MANAGEMENT DISCUSSION SECTION

Operator: Good day ladies and gentlemen, and welcome to the SYNNEX first quarter 2007 earnings conference call. At this time, all participants are in a listen only mode. Later, we'll conduct a question-and-answer session, and instructions will be given at that time.[Operator instructions.] As a reminder, this conference call may be recorded. I would now like to turn the conference over to our host Ms. Laura Crowley. Please go ahead.

Laura Crowley, Director of Investor Relations and Public Relations

Thank you, Jai. Good afternoon and welcome to the SYNNEX Corporation fiscal 2007 first quarter earnings conference call. Joining us on today's call are Bob Huang, President and Chief Executive Officer, and Dennis Polk, Chief Operating Officer and Chief Financial Officer.

Before we begin, the statements on today's call, which are not historical facts are forward-looking statements within the meanings of the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to, statements regarding our expected tax rate for 2007, expected revenue attribution to Link2Support and PC Wholesale, modification of our Canadian securitization arrangement, our efforts to grow our overall growth strategy, our profitability, anticipated benefits of our acquisition of Link2Support and PC Wholesale, our expectations of our revenues, and sources of revenue, net income and earnings per share for the second quarter of fiscal 2007, and the consolidation of our Canadian facilities and related expenses, which 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-K, for information on risk factors that could cause actual results to differ materially from those discussed in these forward-looking statements. Additionally, this conference call is the property of SYNNEX Corporation, and may not be recorded or rebroadcast without specific written permission from the company. Now, I would like to turn the call over to Dennis Polk, to begin. Dennis?

Dennis Polk, Chief Operating Officer and Chief Financial Officer

Thank you, Laura. Good afternoon, and thanks for joining our call today. Total revenues for the first quarter of 2007 were 1.59 billion, a 6% increase over the first quarter of 2006, and a 9% decrease sequentially. Both percentage amounts were in line with our stated guidance for the quarter. By segment, Distribution revenues were 1.48 billion, an increase of 6% over the first quarter of 2006 and a 7% decrease sequentially. The distribution revenue increased year-over-year and sequential decrease was in line with seasonal expectations. Contract assembly revenues were 111.4 million, a slight decrease over the first quarter of 2006 and down 23% sequentially. As noted in our fourth quarter call an assembly project that emanated from our distribution business contributed to an increase in Q4 assembly sales. Thus the large sequential decline was expected as a much smaller portion of this total project recorded in Q1 '07 when the bill was completed.

First quarter net income was 13.9 million or $0.43 per share compared to 10.7 million or $0.34 per share in the first quarter of 2006. On a dollar basis, year-over-year net income increased 30% and on an EPS basis net income increased 26%. Moving onto our gross margin, the gross margin percentage for the first quarter of fiscal 2007 was 4.69%, an increase of 36 basis points over the prior-year quarter. Continued focus on improving all aspects of our gross margin contributed to the increase, as well we saw gross margin improvement from each of our businesses and geographies.

First quarter 2007 selling, general and administrative expense was 49.5 million or 3.12% of revenues compared to 42.8 million or 2.85% of revenues in the first quarter of 2006. The increase in SG&A expense on a dollar basis and as a percentage of sales is primarily due to the recent acquisitions that we have completed, the cost of generating higher-margin revenue, and the incremental cost of increased revenue.

Income from operations for the first quarter, was 24.9 million or 1.57% of revenues compared to 22.2 million or 1.48% of revenues in the prior year. On a segment basis, distribution operating income was 23.6 million or 1.60% of revenue compared to 20.3 million or 1.46% of revenues in the prior-year period. On a dollar basis distribution operating income was up a solid 16% over the prior year. Contract assembly operating income was 1.4 million or 1.24% of revenue compared to 2 million or 1.79% of revenues in the prior-year quarter.

