in terms of the impact that they could have, but again, the trends are the same. The trends and mobility, Android-based tablets and other devices continue deployment of more technology in different verticals drive for productivity, I think that there is enough going on right now that IT is going to continue to be a pretty stable market for the foreseeable future.

**<Q – Louis Miscioscia>:** Okay. That's helpful. Good luck on the New Year.

**<A – Kevin Murai>:** Thanks, Louis.

Operator: And your final question comes from Ananda Baruah with Brean, Murray.

**<Q – Ananda Baruah>:** Hi, thanks, guys. Couple if I could. I apologize if this one has been asked already, but, how much of the margin expansion was purely from kind of mix of, not within the business, but kind of mix of the broader businesses, and then how much was sort of just margin expansion side of the business segment themselves. Thanks.

**<A – Thomas Alsborg>:** Excuse me. This is Tom, hello.

**<Q – Ananda Baruah>:** Hi, there.

**<A – Thomas Alsborg>:** Yes, the biggest driver of our margin expansion is the distribution business. The GBS business also saw nice margin expansion with – led by the revenue growth, but I would tell you that the distribution business, the gross margin did very well driven by the mix of business within the distribution, good marketing and good volume and before from an operating margin perspective the SG&A that we incurred this quarter was really without event, not a lot of extra cost associated with that. I shared some of my observations with Brian; the deferred comp piece of our SG&A also was down slightly, offset and other income so no real bottom line impact to speak of. But GBS as you will see, when we issue our 10-Q, GBS is doing very well, but the distribution business is also doing very well.

**<A – Kevin Murai>:** And I think the second part of your question was the mix within the distribution business itself. So, just in summarizing what Thomas said, really nothing that sticks out from a put and takes standpoint; it was just great execution and performance. On the distribution side, we are actually managing these mix changes in our business and again, as we invest in different areas of the business – continuing to optimize our broad line base of business, but growing our solutions business more and more that offers much higher profitability to us because it's a much higher value-add business that we are taking to market.

So we are going to continue to manage that mix Ananda and that's one of the reasons why we continue to believe that we are going to be able to expand our margins going forward.

**<Q – Ananda Baruah>:** Thanks, Kevin. And I guess, are you – you said optimizing, so you guys sharing more line cards than you would typically do – is that part of it? And then, I guess the other thing is, I guess, we can – mix, you kind of get down to an excruciating detail talking about mix, but I guess are you talking about sort of insight. We are talking about mix in distribution. It sound like Jack is doing good. It sounds TVs are doing good, but even with end TVs, are you seeing the mix within the TV side, and things like that? Thanks.

**<A – Kevin Murai>:** So I reckon very granular, but, taken at the halfway level up- taken at the half level up anyway and what I mean, by optimizing is kind of all inclusive of excellent price, discipline. You know, we've said in the past that where there's bad business we will walk away, but because we are not as dependent on some of that high volume, low margin business we take it selectively what makes sense for us, but we do have a significant SG&A advantage that we're able to leverage in the market as well.

But really what it comes down to is really managing the mix, because we're on this path of evolution to drive more and more value-add into what we do, beyond just pick, pack and ship. And that's really starting to gain traction, and that's really the direction that we're heading Ananda.

**<Q – Ananda Baruah>:** Great, that's really helpful. And then I guess just one last one if I could, Kevin, you mentioned enterprise as a, I guess as a sort of as a driver to some degree this quarter. And I know in the past, I think the last couple of quarters the comments were sort of, it's still too early for some of the new stuff you guys had put in the enterprise – price to make a real difference. It is just – are you now starting to see some of those things to meaningful impact, or was it just kind of in the second half of the year that enterprise generally is just getting better? Thanks.

**<A – Kevin Murai>:** Well, I would tell you that over the past few quarters, our enterprise business has experienced good growth. I made comments in the past around the overall enterprise market. Enterprise no question was affected by the recession through 2009, but that did start to recover earlier this year. So, that's probably the comment that you're referring to Ananda. But throughout that entire time, our own enterprise server and storage business has grown.

**<Q – Ananda Baruah>:** Okay, great. Thanks a lot guys.

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

Operator: And I would now like to turn the conference back over to Ms. Barker for any closing remarks.

**Lori Barker, Senior Director, Investor Relations**

Thank you. This concludes our third quarter earnings conference call. Thanks for joining us today. We will have a replay of this call available for 2 weeks, beginning today at around dinnertime, 5:00

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

Operator: Ladies and gentlemen, this does conclude today's SYNNEX Corporation's fiscal 2010 third quarter earnings call. You may now all disconnect.