

— PARTICIPANTS

Corporate Participants

Lori Barker – Senior Director-Investor Relations
Thomas C. Alsborg – Chief Financial Officer
Kevin M. Murai – President, Chief Executive Officer & Director
Christopher Caldwell – Senior VP & GM-Global Business Services

Other Participants

Richard J. Kugele – Research Analyst, Needham & Co. LLC
Matt Sheerin – Managing Director, Stifel, Nicolaus & Co., Inc.
Craig M. Hettenbach – Research Analyst, Goldman Sachs & Co.
Brian G. Alexander – Analyst, Raymond James & Associates
Shaw Wu – Analyst, Sterne, Agee & Leach, Inc.
Ananda Baruah – Vice President & Senior Analyst, Brean, Murray, Carret & Co. LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is David and I will be your conference operator today. At this time, I would like to welcome everyone to the SYNNEX 2011 Third Quarter Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. Thank you.

Ms. Lori Barker, you may begin your conference.

Lori Barker, Senior Director-Investor Relations

Thank you, David. Good afternoon and welcome to SYNNEX Corporation's fiscal 2011 third quarter conference call for the period ended August 31, 2011. 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 and General Manager of Global Business Services.

Before we begin, I would like to note that today's statements, 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, market share, profitability and returns, our leadership position, expectations of our revenues, net income, our effective tax rate, acquisition, restructuring, and integration charges and diluted earnings per share for the fourth fiscal quarter of 2011.

Our performance, general economic recovery, the impact and integration of our recent acquisitions, the impact of the events in Japan, benefits of our business model, our product mix including the launch of new products and services, anticipated benefits of our new BPO renewal business, IT demand expectations and market conditions, operating expenses and operating margins.

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 on 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 C. Alsborg, Chief Financial Officer

Thank you, Lori. Good afternoon, everyone and thank you for joining our call today. I'll begin with a few highlights and by summarizing our results of operations and key financial metrics for the quarter. I'll conclude with guidance for the fourth quarter of fiscal 2011.

I am pleased to report that our third quarter earnings grew greater than 24% year-over-year to \$1.07 per diluted share from continuing operations. Our Q3 results are inclusive of a benefit of \$4.1 million associated with an adjustment to contingent M&A consideration, which we'll describe shortly. And once again, we also expanded our operating margin and continued to increase our trailing four quarter ROIC growth performance.

SYNNEX continues to remain focused on our key goals of growing profitability and returns for investors, even as we continue to make investments in our business.

Let me share some of the details behind our solid Q3 performance starting with revenues. In our third quarter, total consolidated revenues from continuing operations were \$2.57 billion, up 18.1% over Q3 of 2010 and up 3.1% sequentially. Approximately 8.0% of our year-over-year growth came from solid core organic business performance. The remaining 10.1% of the net year-over-year revenue growth came from our acquisition of Infotec and three smaller Global Business Services or BPO acquisitions. This is net against the sale of our portion of our contract assembly business and a divestiture of our former NDS business, both of which occurred during Q3 last year.

At the segment level; in the third quarter, revenues from the distribution segment were \$2.54 billion, up 17.9% year-over-year and up 3% sequentially. The organic year-over-year distribution growth was 8%. The acquisition of Infotec contributed \$297 million in revenue to Q3 2011, while the year-ago third quarter included \$77 million in revenue from the portion of our assembly business that was sold.

In our GBS segment, revenues were \$40.5 million, up 30.7% year-over-year and up 4.5% compared to the fiscal second quarter of fiscal 2011. The year-ago quarter includes \$4.8 million in revenue from NDS, which was sold in August 2010. Organically, GBS grew 5% year-over-year.

This quarter, we achieved consolidated gross margin of 5.98%, compared to 5.74% in the third quarter of 2010, and 5.81% in Q2 2011. We continued to execute very well across the board and we have very good traction in our technical solutions division as well as other high-margin growth initiatives that are driving a favorable mix change towards our value-add distribution products and services.

SG&A dollars increased compared to prior year largely due to the four acquisitions in 2010 and early 2011. Third quarter total selling, general and administrative expense was \$87.2 million or 3.39% net of the benefit of \$4.1 million associated with the adjustment to contingent M&A consideration. This compares to \$72.7 million or 3.34% of revenues in the third quarter of fiscal 2010. The contingent M&A consideration adjustment resulted from the fair market valuation of our earn-out related to previous GBS M&A. Under GAAP, we are to report this as an adjustment to the current earnings within SG&A.

Consolidated operating income from continuing operations before non-operating items, income taxes, and non-controlling interest was \$66.5 million or 2.59% of revenues compared to \$52.2 million or 2.40% in the prior year third quarter.

On a segment basis; distribution income from continuing operations before non-operating items, income taxes, and non-controlling interest was \$58.6 million or 2.31% of distribution revenues compared to \$47.9 million or 2.23% of revenues in the prior year quarter.