With respect to interest expense and finance charges, the total for the first quarter of 2007 was 3.1 million, a decrease over the prior-year quarter by 2.7 million. The year-over-year decrease is due to interest income we received from our long-term project business in Mexico that started in earnest in Q3 2006. The return from this business is related to a long-term financing of computer hardware sold to a customer in Mexico and is reflected as a reduction to our net financing cost for the quarter.

The tax rate for the first quarter of fiscal 2007 was 37%, which was in line with our expectations. The current expectation for our tax rate for full-year 2007 is that it will approximate the same rate as Q1, however as always, this is dependent upon several factors including profit contribution from the various geographies that we operate in.

Regarding our balance sheet metrics, accounts receivable totaled 654 million at February 28, 2007 which includes 64 million associated with our off-balance sheet accounts receivable securitization program in Canada. DSO including the off-balance sheet program was 43 days. Inventory totaled 524 million at the end of the quarter. Inventory days were 32. Netting out the days payable outstanding metric of 32 days, our first quarter cash conversion cycle was 43 days.

Other first quarter metrics of note. Depreciation expense was 1.6 million, amortization expense was 1.2 million, capital expenditures were 1.9 million.

From a distribution product line standpoint, peripherals accounted for 30 to 34% of our sales. System components accounted for 17 to 21%. IT systems accounted for 28 to 32%. Software accounted for 12 to 16, and networking accounted for 3 to 7% of our total distribution revenues.

In our contract assembly business, from a customer mix standpoint, approximately 86% of our business was from our main customer and approximately 14% was from all other customers. HP at approximately 26% was the only vendor accounting for more than 10% of sales during the first quarter of 2007. Total head count was 5,664 at February 28, 2007. The large increase over the prior quarter is primarily due to our recent acquisition of Link2Support. This acquisition added approximately 2,400 total head count.

Before I go over the second quarter expectations, I would like to provide you with the following information on our recently completed acquisition as well as a bank financing update. During the first quarter of 2007, we completed the acquisition of Link2Support and PC Wholesale for a total of approximately 55 million. Both transactions were completed in the last week of the quarter, thus the revenue and profit contributions were negligible.

As Link2Support is a fee-for-service business, its ongoing revenue contribution is not expected to be material to our total revenue. As noted in our announcement on PC Wholesale, 2006 revenues for this business were approximately 224 million. However, our expectation is that during the integration of the business and due to customer and credit overlap, our retention of this revenue run rate will be measurably lower. Our long-term goal is to build this business past its prior revenue levels, through synergies and other benefits of the combined organizations.

Earnings contribution from these two acquisitions will approximate $0.02 per share in Q2 2007. On March 5, 2007, we completed the purchase of a new logistics facility in Guelph, Canada. This facility is approximately 600,000 square feet. Thus this facility will allow for ample room to grow our existing business, as well as pursue additional supply chain business. The total purchase price for this facility was approximately 12 million. We will be consolidating our two existing Ontario, Canada area facilities into this new facility over the next few quarters. We expect up to $0.01 per share per quarter in additional expense to operate the new and the existing facilities, until the integration is complete. This amount is factored into our second quarter outlook. We may also incur additional non-recurring expenses once the existing facilities are closed.

During the quarter, we completed an arrangement with our existing bank group, which increased our US borrowing facilities to a maximum of 450 million from the previous level of 320 million. The terms of the new arrangement allow for the accounts receivable securitization portion of the borrowing facilities to be classified as an on-balance-sheet borrowing transaction versus the prior borrowing facilities, which required the accounting for the funding to be off-balance sheet. Our balance sheet as of February 28, 2007 reflects this change, and is evident by the increase in accounts receivable and borrowing. We believe this change will bring enhanced visibility to our AR and debt levels that were previously disclosed in our financial statement footnotes.

Moving onto our second quarter 2007 expectation, for Q2 2007, we expect revenues will be in the range of 1.595 billion to 1.645 billion.

