MANAGEMENT DISCUSSION SECTION

Operator: Good day ladies and gentlemen, and welcome to the SYNNEX fourth quarter 2006 earnings conference call. [Operator Instructions] As a reminder, this conference is being recorded.

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

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Adrienne. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2006 fourth quarter earnings conference call. I am Laura Crowley, and I will be serving as your moderator this afternoon. Today's call is also available via audio webcast. To access this web cast or future web casts, please visit our Investor Relations section of the corporate website at www.synnex.com.

Joining us on today's call are Bob Huang, President and Chief Executive Officer; Dennis Polk, COO and CFO; and John Paget, President of Technology Solutions Division. Before we begin, the statements on today's call, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act.

These forward-looking statements include but are not limited to our expected revenues from our Mexico project, statements on our current expectations of our revenues, net income and earnings per share for the first quarter of fiscal 2007, our tax rate, our growth rate, our profitability, our assembly business revenue, our ability to meet our 2007 goals, our distribution business, growth of our Canadian distribution business, the effects and anticipated benefits of our Concentrix acquisition, continued focus on our technology solutions division, investments in new lines of business, our growth and business strategy, and anticipated benefits of our non-GAAP measures.

These forward-looking statements are subject to a number of 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.

To supplement our financial results presented in accordance with GAAP, we use non-GAAP financial measures. These non-GAAP financial measures should not be considered in isolation or as a substitution for comparable GAAP measures, and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

A detailed discussion and reconciliation of the adjustments between results calculated using GAAP and non-GAAP are included in our earnings release, which can be viewed in the Investor Relations section of our website located at www.synnex.com.

Additionally, this conference call is the property of SYNNEX Corporation and may not be recorded or rebroadcast without specific written permission from the company.

At this time, I would like to turn the call over to Dennis Polk. Dennis?

Dennis Polk, Chief Operating Officer and Chief Financial Officer

Thank you, Laura, and thanks to everyone for joining our call today. Total revenues for the fourth quarter of 2006 were a record 1.74 billion, a 9% increase over the fourth quarter of 2005, and a 9% increase sequentially. By segment, distribution revenues were 1.59 billion, an increase of 9% over the fourth quarter of 2005 and a 9% increase sequentially. The expected seasonal increase was driven by sales to larger customers and a good government season.

Contract assembly revenues were 145 million, an increase of 14% over the fourth quarter of 2005 and up 8% sequentially. A supercomputer assembly project for a customer has emanated from our distribution business contributed to the year-over-year increase. Fourth quarter GAAP income from continuing operations was 15.6 million or $0.48 per share compared to 12.4 millions or $0.40 per share in Q4 2005. Fourth quarter non-GAAP net income was 16.3 million or $0.50 per share compared to 12.7 million or $0.41 per share in Q4 2005. Q4 2006 non-GAAP net income excludes share-based compensation expense of $0.02 per share. Q4 2005, non-GAAP net income from continuing operations excludes approximately 261,000 net and non-recurring items, the detail of which, are delineated in our press release issued today.

Moving onto our gross margin, the gross margin percentage for the fourth quarter of fiscal 2006 was 4.56%, an increase of 36 basis points from the prior-year quarter and down 1 basis point sequentially. The year-over-year increase in our gross margin percentage is a result of our continued focus on improving our gross and operating margin returns. The sequential decline was primarily due to the expected increase in seasonal business during the quarter with larger higher-volume customers, which generally carried lower gross margins. This decline was slightly offset by gross margin contributed from our demand generation services business during the quarter.

Fourth quarter 2006 GAAP selling, general and administrative expense was 51.2 million or 2.95% of revenues. On a non-GAAP basis our SG&A expense was 50.1 million or 2.88% of revenue in the fourth quarter of 2006 compared to 41.9 million or 2.63% for the prior-year quarter, and 48.3 million or 3.03% for the third quarter in 2006. The raw dollar increase in SG&A expense year-over-year is primarily a result of variable costs associated with our higher revenue during the quarter, additional expenses associated with the acquisition of Azerty, Telpar, and Concentrix and continued investments in all aspects of our business.

