PARTICIPANTS

Corporate Participants

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Thomas C. Alsborg – Chief Financial Officer & Executive Vice President
Kevin M. Murai – President, Chief Executive Officer & Director
Christopher Caldwell – President, Concentrix Corporation

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Brian G. Alexander – Analyst, Raymond James & Associates, Inc.
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MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. My name is Sharon and I will be your conference operator today. At this time, I would like to welcome everyone to the SYNNEX 2012 Fourth Quarter Earnings Conference Call. All lines have been placed on listen-only mode to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Today's conference is being recorded. If you have any objections, you may disconnect. Thank you.

At this time, I would like to pass the call over to Deirdre Skolfield, Director of Investor Relations at SYNNEX Corporation. Ms. Deirdre Skolfield, you may begin your conference.

Deirdre Skolfield, Director, Investor Relations, Investor Relations Optimization Consulting

Thank you, Sharon. Good afternoon and welcome to the SYNNEX Corporation's fiscal 2012 fourth quarter and year-end conference call for the period ended November 30th, 2012. 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, President of Concentrix Corporation.

Before we begin, I would like to note that statements on today's call which are not historical facts may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These forward-looking statements include, but are not limited to, statements regarding our strategy, including growth, market share, operational improvements, investments in higher growth, higher margin business and in the growth of our GBS business, growth of our Japanese business, profitability and returns; growth in shareholder value, our leadership position, strength of our balance sheet, expectations of our revenues, net income and diluted earnings per share for the first quarter of fiscal 2013; our expectations of our tax rate, our performance, general economic recovery, anticipated benefits of our platforms and performance in our GBS segment, our investment in cloud and in mobility, future acquisitions, benefits of our business model, our product mix, IT demand expectations and market conditions, operating expenses, and operating margins and expectations regarding any margin expansion.

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 in 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 & Executive Vice President

Thank you, Deirdre. 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. Then I'll conclude with guidance for the first quarter of fiscal 2013.

We are pleased with the profitability in our Distribution business and we are seeing strong above-market growth rates in our GBS Concentrix business as results of the investments made throughout 2012. Let me share some of the details behind our consolidated Q4 performance, starting with revenue.

In our fourth quarter, total consolidated revenue was $2.77 billion, down 2.7% compared to $2.84 billion in the same quarter of the prior year. For the full-year, SYNNEX revenue was $10.3 billion, a decrease of 1.2% from the prior year. Considering the transition of certain customers' gross revenue business to a fee-for-service logistics relationship and our Distribution business starting within the Q4 of 2011, annual revenue would have been up by 2.7%.

From a linearity perspective, the fourth quarter revenues were generally back-end skewed across all geographies. Our fourth quarter revenue from the Distribution segment was $2.72 billion, down 3% year-over-year and up 7.2% sequentially led by seasonality and steady commercial demand. On an apples-to-apples basis before the transition from gross revenue to a fee-for-service business, which begun halfway through the fourth quarter of 2011, revenue was essentially flat year-over-year. For the full-year, Distribution revenues declined 1.5%. However, on an apples-to-apples basis before the fee-for-service transition, revenue grew 2.5%.

In our GBS segment, revenues grew to $54.9 million, up 22.2% year-over-year and up 10.4% sequentially. We are clearly beginning to see the top line impact of our prior quarters wins in our GBS Concentrix business, with organic GBS growth at 21.0% in the quarter.

For the full-year, GBS revenue grew 20.8%, in large part from acquisitions. 2012 was a pivotal year for GBS Concentrix as we made investments and significantly grew the scale and platform of products.

This quarter consolidated gross margin was 6.48% compared to 6.61% in the exceptional fourth quarter of 2011 and 5.90% in Q3 2012. In the fourth quarter of last year, 2011, our margins were unusually strong, benefiting about 45 to 50 basis points in gross margin because of the drive shortage. But even with the tough compare, gross margins were quite good in Q4 of 2012, fueled by strong operational execution as well as a very current aging of assets on our balance sheet, which means less reserves required in the quarter.

For the full year of 2012, gross margin expanded to 6.39% from 6.06% in 2011. Throughout the year, SYNNEX executed very well in our core Distribution business with increasingly favorable mix.

We also drove a margin-enhancing favorable mix change during the year at the segment level as we grew the higher margin GBS segment much faster than the Distribution segment.