Net income will be in the range of 14 million to 14.7 million and earnings per share will be in the range of $0.43 to $0.45 per share. These forecasted earnings per share figures are based on an approximate weighted average diluted share count of 32.8 million and do not include any impact of any special charges or restructuring amounts that could be incurred.

All these statements are forward-looking and actual results may differ materially. Before I turn over the call to Bob, I would like to point out that we are reviewing our current segment reporting given the ongoing changes in the mix of our business, recent investments, and the fact that our assembly business is truly becoming more of a combined sale with our distribution business, our current reporting will likely need to change. As we work to this topic we will keep you posted on any planned changes.

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

Robert Huang, President and Chief Executive Officer

Thank you, Dennis and good afternoon to everyone. We're pleased with our results for the first quarter of 2007. The SYNNEX team delivered another well executed quarter and I would like to thank our employees, our customers and our suppliers for their continued loyalty and support. With the completion of our first quarter of 2007 SYNNEX has achieved our 79th consecutive profitable quarter. The performance of our distribution business continue to be the main factor contributing to our year-over-year increase in revenues and profits for this quarter. I am especially pleased by the 14 basis point improvement in distribution operating income year-over-year from both our US and Canadian businesses. As Dennis noted earlier, our continued overall focus on improving our gross margin coupled with our relentless effort on improving our cost structure has allowed us to deliver strong operating in bottom line improvements.

Our GPE, gross profit to expense ratio was 1.5 in the first quarter, it's the key productivity metrics where we continue to be the industry leader. Our focus as it has been over the past few years will be to continue to improve this metrics through profitable growth with a higher focus on operating income versus the top line growth. The distribution marketplace remained competitive during the quarter but overall demand was as expected and the pricing continued to be rational. In terms of the customer segment or product categories, we didn't see any significant differences from historical patterns or from what has been reported in the marketplace.

Regarding our assembly business, while revenue was generally in line with our expectations more importantly our operating income improved 20 basis points over Q4 of 2006. We were able to improve profitability by continuing to diversify the business especially on a gross margin basis through synergies with our distribution business. Evidence of this momentum is our recent announcement regarding future assembly and other services we will be providing to Dot Hill Systems. Revenue will not begin until later in this year however we are pleased by our progress and potential in this new project.

Now let me comment on our second-quarter guidance. At the midpoint of the guidance we are projecting a 7% increase in year-over-year sales for the second quarter 2007, and a 22% increase in our earnings per share. This growth rate is reflective of our continued focus on growing our business profitably. The projected increase in our revenue also assumes, from a growth standpoint, a continued reasonable demand in IT distribution and normal seasonal patterns in the IT marketplace. And that our assembly revenue will be about flat, with our first quarter.

As we have discussed in prior quarters, our future success will be dependent on our execution in all aspects of our business, as well as generating returns on new investment that we have made or plan to make. In this regard, I would like to update you on larger initiatives currently underway in our recent acquisitions. First off, regarding our TSD business, I am pleased with our progress on growing this business and executing on our stated goal for this division. We will continue to invest where necessary to further the prospect and the momentum of this business.

During the first quarter, we announced that the single leadership of this division will be taken over by Jim Estill, our CEO of SYNNEX, Canada, and Peter Larocque, our President of US Distribution. Through this change, we will see the benefit that these two senior leaders can add through existing business synergies, and hence maximize our offerings, and returns. For our CE Retail business, even though sales for most vendors are still very insignificant, the GPS product from Mio-Tech has gained a great traction. We're planning to further invest further in this segment in hopes of continuing the current momentum.