GAAP income from continuing operations for the fourth quarter was 28.1 million or 1.62% of revenues. On a non-GAAP basis excluding share-based compensation expense, operating income was 29.2 million or 1.68% of revenue compared to 25 million or 1.57% of revenue in the prior year, and 24.4 million or 1.53% of revenue in the third quarter of 2006.

On a segment basis perspective, GAAP distribution operating income was 26.6 million or 1.67% of revenue compared to 21.4 million or 1.46% of revenue in the prior year.

On a non-GAAP basis, excluding share-based compensation expense, distribution operating income was 27.6 million or 1.73% of revenue. GAAP contract assembly operating income was 1.51 million or 1.04% of revenue compared to 3 million or 2.34 % of revenue in the prior-year quarter. On a non-GAAP basis, excluding share-based compensation expense, contract assembly operating income was 1.6 million or 1.1% of revenue. The year-over-year decline in assembly operating income is due to pricing pressures and product mix primarily from our main customer. This being said, we are pleased with our progress in diversifying this business with our fee for service offerings and combined distribution-assembly-supply chain solution.

With respect to interest expense and finance charges, the total for the fourth quarter 2006 was 3.79, a decrease over the prior-year quarter by approximately 2.2 million and an increase of approximately 1 million sequentially. The year-over-year decrease is attributed to the long-term project business we engaged in with one of our customers in Mexico. The primary returns from this business are related to long-term financing of computer hardware sold to our customer and are reflected as a reduction to our net financing cost for the quarter. The sequential increase is attributed to higher borrowings due to the overall increase in business in the quarter.

Our tax rate for the fourth quarter of fiscal 2006 was 36.4%, which was in line with our expectation. Our current expectation for our tax rate for 2007 is approximately 35.5% to 37%. However, as always, this is dependent upon several factors including profit contribution from the various geographies we operate in.

Regarding our balance sheet metrics, accounts receivable totaled 707 million at November 30th, 2006, which includes approximately 344 million associated with our off-balance sheet accounts receivable securitization programs. DSO, including the off-balance-sheet programs, was approximately 42 days. Inventory totaled 595 million at November 30th, 2006. Inventory days were approximately 33. Including a days payable outstanding metric of approximately 30 days, our fourth quarter cash conversion cycle was 45 days. The primary reason for the increase in conversion cycle days over prior quarters was due to the timing of accounts payable payments.

Other fourth quarter metrics of note: depreciation expense was approximately 1.5 million and amortization expense was approximately 1.3 million. Capital expenditures were approximately 2.1 million. Cash flow used in operations was a 112 million. Use of cash is typical in our fourth quarter due to the seasonal increase in business, our overall growth, and our position of inventory for calendar year-end sales.

Similar to Q1 2006, we expect significant positive cash flow in Q1 2007 as our business seasonally adjusts downwards. Please note, all these comments are based on the non-GAAP assumption that our securitized borrowings are placed on balance sheet. From a distribution product line standpoint, peripherals accounted for 31 to 35% of our sales. System components accounted for 17 to 21%, IT systems 28 to 32%, software accounted for 9 to 13%, and networking accounted for 5 to 9% of total distribution revenues.

In our contract assembly business, from a customer mix standpoint, approximately 83% of our business was from our primary customer, Sun Micro, and approximately 17% was from all other customers. HP had approximately 25%, and was the only vendor accounting for more than 10% of sales during the fourth quarter of 2006.

Total headcount was 3,385 at November 30, 2006. This consists of 2,647 permanent employees and 738 temporary personnel. The increase over the prior quarter is primarily due to our acquisition of Concentrix as well as due to the additions at our China facilities.

Moving to our first quarter 2007 expectations, for Q1 2007 we expect revenues to be in the range of 1.57 billion to 1.62 million. Net income will be in the range of 12.8 million to 13.5 million and earnings per share will be in the range of $0.39 to $0.41 per share. These forecasted earnings per share figures are based on an approximate weighted average diluted share count of 32.9 million and do not include any impact of any special charges or restructuring amounts that could be incurred. The forecasted amounts include stock-based compensation expense, which will approximate $0.03 for the quarter compared to $0.02 in Q1 2006.