Fourth quarter total selling, general and administrative expenses were $104.4 million or 3.78% of revenues. This compares with $103.1 million or 3.63% of revenues in the fourth quarter of fiscal 2011. This small increase reflects a mix of puts and takes, including growing GBS investments in people and infrastructure to win and support new Concentrix contracts, but those costs largely being offset by continuing gross margin expansion in GBS and continued efficiencies in our Distribution business.

For the full year, total selling, general and administrative expenses were $401.7 million or 3.91% of revenues, compared with $374.3 million or 3.60% of revenues in fiscal 2011. The annual increase is largely driven by investments in personnel and acquired SG&A from the GBS M&A business.

Consolidated operating income before non-operating items, income taxes and non-controlling interest was $74.7 million or 2.70% of revenues, compared to $84.7 million or 2.98% in the prior year fourth quarter and $57.1 million or 2.21% in Q3 2012. For the full year, even with the investments we've made in our business, operating margins grew slightly to 2.48% in fiscal 2012.

At the segment level, in fiscal Q4, Distribution income before non-operating items, income taxes and non-controlling interest was $70.4 million or 2.59% of distribution revenues, compared to $52.6 million or 2.08% sequentially and the exceptional prior year quarter results of $81.1 million or 2.89%.

In the GBS segment, income from continuing operations before non-operating items, income taxes and non-controlling interest was $4.3 million or 7.89% of GBS revenues on par with $3.6 million or 8.1% in the prior year quarter. Q3 2012 GBS income from continuing operations before non-operating items, income taxes and non-controlling interest was 9.21% of revenues.

Net total interest expense and finance charges for the fourth quarter of 2012 were $5.6 million, down $1 million from the prior year quarter as a result of us reducing borrowings and interest rates.

Net other income was $1.9 million and is largely made up of gains on investments including a $1.1 million gain associated with the sale of our investment in SB Pacific, the joint venture.

The tax rate for the fourth quarter of fiscal 2012 was 38.4% and for the fiscal year it was 35.5%. The Q4 2012 tax rate is largely a factor of income tax earned by jurisdiction and year-end true-up of our tax positions for fiscal 2012. For fiscal 2013, we anticipate the annual tax rate to be in the range of 35% to 36%.

Our fourth quarter net income for SYNNEX was $43.6 million or $1.16 per diluted share. This compares to $50.2 million or $1.37 per diluted share in Q4 of 2011, approximately $0.23 to $0.25 of which was related to the Q4 2011 hard disk drive shortage benefit.

The full-year 2012 net income was $151.4 million or $3.99 per diluted share compared to $153 million or $4.08 per diluted share for fiscal year 2011. Also, as a reminder for comparison purposes, fiscal year 2011 had approximately $0.15 positive benefit for contingent burnout release. During the fiscal fourth quarter, we repurchased about 244,000 shares for approximately $7.8 million.

So, summarizing the P&L overview, as we discussed last quarter, heading into Q4 2012, we faced a significant year-over-year Q4 compare given the prior year's 45 basis points to 50 basis points of margin benefit which resulted from the hard disk drive shortage. But our fourth quarter fiscal 2012 turned out to be very strong and profitable and we are pleased with the next operating results for the quarter.

Turning to the balance sheet, our accounts receivable totaled $1.4 billion at November 30, 2012 for a DSO of 46 days, which was up four days from the prior year quarter because our 2012 fourth quarter sales were back-end skewed. Inventory totaled $923 million or 33 days at the end of the fourth quarter, which was flat with the fourth quarter of 2011.

Days payable outstanding was 39 days and up three days from the end of the prior year fourth quarter. Hence, our overall cash conversion cycle for the fourth quarter 2012 was 40 days; this is up one day from the same quarter of last year and down one day from Q3 2012.

Our debt-to-capitalization ratio was 17%, down from 25% in the fourth quarter 2011. At the end of Q4, between our cash and our credit facilities, the company had over $0.75 billion available to fund growth and other potential financing needs. I believe our balance sheet has never been stronger. Our key assets of inventory and accounts receivable are very current and our debt relative to our capitalization is at a record low.

Other financial data and metrics of note for the fourth quarter are as follows. Depreciation expense was $3.9 million. Amortization expense was $2.1 million. Hewlett-Packard had approximately 35% – that is 35.5% of sales, was the only vendor accounting for more than 10% of sales.

Cash capital expenditure for the quarter was approximately $2.9 million. Preliminary year-to-date cash flow provided by operations was approximately $243 million. Q4 annualized ROIC was 11.5%. Trailing fourth quarter ROIC was 10.5%.