On February 28, we announced the acquisition of PC Wholesale. PCW was a distributor of a computer product, with a strong focus on end-of-the life, and refurbished products. PCW complements SYNNEX growth strategies, and provides SYNNEX a net new customer base while providing additional service for our OEM partners. On February 20, we announced the acquisition of Link2Support, an approximate 1,400 seat world-class technical support, and contact center that delivers a voice, e-mail, and technical chat support as well as other value-added services. This acquisition further strengthens our emerging business process outsourcing initiative. Our strategies to leverage the strength of our existing Concentrix business in Link2Support to deliver more value to existing and new customers, and OEM partners. Both of these investments further diversify our offerings to our OEM partners, and resellers, will be long-term positive EPS contributors, and importantly our ROIC accretive as well.

I would like to take this opportunity to welcome the employees of Link2Support and PCW to the SYNNEX team. Before I turn the call over for questions, I would like to emphasize that we are very pleased with our current result and opportunities we have to further our earnings growth potential. As the IT distribution market continues to mature it is likely the achievement of significant growth will be costly from a bottom-line perspective. Based on this our strategy is to maximize the return of our resources by providing more value-added service to venders and customers including new investment in services like Link2 and PCW. This means continue to grow our bottom line at a much faster rate than top line growth and eventually achieve the double-digit ROIC goal.

Thank you again for the time today and interest 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, Bob. Jai, can we go ahead and open up the call for questions please.

QUESTION AND ANSWER SECTION

Operator: Not a problem. [Operator's Instructions] Our first question comes from Ben Radinsky from Bear Stearns.

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

<**A – Laura Crowley**>**:** Hi, Ben.

<**Q – Ben Radinsky**>**:** Can you talk about your revenue expectations in a little bit more detail in terms of your long-term targets given your comments in the prepared remarks?

<**A – Robert Huang**>**:** Dennis, you want to --

<**A – Dennis Polk**>**:** Sure, Ben. Thanks for the question. Our stated goal has always been to grow faster than the distribution marketplace when it comes to top line growth. But as we have talked about in the call here today and talked about in the past our number one goal is to grow our operating income and our net income faster than that rate. Our goal is to take profitable revenue growth, not just chase revenue to grow the top line. So our goal moving forward will be again to grow fast in the market when that allows us to grow profitably.

<**Q – Ben Radinsky**>**:** Just to clarify I think historically you've used the comment on two times the market, would you say that that has materially changed?

<**A – Robert Huang**>**:** Ben, its Bob. I think we have done this in the last several years and we felt we get it reaching to the point that the market is saturated, pretty much saturated and it is getting more and more difficult to grow at that type of rate without appending a lot of expenses to the bottom line. And hence as I have mentioned earlier we have, particularly two years ago when we were on the road show for the secondary offering we heard our investors want to have higher and higher ROICs and we did come back and look at that and indeed we should be putting more focus and see how we could best utilize our capitals in our human resources that we have investment in. So, that is where the strategy came from.

Over the last couple of years you probably have seen, particularly on the gross margins improvement and the bottom line, improvement. So, it is not our goals to continue that double-digit growth and we communicate a few years ago we'll be putting a lot more focus on the bottom line and you should see that. You have seen this and you should continue to see that strategy being executed.

<**Q – Ben Radinsky**>**:** Okay. And then just two quick ones, is the operating margin that you reported this quarter sustainable for the time being or I guess, more explicitly do you have a benchmark that you are now targeting for your operating margin?

<**A – Dennis Polk**>**:** Ben, this is Dennis. On that question, historically, our goal is to have a 1.5% operating margin. And then grow that five basis points each year. In 2006, we achieved that goal, and so now our goal is to hit 1.55% operating margin return. In Q1, we were successful in doing that and we will endeavor to maintain and achieve that level in the quarters moving forward.

<**Q – Ben Radinsky**>**:** Okay, thanks. And then just the last one from me, and then I'll hop back in the queue. Can you talk about your accounts receivables and your debt levels? I'm assuming that your securitization is now on balance sheet.

<**A – Dennis Polk**>**:** Yes, from an accounts receivable standpoint, for our US facility, previously that was accounted for off-balance-sheet, but with the new agreement that we signed in February

of this year, the accounting for that now is on-balance-sheet. So you will see the gross up of the AR, and the borrowing in our accounts receivable account and our short-term borrowing line item.