All these statements are forward-looking and actual results may differ materially.

I will now turn over the call over to Bob for his comments. Bob?

Robert Huang, President and Chief Executive Officer

Thank you, Dennis, and good afternoon everyone. Each quarter throughout 2006, we have shown improvement and met our goals. We are pleased to complete our fiscal year with another record quarter of revenue and earnings results. I would like to thank the SYNNEX team for another well-executed quarter and to our customers and suppliers for their continued loyalty and support.

The fourth quarter of 2006 marked our 78th consecutive profitable quarter. Our focus on continued productivity improvement and the creation of value for our customers and vendors is the driving factor in our year after year delivery of industry leading profits. The main factors contributing to our increase of revenues and profit during this quarter were the performance of our distribution business.

Our continuous effort to grow our distribution business profitably and our ability to drive operating efficiency resulted in an increase in our non-GAAP distribution operating income by approximately 26% year-over-year, and an improvement in our operating margin by 23 basis points. Our GPE, gross profit to expense ratio, in the fourth quarter increased to 1.58 from 1.51 in the third quarter of 2006. These are the key productivity metrics where we continue to be the industry leader.

From an overall distribution market perspective, the demand environment was reasonable in Q4, pricing rational, although as always the distribution marketplace was very competitive during the quarter. In terms of customer segment or product category, there were no significant differences from the historical pattern.

On the assembly business, while the gross margin from our primary customers continues to decline because of the lower ASP, we were able to provide system integration service to our system builder customers and hence we had much stronger revenues in this segment than we guided last quarter. It is important to note the gross margin generated through the non-standard customers exceeded 30% last quarter, an increase from 20% in Q3.

Now, let me comment on our first quarter guidance. At the midpoint of our guidance, we are projecting a 6% increase in year-over-year sales for the first quarter of 2007. This growth rate is reflective of our continued focus on growing our business profitably, a typical uncertainty in Q1 and a risk factor that appears to have a short-term negative impact on PC purchases at the business, consumer, and server markets.

Overall, our outlook for 2007 will be another solid year of growth and earnings. Here is our game plan. For our distribution business, we will: one, continue our market share gains by adding more value services and leveraging our efficient business model; two, continue to invest in the new distribution business like our technology solution division, which consists of document management, and professional printing, security networking, auto ID enterprise and the telephony businesses. With the sales of more than $250 million in 2006, we are encouraged about the potential for growth and especially its higher margin returns. With our investment to date and the future investment, we are optimistic about our plan to grow this business to more than $350 million in 2007.

Given the many initiatives we have ongoing, moving forward, will we update you on this figure annually. The second main category of distribution for our investment is consumer electronic products. Our NEXCE division also had a strong first quarter since its inception in last September.

On our assembly business, as I mentioned before, with the synergy between system builders and manufacturing, we have developed a rather unique business, which we believe can be profitable business. We will also further invest in our Concentrix business, which was successfully integrated into our BSA organization in the fourth quarter. This business will comes with much higher gross margins and opportunity for much higher operating and net returns.

We believe there will be a lot of synergy between Concentrix and SYNNEX. Given our low-cost operation in China, we believe we can create additional business process outsourcing opportunities for our Concentrix customers.

Finally, we will continue to pursue new acquisitions that will expand our service offerings and yield to high ROI.

In closing, we have made lot of accomplishments in our last fiscal year. Our core distribution business, both in the US and Canada, performed extremely well. Our TSD grew faster than we expected. With the service we are providing to our customers and vendors combined with the Concentrix demand generation capabilities, not only we have most efficient supply chain infrastructures, we have started to create demand for our vendors as well.

And we turned around our Mexico business very successfully from a losing operation to a significant profit contributor. And acquisition of Concentrix gave us an entry to business process outsourcing business. Overall, based on all the opportunities we see, I am very excited about the potentials we have here in 2007. And as well, we have an internal goal to achieve 100 million in net income and double-digit ROIC by 2010. With the team and infrastructure we have developed over the decades, we will achieve these goals. Thanks again for your time today and interest in SYNNEX.