Now, moving to our first quarter of 2013 expectations; we expect revenue to be in the range of $2.38 billion to $2.48 billion. For net income, our forecast is expected to be in the range of $32.2 million to $33.4 million and corresponding diluted earnings per share is anticipated to be in the range of $0.85 to $0.89.

A few comments about our projections. We are projecting that the demand environment will remain consistent with recent trends, factoring in normal seasonality and the weakening of key foreign exchange rates such as the yen. Also looking back in time to the first quarter of last year, the hard drive shortage added a significant gross profit to our business, a P&L benefit that we would not anticipate repeating this year. As a reminder, these statements of Q1 expectations are forward-looking and 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.

As we've now completed our fiscal 2012, I'll reflect on our key accomplishments throughout the year and also share our fourth quarter results with you. Importantly, I want to thank all of the SYNNEX associates around the world for their hard work and dedication in delivering another quarter and year of solid results.

During 2012, we celebrated many successes in all of our business units. Overall, we grow our sales faster than market. We expanded our profit margins. We generated nearly a $0.25 billion in cash flow from operations and we maintained a healthy return on invested capital, all in an economy and market environment that was somewhat temperamental.

In our second quarter, we achieved our 100th consecutive quarter of profitability, a major milestone for any company. We're laser focused on driving increased shareholder value, delivering revenue growth and expanding operating margins in excess of industry growth rates. All while continuing to make substantial investments in new higher growth, higher margin businesses. This bodes well for the future of SYNNEX.

At the core of our strong historical results is our exceptional market performance and execution. For many of the IT industry's key OEMs, we are the go-to distributor and services provider in North America because we align our strategy and programs with their strategy and objectives. Not surprisingly, we tend to be the largest distributor for many of the key OEMs we partner with in the North American market. It is this same business philosophy that we are instilling in our Japanese business to drive growth and profit improvement.

In addition to our strong execution, SYNNEX has several proven business model differentiators that we believe provide us with unique and sustainable competitive advantages. I have discussed these in the past, but I will summarize and provide a few examples. Our first key differentiator is our unique hybrid distribution model which continues to enable SYNNEX to effectively sell across the entire IT products and services spectrum, from high volume PCs and printers to high-end enterprise computing solutions.

We're able to leverage the cost efficiency of a scaled broadline distributor, while also providing dedicated resources and services for specialty markets. Some of our most profitable and fastest-growing categories have resulted from this strategic business model, such as our Hyve Solutions division and our Technical Solutions division.

We continued to invest in new initiatives that will tap growth opportunities in the cloud and in mobility. Also our GBS segment and specifically our Concentrix business provides customer lifecycle services that help our clients and vendor partners with their customer strategy from acquisition to support to renewal and retention. This deepened scale capability enables SYNNEX to incorporate services into technology solutions and partner relationships that they cannot get from any other distributor.

Next, we believe our proprietary ERP system is a proven competitive differentiator that keeps our cost structure down and helps drive superior gross margin performance. This translates to superior operating margins on like-for-like product with competitors, both on the broadline as well as value-add side of our business. Our ERP system is scalable as this has been proven in recent years through smooth rollouts of $1 billion additions with no mishaps.

We continue to gain share with healthy gross margins through real-time decision-making on pricing right at the front line. Our sales people are compensated on net profits and our ERP system gives them real-time visibility and decision-making capability.

Another differentiator is our selective and focused geographic footprint. In recent years, the international market environment has brought to life the risks of setting up shop in countries whose market scale does not support such infrastructure investments and M&A rollups or whose political or sovereign environments are such that the inherent risks of these local economies outweighs the investments of doing business there.

SYNNEX has been and remains careful about risk-reward equations when deciding where we enhance our geographic footprint. Other differentiators include our more focused line card and reduced last mile transportation costs, resulting from our localized warehouse strategy.

Our differentiators are our competitive advantages and are the reasons why our Distribution business has leading operating margin expansion, consistent market share gains and healthy ROIC and why SYNNEX has been the most consistent in generating profits over – for over 100 consecutive quarters despite the dramatic ups and downs of the business cycle over the past 25 years.

Let me now provide some additional color on the fourth quarter. As Thomas mentioned, our Q4 results from 2011 made for a tough compare to Q4 of 2012 as the hard drive shortage accounted for a significant portion of the increase in reported operating margin. Nevertheless, our Q4 2012 revenues came in as targeted and our margins and earnings per share came in ahead of our initial expectations due to strong operational execution and marketing and vendor incentive performance.