<Q – Ben Radinsky>: Okay. So just for a comparability point of view, do you have in front of you what the comparable period was a year ago in terms of DSOs, including the off-balance-sheet debt then?

<A – Dennis Polk>: Yes, the DSO number we had given out in the current period and in prior periods always assumes that the borrowing facility was on balance sheet. So our DSO that we disclosed on the calls have always been consistent, apples-to-apples comparison.

<Q – Ben Radinsky>: Thanks. I'll hop in the queue.

Operator: Our next question comes from Jason Gursky from JPMorgan. Please go ahead.

<Q – Jason Gursky>: Good afternoon, guys.

<A – Laura Crowley>: Hi, Jason.

<Q – Jason Gursky>: A couple of quick housekeeping ones for you, Dennis. Do you have a cash flow from operations number for us today?

<A – Dennis Polk>: Sure. And again, this is a bit affected by the change in the accounting for the securitization. So I'm going to give you an apples-to-apples number as well. The cash flow from operations was about $60 million for the quarter. Again, that excludes the new accounting for the on-balance-sheet, but from a comparability to last year, the $60 million is the amount to be looked at.

<Q – Jason Gursky>: Okay, great. And then, any update on the CFO search, are you going to hold onto both titles for the time being?

<A – Dennis Polk>: That's an easy answer. My goal in life is not have both jobs. We have made great progress in that search actually. We've met a lot of good folk in the recent past, and we hope to have an announcement on that in the very near future.

<Q – Jason Gursky>: Okay. And then, maybe two questions for either you or Bob. The last quarter you had mentioned qualitatively some comments about Vista and your expectations around what that was going to the demand, maybe just an update there? And then, on the assembly revenues, I think if I heard correctly it was flat quarter-on-quarter. Obviously last year, you had quite a bit of a seasonal bump. So I'm just wondering if this is more ASP driven, as you have talked about here in the recent past or are you seeing a drop-off in volumes in the assembly business as well?

<A – Robert Huang>: Okay. Jason, on the first Vista question it's pretty much what I have expected. We said we expected not so much on the enterprise side, but on the SMBs there probably would be some slowdowns last quarters. And we see some pick up, certainly on the consumer space that once it launched, that people wanted to jump on the Vista. And these are some shipments, the SMB as well. There is very, very minimal enterprise space on the Vista shipments. On the assembly I think you said it right. It was a special project. We, one-time opportunities we had last year and that beef up the revenues, as far as currently what we have right now it's a flat to flat. This combination of the ASPs as well.

<Q – Jason Gursky>: OK but obviously your largest customer there typically has a seasonally strong quarter here, there's that, so it's mainly the ASP that's driving a less than seasonal up tick then for you?

<**A – Robert Huang**>**:** Yes, I think seasonal – it's the combination of ASPs and the seasonal factors out there.

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

Operator: Our next question comes from Rich Kugele from Needham & Company. Please go ahead.

<**Q – Richard Kugele**>**:** Thank you. Good afternoon. Just a few questions, in terms of Link2Support with their Philippines base does this change in any way your thinking about penetrating the Asian markets?

<**A – Robert Huang**>**:** Richard, that is a very good question. One is that you probably noticed that today in China alone we have over almost 700 employees over there and we started in late 90s to move some, the back office to China essentially to take advantage of the labor costs and certainly the quality of the employees we have over there were very good. Now the Link2 to similar degree because the labor cost is substantially lower in Philippines, so from the call centers point-of-view it make a lot of sense particularly in the current environment where India is extremely, extremely getting very pricey and the turnover is also very high. Philippines turns out to be a very, very good market for us to go in.

<**Q – Richard Kugele**>**:** Okay. And then, just secondly in terms of Dot Hill, obviously helpful in -- helping to diversify away from Sun, but do you see similar transactions to that or was that somewhat unique because of the MiTAC relationship?