Laura, let's take some calls.

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Bob. Adrienne, let's go ahead and open the lines for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The first question is from Jason Gursky from JPMorgan.

<Q – Jason Gursky>: Good afternoon, everyone, just a couple of quick clarifications on the supercomputer business that you had in your assembly business this quarter. To what extent is that a one-time program in the quarter or is this a program that you see continuing on as we move to fiscal year '07?

<A – Robert Huang>: Jason, this is Bob. The supercomputers – there aren't many supercomputers in the world, and this type of project comes and goes. A year ago we had one major installation in the last year or last quarter, the second major one we had. And this – so it's not something that we could expect every quarter. That's the nature of the business.

<Q – Jason Gursky>: Okay, so the project at this point is complete. It finished in the fourth quarter then?

<A – Robert Huang>: That is not quite done yet. It's still a quite not in the Q1.

<Q – Jason Gursky>: Okay, great.

<A – Robert Huang>: And then completed by the end of this quarter.

<Q – Jason Gursky>: Right. Alright, okay. And Bob, I had a difficult time hearing your comments about the short term negative data points that you have on the PCs and servers. Can you just offer perhaps a little bit more detail on your thoughts there?

<A – Robert Huang>: Jason, the Vista things have been talked and questions have been asked by lots of people. These are short term; it appears to be there is some slowdown on the systems. We could not broadly pinpoint exactly what the reason that is. But, from the consumers in some circles and even some enterprise customers we talked to and there is some hold back in terms of purchase of the PCs before Vista gets fully deployed. That's our perspective and therefore we want to be particularly cautious during this environment.

<Q – Jason Gursky>: Okay, agreed. And then I will just save my last question here for Dennis. On expectations around operating expenses as we work through our models here, is there a normal pay raise type of environment that we should be working through in our modeling to nail down the SG&A number?

<A – Dennis Polk>: Yes, I would agree with that. Going forward, I would model most of our SG&A increases due to variable cost increases and less due to investments we made in our business. We have acquired three companies in the past year and invested in a lot of new businesses such as TSD and the NEXCE division. We're absorbing those investments now. And moving forward, expenses should rise just incrementally with the variable expenses associated with the higher revenues that we expect.

<Q – Jason Gursky>: Okay, perfect. Okay, thanks guys.

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

<Q – Brian Alexander>: Thanks and good afternoon. I guess just a follow-up on that last question, Dennis, I guess in the last several quarters we have seen revenue growth – or I should say we have seen expense growth outpace revenue growth as you have been investing heavily in the business and you just talked about going forward how most of the SG&A is really going to just be variable increase. Can you just remind us of what that relationship is and if revenue grows 6% as you are targeting in the February quarter, what kind of growth in SG&A should we expect?

<A – Robert Huang>: Okay. Brian, let me just comment for a few points first and then I will ask either – Dennis to comment more on the first quarter. John, you'll probably also want to chime in as well on these areas. I think, Brian, we have made a lot of investments on our new businesses, as you could tell. We have been talking about TSD, by now it's two years. We also have this new business on the consumer electronics, which is even just a kick in. So every little bit of investment until you really can get the bottom line contributed, it's always an increase of expenses on that. And you have – Dennis, can you comment on the stock base and the other stuff?

<A – Dennis Polk>: Well, I think Brian's question was more to what kind of growth rates should we expect in expenses compared to our growth in our sales and gross margin. While I will endeavor to grow our expenses at a lower rate than revenue and margins, albeit as Bob said, we will still be making incremental investments in the business. But for 2006, we do expect our expenses to grow at a lower rate than they did in – excuse me, in 2007 we expect our expenses to grow at a lower rate than they did in 2006.

<A – John Paget>: Brian, this is John.

<Q – Brian Alexander>: Hi, John.

<A – John Paget>: Brian, from a TSD standpoint, as you well know, over the last year we've made some significant investment. However, we are at the point now where we are fully staffed and you will see very little incremental investment. So, it becomes time for us to now really reap the benefits of all that investment we have made in the past.