Within the Distribution segment, in the United States, excellent execution and market share gains drove healthy sales in the commercial market, while the PC consumer market remained somewhat soft.

Overall, from a demand perspective, the quarter was a bit back-end loaded. From a product perspective, storage and peripherals were strong while notebooks and desktop PCs were a bit weaker.

Our CONVERGESolv Networking group had a particularly strong quarter. In fact, our entire Technology Solutions division had a record quarter and many of our segments within this group have more than doubled over the past two years with above average gross margin.

In our core Distribution business, we continue to maintain a laser focus on profit margins and working capital management, delivering solid ROIC. In Canada, overall IT demand continued to be challenging, in particular in the retail and software segments. However, we believe we delivered growth above-market rates driven by continued share gains within our commercial segment.

In Japan, despite the current recession, we delivered solid sales performance in the back half of the quarter. And although the softer economy in Japan has slowed our timetable to get to our operating margin goal, we remain committed to continued operational improvements that we believe will result in an increased profitability in coming quarters. And importantly, at the end of the fourth quarter, we bought out the remaining ownership stake in SYNNEX Infotech.

Turning to our GBS segment, our momentum in signing new business continued in Q4 with another significant gain in new contracts signed, many were Tier 1 technology companies. Our success in winning new business over the past year helped us to achieve organic growth of over 20% in Q4 and will provide good tailwinds to our business through 2013. As I stated previously, we remain committed to growing our overall GBS margins to the double-digit level as we maintain our long-term focus on that business.

Finally, SYNNEX's balance sheet at the end of 2012 was very strong in many respects. As Thomas mentioned, our modest debt ratio of 17% is down from 25% a year ago. And between our cash and credit facilities, SYNNEX has over $0.75 billion available to fund growth and other potential financing needs. While 2012 was primarily a year of organic investment and consolidation of recent GBS acquisitions, we see new M&A opportunities in the future for SYNNEX.

So, as we look forward into 2013, as part of what I call our harvest, grow and feed strategy, we intend to utilize our key differentiators to optimize and harvest the predictable cash flow from the core Distribution business through cost efficiencies, working capital management and continued line card expansion. We will continue to grow into higher growth, higher margin adjacent markets, which leverage our sales and logistics engine and with an eye toward the future, we will continue to see growth and continue to build relevancy by evolving to meet customer and vendor requirements by investing in larger trends like cloud and mobility solutions.

2013 stands to be a very promising year. We recently launched some significant new vendor relationships, such as Avaya, Beats and Kindle, and we expect key parts of our business to grow at double-digit rates. Our Japanese operations continue to have upside. GBS is on track to get to a

$250 million run rate later this year with improved margins and it appears that much of the global economic uncertainty is behind us now, which we believe will help free pent-up demand.

Now, turning to our current quarter, our first quarter guidance reflects a cautious view in a relatively flat market environment. We continue to see growth in the SMB market, somewhat offset by a mixed consumer market. We expect to achieve continued success in our higher growth, higher margin product categories and continued progress in our GBS segment.

In conclusion, I'm very proud of the entire SYNNEX team for their ability to out-execute in the marketplace and drive solid operational performance each quarter. We further separate ourselves from the pack by being the most innovative company in our respective businesses, developing ways to create more value through different go-to-market strategies and new service capabilities, resulting in continued industry-leading financial performance.

We remain committed to our goal of increasing shareholder value by driving earnings growth and strong ROIC. Regardless of the economic environment, we will continue to invest wisely to drive profitable long-term growth within our Distribution and GBS segments and to create business models that capture new value pools around the cloud, mobility and other technical solutions.

Once again, I would like to acknowledge the hard work and dedication of all of our 11,000 SYNNEX associates around the world and also thank our vendors, customers, and shareholders for their continued partnership and support.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] Our first question today comes from Brian Alexander of Raymond James. Go ahead, sir. Your line is open.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay, thanks. Good evening, guys. It looks like – so revenue came in around the midpoint of guidance, but you had very strong operating margins as you noted particularly in Distribution, where the contribution margin sequentially was around 10%. That's pretty higher relative to history. So, Kevin, I know you talked about execution. Could you be a little bit more specific on where you executed well in the quarter? How much of the margin upside versus your expectations was mix-driven, also maybe vendor incentives. I heard some commentary earlier about releasing some reserves, and perhaps the yen change is impacting your forward-looking guidance, which I wanted to touch on as well as far as why the margins are going to come down sequentially as much as they are in the first quarter. Thanks.