<**A – Robert Huang**>**:** It is a combination. This Dot Hill it has a lot more synergies with the distribution business, the components, the logistics is coming from distributions. It is true that MiTAC is providing the very essentials engineerings and SMPs productions back in China. However, there's a lot of more services we provide into Dot Hill in US beyond just the system integration that we do for our primary customers.

<**Q – Richard Kugele**>**:** So, theoretically the margins ultimately could be better on that type of business?

<**A – Robert Huang**>**:** We would not be able to comment that, we certainly wanted to make sure that it, business makes sense, Rich.

<**Q – Richard Kugele**>**:** Okay. And then just lastly Dennis from an operating expense standpoint, how should we think about the run rate from this level post acquisition?

<**A – Dennis Polk**>**:** Sure, Rich, we only give explicit top and bottom line guidance but you should expect that our SG&A from a raw dollar perspective will increase in Q2, given the acquisitions of Link2 and PC Wholesale. They were both done near the end of the quarter, so we will have a complete full quarter with them in Q2. Outside those acquisitions, we're very much managing our organic expenses, if you will, on a very tight basis. So you shouldn't see anything other than an increase based on the increase in revenue.

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

Operator: [Operator Instructions]. Our next question comes from Brian Alexander from Raymond James. Please go ahead.

<**Q – Brian Alexander**>**:** Thanks. Just on the gross margin improvement that you saw sequentially, that was a lot more than I was expecting. But then, it was offset by a rise in OpEx. So I'm just wondering how much of that margin improvement was due to traction that you're gaining with the

TSD business, because I would think that gross margin would translate into higher operating margins, which wasn't the case here. So I guess what I'm getting at is, how much of the gross margin improvement was due to TSD versus maybe other mix shifts within the distribution business, either customer or product mix?

<A – Robert Huang>: Brian, this is Bob. The main gross margin increase still coming from an overall focus on the profitable business. Because TSD, relatively speaking, is still very -- still small as a percentage of the total business. So even has its some improvement on that, it would not reflect on the total gross margin improvement that we have shown. The second area certainly is the Concentrix – you know a year ago we had very small business in that, and that's generally fee-for-service, a larger gross margin that adds some gross margin contribution as well. So those are the two major components. And if you have anything to add to it, probably Dennis?

<A – Dennis Polk>: No. Those do reflect, will contribute to the increase in our gross margin for the quarter, but I will emphasize, as Bob noted, that the distribution, the core distribution business was a very solid contributor to the increase in gross margin this quarter.

<Q – Brian Alexander>: I guess maybe the follow-on to that would be what drove the increase in the OpEx ratio from, call it, 2.9 to 3.1% sequentially?

<A – Dennis Polk>: It's several things, Brian. First of all, we're still continuing to invest in our business. We did have a little bit of expense from the acquisitions that we did. Link2 was done with 10 days to go on the quarter, and a few days of PC Wholesale. Those are the primary reasons for the increase in raw dollar SG&A, and as a percentage of sales, as well.

<Q – Brian Alexander>: And Dennis, could you remind us of what your targets are for TSD for this year and for next year? And are you still comfortable with those targets?

<A – Dennis Polk>: Sure. We -- the last quarter, we talked about our goal for the 2007 fiscal year, for TSD, excuse me, would be 350 million in revenue, and we're still comfortable with those goals.

<Q – Brian Alexander>: Okay. And then, finally, on the Link2Support, I mean could you tell us how much of the $55 million purchase price for both acquisitions was strictly related to Link2Support? And maybe just a little bit more detail on the strategy here. I guess, I'm struggling to understand exactly what this business is, how does it fit with Concentrix? Who is the customer? Is it an end-user? Is it a reseller? I'm just trying to understand how this fits into your overall strategy.