The GBS segment; income from continuing operations before non-operating items, income taxes, and non-controlling interest was \$7.9 million or 19.58% of GBS revenues compared to \$4.2 million or 13.65% in the prior year quarter, again this includes the benefit of the adjustment to contingent M&A consideration.

Our new BPO renewals platform business continues to ramp, although the timing of the new wins and the ramp up continues to be a bit more protracted than originally planned. Sequentially, we have grown operating margins and we continue to expect to achieve low to mid double-digit operating margins in 2012. This will further increase the SYNNEX consolidated operating margins.

Net total interest expense and finance charges for the third quarter of 2011 were \$6.5 million and essentially flat with the second quarter. The effective tax rate for the third quarter of fiscal 2011 was 33.4%, compared to 34.5% in the second quarter of 2011.

For the fiscal year, we expect the 2011 effective tax rate to be in the 34% to 35% range. Also, I would like to note that the contingent M&A consideration adjustment is not tax effective. Our third quarter net income for SYNNEX was \$39.0 million or \$1.07 per diluted share. This compares to \$30.9 million or \$0.86 per diluted share in Q3 2010.

Turning to the balance sheet; our accounts receivable totaled \$1 billion at the end of August, 2011 for a DSO of 41 days, up 2 days from the prior year quarter. Inventory totaled \$956 million or 36 days at the end of the third quarter, compared to 35 days in the third quarter of 2010. Days payable outstanding was 32 days and consistent with the end of the third quarter prior year. Hence, our overall cash conversion cycle for the third quarter of 2011 was 45 days, up 3 days from the same quarter of last year and from Q2 2011.

Our debt-to-capitalization ratio is 29%, still at historically low end of our range. Our liquidity in excess to cash remains excellent. At the end of Q3, the company had over \$0.5 billion available between cash and working capital lines.

Other financial data and metrics of note for the third quarter are as follows. Depreciation expense was \$3.7 million. Amortization expense was \$1.8 million. Hewlett-Packard at approximately 36.8% of sales was the only vendor accounting for more than 10% of sales. Q3 cash capital expenditures were \$5.4 million. Preliminary cumulative year-to-date cash flow provided by operations was approximately \$116 million. Q3 annualized ROIC was 11.5%, up from 11.1% in the prior year. And trailing four quarter ROIC was 10.5%, up from 10% as of Q3 2010.

Now moving to our fourth quarter 2011 expectations. For fiscal Q4 2011, we expect revenue in the range of \$2.78 billion to \$2.88 billion. Our forecast for net income is expected to be in the range of \$41.0 million to \$42.4 million and corresponding diluted earnings per share is anticipated to be in the range of \$1.11 to \$1.15 per share. This guidance assumes continued stability in the overall demand environment in North America and Japan. And as a reminder, all these statements are forward-looking and the actual results may differ materially.

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

Kevin M. Murai, President, Chief Executive Officer & Director

Thank you, Thomas. Good afternoon, everyone, and thank you for joining our call today. Once again, the team at SYNNEX delivered another solid quarter in Q3, highlighted by sales growth of 18%, 2.59% operating margins including the one-time benefit of \$4 million, and another quarter of expanding ROIC. I believe this is excellent performance, especially given the uncertainty in the economy. What I'm most proud of is our success in expanding our margins. I'll talk more about how we're doing this, but the headline is that we are adding more value to our vendors and customers and are driving greater synergy in our two business segments.

First, I'll start with my thoughts on our third quarter. Within U.S. Distribution, we continued to experience stable and relatively strong demand in our commercial and government segments. Sales of core products in client devices and peripherals remained healthy, and we experienced good growth in our technology-focused areas such as enterprise servers, networking, and communications. Our specialty businesses in wide format print, ProAV and healthcare also had strong growth.

The consumer segment remained relatively soft; however, we did see more demand return in August. Softer sales of traditional consumer notebooks were offset by strength in mobile devices.

The Canadian landscape was a similar story, although somewhat softer in the consumer segment, offset by solid demand and market share gains in the commercial segment.

The Japanese market demand was seasonally soft, as expected; however, we have recovered for the most part from the disasters earlier this year. We continue to make solid progress in Japan, growing our business year-on-year and improving our operating margins to above 60 basis points. Recall that this business was at less than break-even when we acquired it last December and we're on a good path to continued margin improvement taking into account the inherent delay as a result of the earthquake and tsunami. Also, we expect to convert our IT systems soon, which will help us achieve the next level of profit improvement.

Within our GBS segment, while the overall BPO market is still soft, we grew our core business organically about 5%. Our recent acquisitions drove our overall GBS segment growth to 31%. More importantly, with the completion of the integration of these acquisitions, we improved our operating margin sequentially. During the quarter, we posted a number of new business wins in our core BPO and renewals business, which will deliver sales and margin benefits starting in Q1 of 2012. What I believe is noteworthy is that we continue to increase the level of synergy between our GBS and distribution businesses. Some of our new GBS contracts were with large customers and vendors in the distribution business. And as we discussed earlier this year, we remain confident that with these new businesses, our GBS segment will expand our profitability beyond our historical margins into the low to mid-teens.