<A – Thomas Alsborg – SYNNEX Corp.>: Hi, Brian. This is Thomas. I'm going to go ahead and start that off and give Kevin the opportunity to wrap-up. And please don't let us forget about talking about Japan because the yen FX change has been pretty dramatic over the last year. So that is impacting our forward-looking guidance. That's true.

But first with regards to the profitability, most of your focus sounds like it's at the gross profit level. And indeed we had quite good margins on the gross margin for Q4. It's a situation, Brian, where we are again executing on all eight cylinders. All of the benefit that you see is operationally driven.

I would also, before I get into a short list here, caveat that, as I always say, in any given quarter you're always going to have puts and takes that are in favor or not favor and sometimes mixes. This is the kind of quarter where a lot of things went our way. So, yes, we had excellent operational execution, and that involves also working with the vendors and incentives and marketing programs and so forth, we did very well.

We also, as you noted and as I commented in my prepared remarks, had a very clean balance sheet and that certainly did help us as well from a reserve perspective and the fact that we didn't need to book the same level of typical reserves that we normally would and inventory. By the way, a similar story on our receivables; our receivables are also very clean, and reserves there for bad debt also were at the lower end of the spectrum.

So again, I wouldn't call out – there's no items I would call out that were not operationally-driven in the end of the day. It's just good execution and the benefits of our balance sheet.

<A – Kevin Murai – SYNNEX Corp.>: And the only thing I would add to that, Brian, is again we continued to have favorable mix in our overall business. As I had mentioned in my prepared remarks, many of our higher margin segments, in particular in TSD and Hyve Solutions, did grow much faster than our overall growth, and that certainly does help support higher margin.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: So, just related to that I guess to follow on, Tom, as you said don't forget about Japan, how much is that affecting the operating margin decline sequentially in February, which I think, if I look at your guidance, it's maybe about 40 basis points down on the operating margin line.

<A – Thomas Alsborg – SYNNEX Corp.>: Yeah, Japan is a factor which I'm not going to be able to quantify for you right now, but you can see the change in the yen. Now, we're forecasting sequentially from Q4 to Q1 a relatively small change. So, the comments about Q1 and the yen are primarily for year-over-year comparisons. So, I would just step back and remind you, part of what drove our results too in Q4 is always, as you usually see, scale and leverage revenue on our cost. You don't have that in Q1, so you typically do see a dip anyway in the margins in Q1. And certainly that's the case as well given the somewhat conservative view we have on the first quarter, conservative but optimistic view we have in the first quarter.

<A – Kevin Murai – SYNNEX Corp.>: Brian, the comment on the yen is really a – that's really a revenue – year-over-year revenue compare comment. On operating margins, our Q1 guidance really does reflect normalized margins for our business.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay. Just wanted to clarify that. And maybe just a couple more. I guess, touching on the growth strategy and the appetite for acquisitions, I don't think you did any in 2012, your balance sheet is very healthy, net debt is at an all-time low I believe, and cash flow has been pretty strong. So, what is holding you back on the M&A front? Maybe how much of it is the CFO transition, which I know is ongoing? Just trying to get a sense for what your appetite is there in the pipeline. Thanks.

<A – Kevin Murai – SYNNEX Corp.>: Yeah, Brian, there really hasn't been any net change in our appetite, whether it be from last year to the year before or even going forward. We're certainly always looking for the right opportunities, but we do tend to be selective. There're just some periods of time where we're not able to find the one that suits our business and our business model appropriately.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay. And the last one – go ahead.

<A – Thomas Alsborg – SYNNEX Corp.>: I'm sorry – Thomas – very quickly I'd also add that we will always continue to be very smart about pricing M&A deals too, and we can be patient in those situations.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay. My last question is just on mobility and, Kevin, you talked about how PCs were weak in the quarter. Can you just talk about your strategy on both the consumer side and the commercial side? You've got a very complete line card on the notebook side, but what about tablets? You don't carry Apple. I'm not sure how many of the Android vendors you carry on the tablet side. And given those are the two dominant ecosystems, how do you think about ensuring that SYNNEX fully participates in the evolving mobility landscape?

<A – Kevin Murai – SYNNEX Corp.>: Okay, so I'll start off with the consumer side, which is primarily a device play. We actually do have a pretty robust product line card of devices, in particular tablets, that we take into retail. Some of them are Tier 1 brands, some of them are Tier 2 brands as well. But we've sold – I don't have the number in front of me, but over the past two years we've sold hundreds of thousands of these devices into retail in the North American market. Apple is a vendor that we don't partner with here in the United States, but we do sell Apple up in Canada, as well.