<A – Robert Huang>: Brian, let me take a shot on the Link2 strategies, and then, Dennis can comment on the other things. The Link2, essentially what we try to do all along, we see our OEM suppliers more as a customer than as pure vendors. And we try to offer them as many different type of services we could. And in the past, we start from manufacturings, and we have the demand generations, and now we're getting to the tech supports area. And the Link2Support essentially doing mostly today is tech support, and also have some demand-gen activities as well for sales and that type of thing. And so, it is a very good extension from what we're offering today.

Now, as far as the specific link to Concentrix, Concentrix also have a lot of call center business that today the cost to operate in Rochester is too high. So it, make a lot of sense if we could move some of this possible business offshore, and probably will make us even a lot more competitive. So those are the synergies that we perceive today. And we see some customers, even the reseller customers are interested in having the tech support to help that type of services that we could provide. So, it's a whole slew of different type of services we're providing for our current partners, either its vendors, or OEMs, suppliers or our resellers or existing Concentrix customers.

<Q – Brian Alexander>: Can you talk about -- I guess this is my last question. Can you just talk about how concentrated or diverse the vendor portfolio is within Link2Support? In other words, could you just disclose who the vendors are that are currently using them, and is it highly concentrated or is it pretty diversified?

<A – Robert Huang>: We will not be able to provide -- we will not be able to share that with you on the concentration ratio. But we do have a few, more than a few customers we're working with. And this will grow, this business will grow before you even know about. And so, I am very, very optimistic about the potential of these 2,300, 2,400 employees that we, all of them seen in the countries, where the cost is very low, and English is their official language.

<Q – Brian Alexander>: Okay. And I assume of the $0.02 from the acquisitions you are expecting in Q2. About $0.01 of that is from Link2Support, and how about the purchase price? Is it in the $20 million range? Is that how much is what you paid for Link2Support?

<A – Dennis Polk>: Brian, Dennis here. The purchase price for PC Wholesale was approximately 30, and the purchase price for Link2 was approximately 25.

<Q – Brian Alexander>: Thank you.

Operator: [Operator Instructions]. We have a follow-up question from Jason Gursky from JPMorgan. Please go ahead.

<Q – Jason Gursky>: Hi, guys. Just one bookkeeping one, Dennis, for you. The profitability from the Mexican operation this quarter, was that in line with your expectations? And how does this -- any change there as it relates to interest expense and interest income line going forward?

<A – Dennis Polk>: From the Mexico, contribution from the project that we have there, the profit contribution was in line with our stated guidance on that from a few quarters back, which is 8 to $0.10 a year, so approximately $0.025 per quarter. The project that we're getting that profit from is moving along well, and there has been no change in how we do business or how the business is maturing for that project.

<Q – Jason Gursky>: Okay. And then just on interest expense going forward, given the financings that you did this quarter are there any material changes given the current debt levels?

<A – Dennis Polk>: No material changes other than the additional debt carry that we would have from those two acquisitions.

<Q – Jason Gursky>: Right. Okay, and then on the segments you had suggested that you're going to perhaps change that going forward, would you just be rolling in everything into the distribution, is that the thought?

<A – Dennis Polk>: Yes, that is a possibility. We are obviously looking at many aspects of our business and how we break it out given all the changes that have occurred over the past few quarters, but that is one of the possibilities that we're looking at.

<Q – Jason Gursky>: Okay. Great. Thanks guys.

<A – Dennis Polk>: Thank you.

<A – Laura Crowley>: Operator, we have time for one more question.

Operator: [Operator Instructions]. I show no further questions.

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Laura Crowley, Director of Investor Relations and Public Relations

Great. Thank you, Jai. Okay, this concludes our first-quarter earnings conference call. Thank you for joining us today. We will have a replay of this call available for two weeks beginning today at approximately 5 p.m. Pacific Daylight Time through April 5, 2007. Thank you again for your participation.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This concludes the program. You may all disconnect and have a wonderful day.