Now I'll switch gears and talk about some exciting news happening at SYNNEX. First, within our GBS segment, today we announced the acquisition of gem. With this acquisition, we deepened our global GBS footprint within the European market and also bring on exceptional capability to Concentrix in supporting enterprises and their social media strategies. The use of social community is exploding these days and gem helps businesses managed their sales and support in these communities through its proprietary platforms. We believe this to be another key differentiator for our Concentrix business. We're pleased to bring gem on board and I want to personally welcome the 700 employees of gem to the SYNNEX family.

In our distribution business, we launched our RENEWSolv Platform in the U.S. last month. This platform leverages the renewals engine from our Concentrix business and greatly simplifies and enhances the resellers' ability to sell more warranty renewals and software license renewals. Our

initial launch was partnered with HP and Microsoft and we have a large number of other vendor partners that will be on boarded soon.

RENEWSolv is just another example of how the growing synergy – of the growing synergy that our GBS and distribution segments are experiencing. Increasingly, more of our distribution vendors and customers including some of our largest are using our GBS services, driving increased value and margins for both our partners and SYNEX.

Also, we're anticipating the launch of our cloud services offering called CLOUDSolv this quarter. This platform will enable our resellers to run their entire as a service business, from letting our resellers run and manage their own marketplace to provisioning of services, to metering and billing. We're gearing up our launch with not only this capability, but with a number of cloud ecosystem partners offering software infrastructure and other services.

And in Japan, I am pleased to announce that we have hired Yoshitake Matsumoto as CEO of SYNEX Infotec. Mr. Matsumoto has extensive leadership experience in the IT channel and most recently has run the enterprise business for HP Japan. Bob Huang will continue to play an active role in business as he transitions the leadership reigns over the next 12 months.

There is never a dull moment in technology whether we're talking about cloud computing or mobility or the connected home, there are abundant opportunities for us to capture. At SYNEX, we embrace these changes and we will continue to invest in the markets and business models that we believe will drive future growth and success. As you can see from our results, we're making the right investments in the right growth markets creating value and growing margins and returns even as we continue to grow at/or above the market.

Looking ahead to the fourth quarter, overall demand in North America and Japan is anticipated to be fairly stable but we are cognizant of the macroeconomic issues we hear about every day. The consumer market has been soft for most of the year; however, we are seeing relative strength in bookings as we approach the holiday season. The commercial markets remained relatively strong and we continue to see growth in our key technology-focused areas.

In summary, over the past few years there has been significant uncertainty in world economies, which have had an impact on the demand for IT products and services. Yet, during this time, SYNEX has consistently outperformed the market and we continue to do so. Key factors in our success are our people and our ability to execute, our nimble business model and our focus on key technologies and markets where strong growth exists. This is why we are confident that we will continue to deliver shareholder value.

In closing, I would like to take this opportunity to acknowledge the hard work and dedication of all SYNEX associates around the world and also thank our vendor and customer partners and our shareholders for their continued support.

And with that, Lori, let's turn the call over the operator for questions.

Lori Barker, Senior Director-Investor Relations

Thanks, Kevin. David, we're ready for our first caller.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Rich Kugele of Needham & Company.

<Q – Richard Kugele – Needham & Co. LLC>: Thank you, good afternoon and well done. Just a few questions. I guess, first, in terms of Japan, is the leadership change there a little bit sooner than expected or am I just remembering that incorrectly?

<A – Kevin Murai – SYNEX Corp.>: No, actually it's right on track, Rich. And I think what we have said when we acquired the company is that we had the commitments from Bob Huang to run the business for up to two years as we search for an appropriate local replacement and very happy that we were able to find an excellent executive with very good experience within the first year.

<Q – Richard Kugele – Needham & Co. LLC>: Okay, that's helpful. And then just two last ones that are somewhat related. One of the primary concerns we hear from the buy side is that there is going to be a similar credit crisis driven by Europe and that's going to affect the SMB purchases. Do you see any comments or any feedback at all from the SMB relative to that type of concern, you talked about commercial demand remaining stable, but do you think that they are in better shape than they were in 2008? So any comments on that then I have a follow-up?

<A – Kevin Murai – SYNEX Corp.>: Yeah, just some high level commentary. And if I understand your question correctly, Rich, just talking about some of the issues over in Europe affecting the SMB markets here locally.

<Q – Richard Kugele – Needham & Co. LLC>: Yes.

<A – Kevin Murai – SYNEX Corp.>: Okay. With everything that you hear on the news, I think what's been remarkable is that the overall IT demand environment has been relatively stable through that time. So even though there is always the potential for something to trigger perhaps a change in that demand here. So far we haven't seen that and the good news is of anything, the anecdotes that we are hearing coming into fourth quarter is that things are actually pretty strong and we do expect them to be relatively stable.