<Q – Brian Alexander>: So I guess just to put it all to altogether, I know it is difficult to answer given that it is uncertain exactly where the growth is going to come from, but for every incremental revenue dollar, should we be thinking that incremental expense as a percentage of revenue is in the 1.5 to 2% range, in the 2 to 2.5% range? How do you think about that going forward?

<A – Dennis Polk>: Brian, we only give out top line and bottom line forecasts, but if you take a look at our historical expense growth in periods where we don't have acquisitions or any significant investments, somewhere we had it, in 2006 with TSD and NEXCE, that will give you a good flavor of how our organic expense growth rate will be.

<Q – Brian Alexander>: Okay, and then just to follow up on the revenue guidance, clearly you have seen as our own checks have indicated some slowdown in PC sales ahead of Vista being adopted, and your revenue growth over the last quarter in distribution went from 15% in Q3 to 9% in Q4. In Q1, are you expecting distribution growth to be around that 6% is part A of that question, and part B is, as Vista ramps throughout the year, perhaps more back-end loaded in the second half, do you think that the revenue growth should accelerate from there?

<A – Robert Huang>: Brian, the 6% reflects what the reasons I indicated earlier. As far as the longer term, we certainly believe that the ASP will be higher on the PCs and there is a lot of pointed reports, we believe that as Vista gets deployed more, we will see other business would come with that. So, we think it is – longer term it certainly will be a positive to the top line growth.

<Q – Brian Alexander>: Okay, and then final question for me on Mexico, maybe just give us an update on how that project is unfolding, and I think at the beginning of the quarter you were expecting a benefit of around $0.015 to EPS. Is that what you ended up achieving in the quarter?

<A – Dennis Polk>: Sure Brian, this is Dennis. The project is working very well and to our expectations to date. In the last call, we did give guidance as to its contribution on a yearly basis of

$0.08 to $0.10 per share per year, and the contribution in Q4 2006 was slightly above one quarter of that amount or slightly above $0.025 per share.

<Q – Brian Alexander>: Great, thank you very much.

<A – Dennis Polk>: Thank you.

Operator: [Operator Instructions] Your next question is from Peter Barry from Bear Stearns.

<Q – Peter Barry>: Good afternoon, gentlemen.

<A – Robert Huang>: Good afternoon, Peter.

<A – Dennis Polk>: Good afternoon, Peter.

<A – Laura Crowley>: Good afternoon, Peter.

<Q – Peter Barry>: The goal for TSD has been about 500 million. I think that was over a three-year period of time. You suggested 350 million could be achieved in the current year?

<A – Dennis Polk>: Actually, Peter, I believe what we said at the end of last year was that by the end of 2007, we would have a $500 million run rate as we exited 2007. So, we certainly are holding to that, as we had earlier said.

<Q – Peter Barry>: That answers it rather directly, thank you. Bob, in your closing comments, you mentioned the goal of $100 million of net income and double-digit ROIC by 2010. Without necessarily being overly precise, could you share with us some of the assumptions that you're making in that target, margin, volume, revenue mix, whatever you might be able to share with us?

<A – Robert Huang>: If you just look at – Peter, if you just look at it organically, I think if we were to pick up whatever historical growth rate we had, we would get to almost close to $90 million by 2010.

<Q – Peter Barry>: So, we could conclude then that you are looking for – what's built into that number is modest margin expansion?

<A – Robert Huang>: That's correct, but it's a lot more important and more difficult to get the ROIC into the double-digit area. And that's where all the new services are coming in that we are talking about, either Concentrix and some other businesses we are pursuing and when they all fall together that I think we would have a good potential to drive our ROIC in the double-digit area. If we just continue on the traditional distribution business, it's just not possible to get to the double-digit return on investment capital.

<Q – Peter Barry>: Perfect. Okay, that's all for me. Thank you.

<A – Dennis Polk>: Thank you.

<A – Laura Crowley>: Thanks, Peter.

Operator: I am showing no further questions at this time.

<A – Robert Huang>: Well thank you very much.

<A – Laura Crowley>: Can you go out and poll one more time for any additional questions? And if there is nothing further, we will go ahead and end the call.