On the commercial side or enterprise mobility computing side, that one, as you can imagine, takes a very different type of go-to-market strategy. And where we're focused is not just on the devices themselves, but we really have a three-pronged focus, which is the device piece itself, it's the connection or the networking piece; and then it's also the securing piece. So we have a good line card today on enterprise networking as it relates to the mobility space, both in terms of traditional as well as in terms of more of the mobile type network; in addition to that security and then other services as well. We're going to continue to enhance that line card.

But our focus on mobility in enterprise is going to go well beyond just the device play. It's going to go into the end-to-end device management and security of mobility.

<Q – Brian Alexander – Raymond James & Associates, Inc.>: Okay, thanks. I'll get back in the queue. I appreciate it.

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

Operator: Our next question comes from Jim Suva of Citi. Go ahead, sir. Your line is open.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Thank you, and congratulations to you and your team. A quick question on your outlook for the next quarter. You had mentioned SMB growth and some offset by some softness in consumer. That comment first of all on the consumer, is that basically referring to seasonality of normally what the consumer does or is there something a little bit more to that? And then my follow up is on the SMB side. Any particular end-market verticals that you're seeing strength and growth in, is that more PC-oriented network server storage. How should we think about that? Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Okay. Jim, thank you. First to just talk about the current environment and some of the comments on what we're seeing right now, it really is a bit of a mixed bag. There has been good stability overall in our SMB markets and we have seen growth there most recently as well as through the past year as well. We expect that to be stable and continue. The federal government markets have been strong. But then when you get to other segments, whether it be enterprise, whether it be the consumer side, you do get some segments and some reports that where there is some relative strength, you also hear some where there's relative softness. And so, it's a little bit hard to call right now. And given some of the recent changes that we've all gone through, in particular on the United States with the elections back a month ago, with some of the decisions being made on averting the fiscal cliff, a lot of that is a little bit too early to call based on where we are right now. So that's why when I talk about a mixed environment and kind of talk about our cautious outlook on what we're seeing right now, that's really what I'm referring to.

So in answer to your second question in terms of where do we see some relative strength, I've already talked market-wise in terms of SMB and some of the government markets being a little bit stronger than what we're seeing as average. Within certain segments, most recently what we've seen as anything that has to do with mobility has been stronger. Typically, we have seen good stability even in the PC segment in particular on the commercial side of the business.

So with a number of changes that are happening in the operating system environment, not necessarily just driven by Windows 8 but also at some point in time and I believe it's April of 2014, when support goes away for XP, we do expect to see at least some release of pent-up demand and perhaps some increased refresh at the commercial level sometime during 2013. Anything again to do with cloud does tend to have good tailwinds behind it as well. Whether it be on the software side of the business, which software across the board we've seen strength or whether it be in other hosted services.

<Q – Jim Suva – Citigroup Global Markets Inc. (Broker)>: Thank you and congratulations to you and your team.

<A – Kevin Murai – SYNNEX Corp.>: Thank you, Jim.

Operator: Our next question comes from Osten Bernardez of Cross Research. Go ahead. Your line is open.

<Q – Osten Bernardez – Cross Research LLC>: Good afternoon and thanks for taking my questions. To start – I just wanted to get a sense of the – excuse me, the linearity you called on it being second – excuse me back-end loaded, it sounds like as if it were more back-end loaded than in the past. Is that due to a certain mix being – the mix-shift in your business towards some of the TSD end markets and the enterprise computing or do you think it was due to just macro changes or any special vendor initiatives?

<A – Kevin Murai – SYNNEX Corp.>: I – Osten, and just to clarify on the – or reiterate I should say on the comments that we've made on that, we thought a bit more of a shift to the back-end of the quarter pretty much across all of our geographies in Q4. We believe a lot of that was driven just by the overall uncertainty that's in the economy right now. Keep in mind that the political – the elections that happened did create some level of uncertainty prior. So, we did see some relative strength come in after that. Then we had a whole fiscal cliff issue that we had to deal with. Then in addition to that, the holidays themselves also fell at a slightly odd time this year where because of the timing of the holidays it actually generated more unproductive sales days in our business than we normally would have had. So, I think those are really all the reasons that we saw a bit more back-end loading.

<Q – Osten Bernardez – Cross Research LLC>: Okay. And I believe in the commentary you mentioned that peripherals were also – were strong for the quarter and I believe it was mentioned – that was a mention in the prior quarter that peripherals were stronger than usual. Wanted to get a feel for what you are seeing within the peripheral segment if you can provide further color in terms of the type of demand you are seeing there for, I'm assuming mostly printer products or...?