<Q – Richard Kugele – Needham & Co. LLC>: Okay. Then the last is, in terms of your largest vendor, have you seen anything that gives you pause or anything that in terms of their own perception among your customer base where you would feel that you need to backfill with another vendor perhaps or how are you protecting SYNEX if there is some share shift?

<A – Kevin Murai – SYNEX Corp.>: Right, as you know, we do carry a broad line of many different vendor partners across the product spectrum. That being said, I think as Meg Whitman put it, HP is a very, very important player in the IT industry and will continue to be so. They're also a very important partner to us.

Shortly after some of the announcements over the past couple of months, obviously we were focused in working with HP on protecting the business that we had, but things did settle down relatively quickly and like we would do with any other important partner that we have in business, we'll continue to work with them to make sure that they are successful and they grow.

<Q – Richard Kugele – Needham & Co. LLC>: Okay, thank you very much.

<A – Kevin Murai – SYNEX Corp.>: Thanks, Rich.

Operator: Your next question is from the line of Matt Sheerin of Stifel, Nicolaus.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Yes, thanks and good afternoon. So, the question on the gross margin, obviously you got a nice boost from some of the mix in the business and the increased GBS business. If you look at the core distribution business, are margins sort of tracking to where they've been or is mix helping, particularly Kevin as you talked about some strength in the enterprise side?

<A – Kevin Murai – SYNNEX Corp.>: Yeah, gross margins, I think, when you take a look at the underlying core business and this also of course speaks to the overall pricing environment, has been relatively stable. That being said, I think the biggest positive impact that we've had on our gross margins in distribution has been on product mix, but that's not a passive statement. What we've been focused on is driving growth in some of the key – in some key areas that do offer higher levels of service in the sales and as a result of that our growth in some higher gross margin segments such as enterprise server and storage and some of the others that I mentioned are really affecting the mix in a positive way.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. And on the consumer side of things, it sounds – she sounds like you're a little bit encouraged by what you've seen. If you look at your guidance for the November quarter sequentially just short of 10%, I guess, at mid-point quarter-on-quarter which is a little bit below, last year obviously was a pretty strong year. But would you say the trends overall you're seeing are seasonal or a little bit less than seasonal, you've been a little bit more cautious because of the environment?

<A – Kevin Murai – SYNNEX Corp.>: Yeah, I would say for the most part they look to be about seasonal. As I mentioned in my prepared remarks, the consumer market was soft through the beginning of this year. We did see some pick-up in coming into, I guess, the back end of back-to-school. And at least right now from what we're seeing from our bookings through the holiday season, it does point to probably anywhere between equal or slightly better than the last year.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay, great. And just lastly, just following up on the question by Rich concerning Hewlett-Packard, I guess the one concern would be – certainly you've got other brands, OEMs that you can offer on the desktop and notebook side, but if Dell is successful in taking share from HP particularly in the SMB space and in enterprise space, is that going to be an issue for you obviously because Dell still goes direct, there's some channel involvement there. But is that a concern at all and are you seeing any evidence from the suppliers that you represent that they're ready to protect their turf in any way?

<A – Kevin Murai – SYNNEX Corp.>: Yeah. Well, first of all, I would tell you that HP and others are very, very sensitive to their own market share performance and they're always protecting their share, always looking for incremental share gains as well. We tend to take on a strategy of not focusing on absolutely every player category-by-category, but picking the ones that we believe have the best use of the channel and with companies and capabilities that SYNNEX has. And so with a bit more of a narrow focus, we're able to drive a little bit more success that way. So we expect to continue to do that, Matt.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay, all right. Thanks a lot.

Operator: Your next question is from the line of Craig Hettenbach of Goldman Sachs.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Thank you. Kevin, just a follow-up on the comments of seasonality. Some of the hardware OEMs have over the last month provided lower forecasts or talked about weakness. So can you just talk about for SYNNEX specific, is there anything you're seeing from share gain perspective or new programs that are helping you in this environment?

<A – Kevin Murai – SYNEX Corp.>: Yeah, I think it's – when you take a look at our overall portfolio of business, I already made some comments on what we're seeing on the consumer or the retail side, which is pretty healthy bookings for the holiday season.

On the consumer side, we do continue to see strength in SMB and other commercial markets. We've also continued to see strength in our government segments as well. And with the pipeline of business that we have, we also believe that not only are – is demand relatively stable and solid, but we're also gaining a little bit of share, too. So that's the best perspective that I have for now. I mean obviously our crystal ball is not perfect, but based on what we see so far, we're pretty confident that the market will be relatively strong, but certainly stable.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Okay. And if I could follow-up, Thomas, I believe you said the debt to capital ratio for the company is towards the low end where it usually is. You have announced a share buyback last quarter, you're doing some kind of tuck-in M&A. Can you just talk about the opportunities out there and is there room on the balance sheet, if the M&A isn't available, to maybe do more with the buyback or other things?