Operator: [Operator Instructions] The next question is from Brian Alexander from Raymond James.

<Q – Brian Alexander>: I figured I'd ask a follow-up. On working capital, Dennis, you talked about how the trade cycle is negatively impacted, at least this quarter, by the payables shrinking a bit, but you also had a little bit of an increase year-over-year in DSOs, and also inventory days, I think that is kind of been somewhat of a trend here over the last few quarters, so I guess the question is maybe, just kind of remind us of what your targets are for trade cycle and if you can decompose that into the individual components that would be helpful?

<A – Dennis Polk>: Sure, I think it is important to emphasize this is a point-in-time metric that can be heavily influenced by the timing of deliveries, payments, et cetera. As well, economic reasons may drive our convergence cycle up but be an overall positive from a return prospective.

We've also had changes in our customer mix, how we finance receivables, be it flooring or other type of terms, and also changes in our inventory mix over the past few years as a result of acquisitions and other aspects. So that has somewhat changed our cash conversion cycle and pushed it up slightly. In the end, the most important thing is, are we being adequately compensated to carry our inventory and accounts receivable, and we believe we are. So, the larger issue in the cash conversion cycle is really the quality asset base we carry, which we believe is very good right now.

So, all of that being said, to answer your question about our goals, our goals are always to reduce each metric of the cash conversion cycle but only if we can do that making economic sense. So, that is where we are at today. 45 days is higher than that has been in the past but causes no concern, and you'll likely to see it come down just due to natural seasonal adjustments in Q1 2007.

<Q – Brian Alexander>: Great, and then maybe I will just ask a question on the assembly business. I believe you said that your non-Sun customers were 17% of revenue, which I think is the highest in at least a few years. And you talked about non-Sun gross margin increasing significantly. I was wondering if you can maybe talk a little bit more at the operating margin line. Is there a major difference within the assembly business of your non-Sun customers versus your Sun customers, and if you could provide some order of magnitude that might be helpful?

<A – Robert Huang>: Brian, it's Bob. We will not be able to break it up, the Sun's and non-Sun's operating income at that level. But, as I alluded earlier, our primary customers gross margins has continued to decline in the last more than three quarters, almost, moving into the fourth quarter. And that is one depressed operating income. As far as the non-Sun's fee for services, as you can imagine they are pretty nice in terms of operating income.

<Q – Brian Alexander>: And at this point Bob, how much of your non-Sun assembly revenue is being aided, I guess by distribution relationships? You pointed out the supercomputer example. But is it more pervasive than that?

<A – Robert Huang>: It is more pervasive than that. That is correct. And we probably could say that a company like [inaudible] that is a combination of using the distribution inventory and the manufacturing process. So, it depends on how you look at it. It's more pervasive.

<Q – Brian Alexander>: Okay, thank you. That does it for me.

<A – Robert Huang>: Thank you, Brian.

<A – Laura Crowley>: Thank you, Brian.

Operator: The next question is from Peter Barry from Bear Stearns.

<Q – Peter Barry>: John, going back to TSD a moment, could you give us a little color in terms of what is driving what are clearly very substantial increases in revenues?

<A – John Paget>: Sure, Peter. I think you'll see that as we look at that business, the enterprise side has done very well, especially in the storage practice arena. We have a very good set of customers now to now also include Hitachi for all of their product line and the appropriate software that is necessary there. The telephony business is growing extremely well, and then what I would call the specialty IT security business as you heard me talk about Fortinet and Barracuda as they have come on board, but the telephony businesses is clearly the leader in terms of growth, followed by the Enterprise business.

<Q – Peter Barry>: And we – I assume we could conclude that that achievement in telephony is just substantial improvement in market share?

<A – John Paget>: It is clearly market share but we have moved upstream a bit too with Nortel's Meridian product. But the Voice-over-IP business for both Nortel and Avaya are growing substantially and those are basically new customers both for ourselves and for them.

<Q – Peter Barry>: And Bob, I think you made passing reference to an added commitment to consumer electronics. Could you give us a little color in that regard?