<A – Kevin Murai – SYNNEX Corp.>: So our peripherals category is a very large category, it's probably the broadest category that we have. I think it's pretty well-known that the overall printer market though is a soft market and is actually expected to continue to be a soft market, but included within peripherals we have many other things, accessories, storage devices, power devices, things like that. So there were certain categories that we had within our peripherals business that actually did experience strong growth, some because the overall market was good, others because of the strategic business focus that we have on some of these segments, such as ProAV.

<Q – Osten Bernardez – Cross Research LLC>: Okay. And would you be able to provide an update in terms of where Japan stands, where SYNNEX stands now from a margin performance, at least directionally?

<A – Kevin Murai – SYNNEX Corp.>: So, we're happy with where Japan's margin performance is. I can't give you a number, Osten, I won't be that specific. However, just to say that it's not where we wanted to be, we are behind in where we wanted to be right now and a lot of that is driven by the current recession, the overall economic situation in the country. However that being said, as you know, we implemented our ERP system now close to a year ago, which really does provide us with a good foundation on process improvements that we've been making throughout the year that we will continue to make going forward. So even though it's hard to pinpoint an exact timeframe of when we see our actual performance getting up to our goal, we're confident we're going to get there and we know how to get there.

<Q – Osten Bernardez – Cross Research LLC>: Thank you.

Operator: Our next question comes from Louis Miscioscia of CLSA. Go ahead sir. Your line is open.

<Q – Louis Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay, thank you. I guess in the last couple of quarters, others have talked about a tough pricing environment and seemed like it was actually getting weaker. Obviously with some of the numbers you put up mostly on the margin side, it doesn't seem like that was the case and you did mention mix. But maybe if you could comment about pricing and then I got a couple of follow-ups.

<A – Kevin Murai – SYNNEX Corp.>: As a high level comment, Lou, I would tell you that, we do operate in a competitive pricing environment. But I wouldn't actually highlight the environment as being any more or less competitive than what we've seen over the – over our time. That being said, though, remember that our portfolio of business does take us to certain markets that many others don't participate in and so we do participate in markets that don't have the same type of price competition that others will see.

<Q – Louis Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay. Could you possibly comment on the month of December? And besides just the tech trends there, obviously the fiscal cliff was there and wasn't sure if leaving December there were issues, but maybe they were made up here in early January or something?

<A – Kevin Murai – SYNNEX Corp.>: I mean December overall, I would say was – it was okay. As I had mentioned before, the holidays fell in a bit of a unique time where we had less productive selling days in the month of December than we would have the year before and perhaps the year before that too. All that being said, though, when we take a look at what we're able to achieve – it fell about in line with where we thought it would be which is kind of a continuation of a flattish type environment.

<Q – Louis Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay, great. And last question is that, hearing a lot that government – even though you said that the federal government spending was strong, I guess I had heard that it was strong closing out their fiscal year, but as the new fiscal year started that there were a lot of breaks, giving all the conversations that are going on right now, is that what you saw or was it a bit different than that? Thank you.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. So – and Lou, thanks for clarifying that. My comment was related to exactly what you said which is – it was our fourth quarter comment where the federal government spending was actually strong and good through our fourth quarter. Now, it was more back-end loaded than we had typically seen.

<Q – Louis Miscioscia – Credit Agricole Securities (USA), Inc.>: And it seems like it's changed now because we've heard that the federal government has slowed tremendously, just given the uncertainty of the spending environment and the budgets they're going to have?

<A – Kevin Murai – SYNNEX Corp.>: I think it's a little bit too early to call.

<Q – Louis Miscioscia – Credit Agricole Securities (USA), Inc.>: Okay, thank you. Good luck on the new year.

<A – Kevin Murai – SYNNEX Corp.>: Thanks, Lou.

Operator: Our next question comes from Matt Sheerin of Stifel, Nicolaus. Go ahead. Your line is open.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Yes. Thank you, and Happy New Year. Most of the questions have been asked here. Just another question, Kevin, regarding your commentary on December and you also talked about sort of a mixed picture on the enterprise side. Did you see any enterprise push-outs in December because of the concerns that you talked about?