<A – Thomas Alsborg – SYNEX Corp.>: Sure. So to be clear on the buyback plan, it is the anti-dilutive plan. So it's not SYNEX's intent to do a large-scale buyback, a capital play or return from that perspective. I will comment that we announced the buyback, the Board had approved the buyback. We are allowing some time as – we're doing the buyback under a 10b5-1 plan, so we're allowing some time for distancing on that and all that to say we have not actually purchased shares yet, just to lay that out on the table.

As far as – as I mentioned, we have over \$0.5 billion of liquidity available to us and we feel very good about that liquidity in terms of opportunities. We're not in a situation where we're forced to choose between good alternatives with our cash at this time. Does that answer your question, Craig?

<Q – Craig Hettenbach – Goldman Sachs & Co.>: It does, and maybe if you can just follow-up on just kind of the M&A and maybe in the GBS if there's – how that environment is for further deals down the road?

<A – Thomas Alsborg – SYNEX Corp.>: Sure, so I'm going to give Chris an opportunity to comment on the GBS environment. He's here with us as well. I will tell you that we are always looking at opportunities in the M&A, frequently meeting and discussing opportunities, but we remained highly disciplined, especially in this current economic environment, around any target that we may pursue.

<A – Christopher Caldwell – SYNEX Corp.>: So I'd continue on from Thomas and just say that that obviously there's opportunities out there provided it fits our criteria of being synergistic to the rest of our business within our Concentrix BPO business and we'll continue to pursue those if they make economic sense for us.

<Q – Craig Hettenbach – Goldman Sachs & Co.>: Okay, thanks for that color.

Operator: Your next question is from the line of Brian Alexander of Raymond James.

<Q – Brian Alexander – Raymond James & Associates>: Thanks and congrats on a really good quarter. To ask a question about Japan – I'm sorry if some of these were asked, I was on another call – but it sounds like that business is growing year-over-year based on the revenue provided this quarter and given the integration work, I think is mostly done. Kevin, you alluded to the IT portion, I think, happening this quarter. How should we think about the path to the 2% or better operating margin that you're achieving in North America? And maybe I'm reading too much into it, but is the leadership change at all related to the momentum you have in Japan?

<A – Kevin Murai – SYNEX Corp.>: Well, Brian, first of all, great questions. So number one, we're pretty happy with our progress and certainly happy that we've taken the business in a short period of time up to over 60 basis points. I do recall what we had said back when we acquired the business was our belief that we would get to North American type profitability in the first year. Because of the delays inherent to the disaster that happened in Japan, that likely is going to cause delays in our ability to get there but I do expect to get there in 2012.

I think everything that we've talked about so far, though, is very, very positive, because when you think about what we set out to do, number one was to reorganize some of the departments within the company and that's all been done. Number two is we had some low hanging fruit driving expense reduction that we've already completed as well. One of those was an outsourced logistics center that we've brought in-house and we've been running that for a number of months as well and then adding new vendors.

So the final piece really is to convert our ERP systems to what we have so that we can then fully leverage the transparency that we're able to get in seeing that business and drive higher levels of margin. And then in addition to that with the cost structure being as optimal as we believe it can be, having a little bit of tailwinds in growth is also going to help get to that next level of profitability, too. So I think we've established a very strong foundation and as we cut over to our new ERP system, we do expect to see a continual trajectory towards much better operating margins.

<Q – Brian Alexander – Raymond James & Associates>: And when is that cut over, Kevin, and why wouldn't that translate to a step function change as opposed to a gradual path toward 2%?

<A – Kevin Murai – SYNEX Corp.>: Well, it's – I think it's – so we haven't publicly disclosed the exact date, but likely before we're in this forum again, we'll be talking about a successful conversion. But it's not step function, but it is rapid. Okay? Keeping in mind that there's a lot of training that is happening right now, but as people get used to understanding the information that's coming out of the system, really fine tune the levers on the business, that does take some time to really get used to. So that's one of the reasons why it doesn't just happen overnight, but it does happen in a relatively short period of time.

<Q – Brian Alexander – Raymond James & Associates>: And then will there be any change in your ownership stake? I know part of the purchase price was made through a JV. Does the leadership change the ownership interest at MIT?

<A – Kevin Murai – SYNEX Corp.>: Yeah, I mean, that does not imply – I should first talk about the leadership change. And as I said in my prepared remarks, very pleased that we're able to bring on Mr. Matsumoto to lead the business and that was all part of the transition plan anyway. With Bob now starting to turn the reins over to Mr. Matsumoto, that does not necessarily mean that the ownership does change as a result of that.