<A – Robert Huang>: We had such a great start because we carry the GPS products from MiTAC and you can see the relationship there. The Mio GPS has been extremely well accepted in the retailers' space and that's what makes us so excited about this – on top of the other fee product lines we are talking about.

<Q – Peter Barry>: Was it a particularly strong holiday season for the Mio?

<A – Robert Huang>: Yes, no question about it. We could not get enough product to our customers.

<Q – Peter Barry>: Can you give us any specific numbers in that regard? How many units perhaps sold?

<A – Robert Huang>: Very good try, Peter, I would not be able to go that far.

<Q – Peter Barry>: Well, you asked me for more questions.

<A – Robert Huang>: But I can tell you though, Peter, let me add one more comment on TSD area. Our AIDC also have grown very, very significantly year-over-year.

<Q – Peter Barry>: That apparently has softened a bit. That space has apparently softened a bit, particularly in the retail. Have you seen any indications of that in terms of distribution activity, sales in general?

<A – Dennis Polk>: Actually, Peter, what we have seen over the last let's say three quarters, is we have seen quarter-over-quarter growth for the last three quarters across that entire segment, both in the US and in Canada, with Canada growing substantially faster than the US is growing right now. The US is showing very good growth.

<A – John Paget>: Over all verticals?

<A – Robert Huang>: Over all verticals, correct.

<Q – Peter Barry>: Okay, thank you very much.

<A – Laura Crowley>: Thanks, Peter.

Operator: Your next question is from Jason Gursky from JPMorgan.

<Q – Jason Gursky>: Yes, I couldn't be the only guy that asked a couple of more questions here. On the CE space, just a follow-up there to Peter's questions, is there anything more to it than just the GPS products, and what does the roadmap look for you, I guess relative to TSD and how that unfolded? Will you at some point hope to be able to give us a little bit more clarity on what your longer term goals are for that space, and just maybe a little bit more than just GPS was great this past quarter? What else do you have there and when will you think you are going to give us a little bit more detail on that?

<A – Robert Huang>: Jason, you could almost – this is Bob. You almost can imagine that any consumer electronics product in the market that we have more or less carry and we've have about 200-pages catalog that we printed every quarter. We would be very happy to send you the copies, you could take a look at that. However though it is still, relatively speaking, still in the very early stages. We just only launched from that September 1 in the US. In Canada, we also launched it about the same time. But you could – we have a great hope that in '07, it would be a much sizable business for us.

<Q – Jason Gursky>: Right, so mirroring the type of development that you've had in TSD perhaps over the last 6 to 18 months?

<A – Robert Huang>: Yes, I would – it takes a little while to develop. We have – the retail business, Jason, we have been working on the – with the retailers' contracts for years. So when there is a product that's very effective, we could get into that shelf space a lot quicker than starting from scratch.

<Q – Jason Gursky>: Okay, and then maybe, John, just a follow for you on TSD, the document management product that you launched in last year.

<A – John Paget>: The PRINTSolv product?

<Q – Jason Gursky>: Yes, exactly.

<A – John Paget>: We actually launched – we have launched that in July. Go ahead.

<Q – Jason Gursky>: Great, so how has the adoption been thus far on it? Is it meeting your expectations at this point?

<A – John Paget>: It is meeting our expectations. We have – I want to say double-digit copies on a monthly basis under – thousand copies under contract now. So, I mean – excuse me, millions I didn't mean thousands. Some millions under contract now. We have got, we have a whole series of resellers now who have adopted that as a methodology to go to market. Albeit still pretty small, but it is yielding what we had anticipated to yield. So, I think you'll see that this will be a very good year for PRINTSolv.

<Q – Jason Gursky>: Okay, great. Thanks guys.

Laura Crowley, Director of Investor Relations and Public Relations

Thanks, Jason. Okay. Adrienne, we are going to go ahead and conclude the call today. Thank you for joining us for our fourth quarter earnings conference call. We will have a replay of this call available for two weeks beginning today at approximately 5 PM Pacific Standard Time through January 23. It will be posted on our Website at ir.synnex.com. And the replay number for domestic Dial-in is 866-256-3815 and 703-639-1212 for international. Conference ID is 1018105. Thank you for your participation today.

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