<A – Kevin Murai – SYNNEX Corp.>: It's tough for me to get that specific on segments of our business, Matt. All that being said, the focus that we have on the enterprise of course, as I probably mentioned a number of times in the past, we do tend to see things sometimes a little bit differently than others only because of the investments we've made there and the relatively low share that we have. All that being said, I think I did make commentary even a quarter ago that we had at least seen some delays in some contracts, but that's not necessarily a December comment.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay, got you. And then on the guidance, it looks like the mix, particularly on the tech solutions or the higher end of your business there should be some seasonality. In other words, it should be down. So, I'd imagine that that's impacting gross margin a little bit, so that should be down? And maybe you could talk about that. And then on the SG&A side, do you expect the actual SG&A dollars to be down because of seasonality?

<A – Thomas Alsborg – SYNNEX Corp.>: This is Thomas. I'll take that one. So, yes, we typically do see seasonality from Q4 to Q1. That's typically down in the low-double-digits in the roughly 11%, 12% kind of range. And as you can see from our guidance, that's what' we're forecasting. When we have the revenue falloff like that, of course there is less leverage on the fixed component, the fixed cost component part, of our P&L model. And so, that's going to impact our margins.

The other comment I would just add, and this goes back also to Brian Alexander's first question, is my comment for Q4 was that we did benefit in our P&L from lower reserve requirements both at the gross profit level and the SG&A level because of inventory and receivables. We certainly – as Kevin commented, we kind of regress back when we forecast to more normal numbers, and so that certainly is factored into our Q1 forecast, although certainly our hope would be that we will continue to have as strong a balance sheet and as current assets as we had in Q4 and be able to drive better than normal trends in any given quarter.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Could you put a dollar-a number approximately on the benefit from the revenue reserves, either side of the gross profit and the SG&A side?

<A – Thomas Alsborg – SYNNEX Corp.>: I wouldn't want to get into the habit of doing that each quarter. We do of course include that information in our 10-Ks, and our 10-K will be filed here within the next couple of weeks. But, I would tell you that it was significant enough for us to call out in aggregate. It is in the several millions of dollars.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. And then lastly on the GBS business where you've seen the very strong growth but not significant operating margin expansion for the reasons you've stated in terms of the investments, at what point do you expect that margin-that leverage to kick in? And you talked, Kevin, about a $250 million revenue run rate. Is that sort of the number that you need to get to that double-digit operating margin that you talked about?

<A – Chris Caldwell – SYNNEX Corp.>: So, Matt, why don't I take that? It's Chris. I think from our perspective-

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

<A – Chris Caldwell – SYNNEX Corp.>: --we continue to look at driving the business and be focused on revenue growth to a more meaningful number. And I think if we are slowing down on our growth rate, then it's quite reasonable to expect that we'll be in that margin range at that revenue rate. But our goal is to continue to grow it past that and make it a much more meaningful part of the overall SYNNEX business. So, as that goes on, we continue to make further investments in being able to grow our business.

<Q – Matt Sheerin – Stifel, Nicolaus & Co., Inc.>: Okay. So, should we expect then more of a high-single-digit number then for the next three quarters, is that fair?

<A – Chris Caldwell – SYNNEX Corp.>: I think that's a fair assumption, Matt.

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

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

Operator: Our next question comes from Shaw Wu of Sterne, Agee. Go ahead. Your line is open.

<Q – Shaw Wu – Sterne, Agee & Leach, Inc.>: Okay. Thanks. I just had a quick question on your HP business. If I look at the last couple of quarters, your HP business was able to grow year-over-year even though HP as a whole declined. This is the first quarter as far as I can remember where your HP business is actually down year-over-year. Just wanted to kind of get more color in terms of what's different this time. Thanks.

<A – Kevin Murai – SYNNEX Corp.>: Yeah. And so, Shaw, this is really a question where you've got to go one layer deeper in order to really understand. We continue to do very well with HP in the North American market. But with Q4 being more heavily weighted towards our consumer business, that mix and the mix of what we sell into retail has really gone through a lot of change over the past couple of years. And so, we did very, very well, but with a lot of products that were not sold by HP. And then of course, as you know, Japan has a much lower mix of HP than the overall company, and a lot of their growth was driven by, again, vendors that were not HP.

<Q – Shaw Wu – Sterne, Agee & Leach, Inc.>: Okay, thanks, Kevin, for the color.

<A – Kevin Murai – SYNNEX Corp.>: All right. Thanks, John.

Operator: This concludes today's portion of the question-and-answer session of today's call.

Deirdre Skolfield, Director, Investor Relations, Investor Relations Optimization Consulting

Thank you very much for your participation, everyone. This concludes our call.