<Q – Brian Alexander – Raymond James & Associates>: Okay. And then on HP, again sorry if it was asked, but their decision to potentially exit the PC business, is that affecting or did that affect in the quarter the sales trends or the pricing trends that you saw? Are they having to fight harder to keep business or is it really not having an impact on your customer base?

<A – Kevin Murai – SYNEX Corp.>: I think the dust settled on the announcements within days after some of the big announcements were made going back over a month ago now. That being said, we were able to work with them and preserve the pipeline of business that we had.

<Q – Brian Alexander – Raymond James & Associates>: Okay. Thank you.

Operator: [Operator Instructions] Your next question is from the line of Shaw Wu of Sterne, Agee.

<Q – Shaw Wu – Sterne, Agee & Leach, Inc.>: Hey, thanks. I had a question on the gross margin. This is the highest level you've seen and just wondering how we should think about gross margin over the next couple quarters? Thanks.

<A – Thomas Alsberg – SYNEX Corp.>: Hi, Shaw, this is Thomas. Without giving any specific guidance on gross margin, as we've been saying for quite some time, our focus is on margin expansion as we create value in the business and it is our intent to not put a ceiling on our margin expansion opportunities. We did comment that we're still within GBS on a ramping phase in terms of some of the platform business and as that platform business completes the ramp into 2012, that will have not only a positive impact of course on gross margins and GBS, but for the company overall. So it's very conceivable to see us with gross margins above that 6% threshold as we go forward.

<Q – Shaw Wu – Sterne, Agee & Leach, Inc.>: Okay. And then just a follow-up, I see you announced the acquisition of gem and just wanted to clarify that your guidance includes that – includes them and also should we think about your – in terms of expenses differently with gem? Thanks.

<A – Thomas Alsberg – SYNEX Corp.>: Sure. So our guidance does include the acquisition of gem. Of course there are going to be, with any acquisition, some costs that we're going to have to absorb currently. We have built that into our guidance and expect to absorb those costs without having to call them out. That said, I would also tell you that we see this acquisition as being near term accretive consistent with the rest of our GBS, Concentrix business.

<Q – Shaw Wu – Sterne, Agee & Leach, Inc.>: Okay, thanks. Great quarter.

<A – Thomas Alsberg – SYNEX Corp.>: Thank you, Shaw.

<A – Kevin Murai – SYNEX Corp.>: Thank you.

Operator: Your next question is from the line of Ananda Baruah of Brean, Murray.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Yeah, thanks, guys, and congrats on the real solid quarter in what was – everybody fearing is a pretty tough environment. I guess – Kevin or Thomas, I guess just on – just going back to sort of what you saw going from the month of July into August, sounds like you guys actually said you saw some sort of improvement in August. And, Kevin, I think you spoke specifically about the consumer business. But could you, I guess, give us some sort of what you saw linearity-wise both in consumer and in corporate, I guess, going from July into August and then from August into September? Seems like you guys are right now feeling like you're pretty much on – you had this typical September, it sounds like, but just wanted to get the context.

<A – Kevin Murai – SYNEX Corp.>: So, yeah, I mean in terms of linearity, mostly normal, but I did point out that August was a little bit stronger from the consumer side. Now we do expect August to be strong seasonally anyway because of back-to-school, but with the backdrop earlier in the year of a softer consumer market, it was a little bit stronger, I guess, than anticipated and that did actually help to boost some of the business more towards the back end of the quarter. And also in commercial, although fairly normal in terms of its linearity, we did see, I guess, a little bit more strength in September, in August as well.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Interesting. Thanks. And I guess it sounded like in your – in some of your previous comments, you alluded to that pricing pressure. You haven't seen any sort of an ordinary pricing pressure yet. Is that actually the case? I just want to make sure that I interpreted that correctly?

<A – Kevin Murai – SYNNEX Corp.>: Yeah, I mean the situation is pretty normal, pretty much the same as we've seen in the past.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Okay, great. And I guess just going over – back to SG&A, there was a comment made, I think, it was Thomas in the prepared remarks that the increase year-over-year in SG&A was primarily because of acquisitions. I guess how should we expect or should we expect that to tail off as we get into 2012? The incremental SG&A portion.

<A – Thomas Alsborg – SYNNEX Corp.>: Sure. So, to be clear, that was a net increase I was referring to and again with the contingent consideration that flowed through SG&A that offset that increase by about \$4 million. So on a gross basis from acquisition M&A, we're close to \$19 million – closer to \$20 million of incremental M&A from our acquisitions. So as we look forward, certainly, you won't see those kind of increases once we're – our year-over-year compares are similar. Right now, we're still apples and oranges until we get into Q1.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Got it. So you'll retain some of that but not all that I guess. Is there – I mean I guess – can you give us any way to think about sort of the nuances on what you might sort of retain. I guess the operating margin profile on the acquired businesses that you're going to sort of grow off of?

<A – Thomas Alsborg – SYNNEX Corp.>: Let me – we've been in the process of rationalizing some of this business since we acquired it, on average maybe 9 to 10, 12 months ago, so a fair amount of the SG&A has been rationalized, Ananda. If you were to consider – again kind of setting aside this earn out and considering that we did sell some business last year, which also impacted our SG&A from a kind of year-over-year basis just putting – just from the M&A and the sale of business along, we're talking at about \$17 million increase over prior year. And that number is I think a fair baseline, say, for the current quarter Q3. Of course, the seasonality to some extent even within our SG&A, for example, does go up a little bit in Q4 just because of things like variable compensation related to sales and so forth. But from a baseline perspective, I don't think it's inappropriate to add about \$17 million – \$16.5 million to \$17 million to prior year SG&A.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Got it. That's helpful. Thanks, Thomas. And I guess – I wanted to just ask a question about sort of BPO – not really BPO, I guess GBS collectively, GBS growth going forward. It sounds – I guess it kind of feels like you have a couple incremental levers that are getting – sort of getting good traction right now. So as we think about what the drivers of GBS growth is going to – or will be, say, over the next 12 months. I guess, order of magnitude, what's the right way to think about it? Is it sort of – is it new deal – I guess new business won at existing distribution platform – distribution relationships, is it some of the stuff from the acquired businesses? Where the different levers there in the order of magnitude?

<A – Christopher Caldwell – SYNNEX Corp.>: So, Ananda. This is Chris. I think there's three drivers that we look at that will continue to grow our business. One is the synergy that we have with the distribution business, as Kevin mentioned in his opening remarks, in regards to powering some of the technology and the platforms and working directly with vendors that are part of the SYNNEX distribution portfolio.

The second one is from the acquisitions where we're actually picking customers and have successfully done this over the last few months, that were with the companies we've acquired and now are delivering services on a much broader scale across our global platform and so that's continued to drive growth.

And then the last one is certainly with the value proposition we put together both on the renewal side as well as some of the support offerings including some of the service offerings that we're picking up through this gem acquisition is attracting new customers to our value proposition.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Thanks. That's helpful. And I guess which of those three – I guess where are the keys – and I'm going to guess it's amongst those three, getting the operating margins up to the mid-teens?

<A – Christopher Caldwell – SYNEX Corp.>: So, Ananda, to give you a bit of background when we look at all the services that we perform we have sort of a fixed costs, for lack of a better term, in our technology platforms and our developers and so forth and so on. And then as we add more business across our delivery platforms both physical locations as well technology you're going to see margin expansion on the operating income level as we get more leverage out of it as we talked about in the subsequent quarters.

<Q – Ananda Baruah – Brean, Murray, Carret & Co. LLC>: Got it. Great. Thanks a lot guys. Congrats.

<A – Kevin Murai – SYNEX Corp.>: Thanks, Ananda.

Operator: Your next question is a follow-up from the line of Matt Sheerin of Stifel Nicolaus.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Just a follow-up regarding, Kevin, your comments about the mobility segment being fairly strong and offsetting some weakness on the consumer side notebooks. Could you talk about your mobile strategy, how big a business is that for you? And then as a sort of related question in the tablet space, I know you're talking about the last few quarters, optimism about some new tablets coming on, obviously HP pulled the plug on its tablet, you still don't have Apple. So talk about your mobility strategy both on the smartphone side and the tablet side as it relates to some of those vendors.

<A – Kevin Murai – SYNEX Corp.>: Sure. So breaking down the business, first of all, into the consumer space, we've done – I think we have been very successful in selling through a lot of tablets since about October of last year in our retail business and a lot of that has been Android-based tablets, in some cases some of the Tier II lines.

As we approach the beginning of this year also anticipating the launch of tablets from some of the other Tier I OEMs that we represent, certainly HP was one of those but we have many others as well, Motorola, Samsung, ASUS, Acer, Lenovo and others as well. By the way we do carry Apple up in Canada.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay.

<A – Kevin Murai – SYNEX Corp.>: So we do have a fairly large assortment. And we're selling many of those through the retail channel as well but the growing opportunity and the one where our strategy is focused against is selling mobile devices into the commercial markets. So they are beyond just ad hoc applications and email, our focus really is on enabling more seamless integration into business workflow and business ERP. So we do have a development capability, a mobile apps development capability that we do use to help enable some of the bridging of that integration and that has been quite successful even early on in a number of commercial applications that we've written both for vendors as well as for end user customers on behalf of our resellers. We're still in the early innings, though, of deeper penetration of mobility and mobile devices into the commercial space but that's really where we see a growing opportunity and that opportunity will likely happen over the next few years not necessarily the next few months.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. And then just my other follow-up question just had to do with – in terms of your outlook particularly on the commercial side, it sounds again like you're seeing some investments both on the SMB and the enterprise space. And it sounds like you've seen a little bit of pickup in September, which gives you some encouragement there?

<A – Kevin Murai – SYNEX Corp.>: Yeah. I mean obviously sitting here today and providing guidance today we are informed by what we've seen so far this month. So, yeah, I mean really I think it's just continued stability in the market more than anything else. But we also do pay very close attention to what our vendors are saying, what our customers are saying and certainly the pipeline of business that we have and at least right now the signs certainly do point to continued stability.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. And then just on your – just back to the gross margin which was very strong, if you back into your – using your midpoint of your revenue guidance and then also your SG&A guide, it looks like gross margin could be down sequentially in the ballpark there and what would the reason behind that be?

<A – Thomas Alsborg – SYNEX Corp.>: In any given quarter, as we've said a few times over the last few years as we continue to grow our margin profile, there is always going to be puts and takes from one quarter to the next that can be driven by a number of things including mix of our business. So I think I have said before that to see gross margin flux in order of 5 to 10 basis points could happen without any real fundamental underlying change in the business.

So I would not concern myself with a fluctuation one way or the other in that magnitude, I think the important thing to keep in mind is the trend and the underlying drivers of our business that are driving that trend being intact. So I shared earlier that as an example, with GBS right now we're making investments ramping up a number of new business lines and so forth and so you're going to have some compression in that business, we can have the same things happened on the distribution side for one reason or another.

But ultimately as those things worked themselves out from one quarter to the next, you continue to see margin expansion. We're focused most around operating margin but a key driver of that is the gross profit of the business that we're doing which we expect as I said before because of the value that we're bringing into our business now, we expect to see that continue to grow up until right over time.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay, great. Thanks a lot.

<A – Thomas Alsborg – SYNEX Corp.>: Yeah.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay.

Operator: [Operator Instructions] Your next question is a follow-up from Brian Alexander of Raymond James.

<Q – Brian Alexander – Raymond James & Associates>: Yeah, Thomas, just I know the gross margins move around a lot, but with the answer of why it could be down sequentially for Matt's question, would that basically be due to the higher consumer mix that you would see in the November quarter or is it due more to product mix and not customer mix?

<A – Thomas Alsborg – SYNEX Corp.>: Yeah, certainly, as I said mix is one of the items that I had mentioned, I would not call out consumer specifically. I think we've shared in the past that our consumer business tends to be at or slightly above overall margins. So that – but even within

consumer different products are going to have different margins. So that's not per se the answer but mix is a key part of what may cause our margins to flux from one quarter to the next.

<Q – Brian Alexander – Raymond James & Associates>: And maybe I guess what I'm getting at, was there anything unusual in the quarter that you just reported from a rebate perspective? I know in the past we've seen where gross margins rose, that you had some higher than expected rebates with certain categories, was that a factor at all?

<A – Thomas Alsborg – SYNEX Corp.>: Vendor incentives, it's always a very important part of our business. Vendor incentives were good this quarter. I would not call it out as being extraordinary or anything unusual but that is another part of the reason why you can have fluctuation from one quarter to the next.

<Q – Brian Alexander – Raymond James & Associates>: Great. And then just final one from me on GBS, you had another M&A credit this quarter \$4 million, I think, versus \$1.3 million last quarter, I guess what's the story behind these credits and should we expect that going forward; one, I guess pessimistic way to look at, is that maybe you have an acquisition; or two, that aren't hitting their profitability goals but I'm just wondering what the explanation is for that?

<A – Thomas Alsborg – SYNEX Corp.>: Okay, so two-part question. First, let me address the second because it's the more important question. We think that the acquisitions that we've made are all on target. We're pleased with our expectations for those, but some of the acquisitions that we have, have upside earn outs and they don't always pan out for one reason or another in that effectively as you look at the expectations over time, you have to value that potential earn out payment from quarter-to-quarter so that is the genesis for the adjustments that we've made. That said, we do not intend – and intend is not the right word – we do not expect to see similar type adjustments in the coming quarters, so I think that this is going to be more of an anomaly than a norm by a long shot.

<Q – Brian Alexander – Raymond James & Associates>: Are these earn outs across multiple acquisitions or is it one specific one? I know you don't want to name it, so I am just wondering.

<A – Thomas Alsborg – SYNEX Corp.>: Yeah, we have – I don't want to get into the way that we do deals just because it's always comes down to negotiations but utilizing earn outs in acquisitions is not uncommon, and we think it's a good way to strike a good balance between expectations of the buyer and the seller.

<Q – Brian Alexander – Raymond James & Associates>: Okay, great. And congrats again.

<A – Thomas Alsborg – SYNEX Corp.>: Thank you.

<A – Kevin Murai – SYNEX Corp.>: Thank you.

Operator: There are no further questions in queue at this time. Are there any closing comments?

Lori Barker, Senior Director-Investor Relations

Thank you for joining SYNEX today for our third quarter earnings release conference call. We will look forward to talking to everybody in the coming weeks.

Operator: Ladies and gentlemen, this does conclude today's call. Thank you for your participation. You may now disconnect.

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