SYNNEX CORP
Form 10-Q
July 08, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended May 31, 2011

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _________ to _________

Commission File Number: 001-31892

SYNNEX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**94-2703333**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
44201 Nobel Drive Fremont, California	**94538**
(Address of principal executive offices)	**(Zip Code)**

(510) 656-3333

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, or a smaller reporting company. See the definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at July 1, 2011**
Common Stock, $0.001 par value	36,488,566

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SYNNEX CORPORATION

FORM 10-Q

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

SYNNEX CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except for par values)

(unaudited)

	May 31, 2011	November 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 95,135	$ 88,038
Short-term investments	10,470	11,419
Accounts receivable, net	910,551	986,917
Receivable from vendors, net	120,240	132,409
Receivable from affiliates	1,799	5,080
Inventories	940,753	912,237
Current deferred tax assets	31,172	33,063
Other current assets	72,623	40,030
Total current assets	2,182,743	2,209,193
Property and equipment, net	114,350	91,995
Goodwill	176,354	139,580
Intangible assets, net	35,268	28,271
Deferred tax assets	203	605
Other assets	44,202	30,217
Total assets	$ 2,553,120	$ 2,499,861
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings under securitization, term loans and lines of credit	$ 201,544	$ 245,973
Accounts payable	832,224	896,401
Payable to affiliates	154	3,195
Accrued liabilities	157,727	166,861
Income taxes payable	1,355	1,578
Total current liabilities	1,193,004	1,314,008
Long-term borrowings	84,096	9,044
Long-term liabilities	55,775	49,431
Convertible debt	133,678	131,289
Deferred tax liabilities	3,271	3,262
Total liabilities	1,469,824	1,507,034
Commitments and contingencies (Note 15)		
SYNNEX Corporation s stockholders equity:		
Preferred stock, $0.001 par value, 5,000 shares authorized, no shares issued or outstanding	-	-

Common stock, $0.001 par value, 100,000 shares authorized, 35,693 and 35,570 shares issued and outstanding		36		36
Additional paid-in capital		292,120		285,406
Accumulated other comprehensive income		41,379		28,035
Retained earnings		740,315		679,193
Total SYNNEX Corporation stockholders equity		1,073,850		992,670
Noncontrolling interest		9,446		157
Total equity		1,083,296		992,827
Total liabilities and equity	$	2,553,120	$	2,499,861

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

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SYNNEX CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Revenue	$ 2,495,802	$ 2,032,812	$ 4,996,736	$ 3,968,850
Cost of revenue	(2,350,694)	(1,916,145)	(4,707,832)	(3,743,022)
Gross profit	145,108	116,667	288,904	225,828
Selling, general and administrative expenses	(90,948)	(73,233)	(183,891)	(143,441)
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	54,160	43,434	105,013	82,387
Interest expense and finance charges, net	(6,269)	(3,736)	(12,438)	(7,545)
Other income (expense), net	180	(93)	1,145	1,070
Income from continuing operations before income taxes and noncontrolling interest	48,071	39,605	93,720	75,912
Provision for income taxes	(16,560)	(14,651)	(32,538)	(27,718)
Income from continuing operations before noncontrolling interest, net of tax	31,511	24,954	61,182	48,194
Income from discontinued operations, net of tax	-	-	-	75
Gain on sale of discontinued operations, net of tax	-	-	-	11,351
Net income	31,511	24,954	61,182	59,620
Net income attributable to noncontrolling interest	(110)	(110)	(60)	(117)
Net income attributable to SYNNEX Corporation	$ 31,401	$ 24,844	$ 61,122	$ 59,503
Amounts attributable to SYNNEX Corporation:				
Income from continuing operations, net of tax	$ 31,401	$ 24,844	$ 61,122	$ 48,093
Discontinued operations:				
Income from discontinued operations, net of tax	-	-	-	59
Gain on sale of discontinued operations, net of tax	-	-	-	11,351
Net income attributable to SYNNEX Corporation	$ 31,401	$ 24,844	$ 61,122	$ 59,503
Earnings per share attributable to SYNNEX Corporation:				
Basic:				
Income from continuing operations	$ 0.88	$ 0.72	$ 1.71	$ 1.41
Discontinued operations	-	-	-	0.33
Net income per common share - basic	$ 0.88	$ 0.72	$ 1.71	$ 1.74
Diluted:				

Income from continuing operations	$	0.85	$	0.70	$	1.65	$	1.36
Discontinued operations		-		-		-		0.32
Net income per common share - diluted	$	0.85	$	0.70	$	1.65	$	1.68
Weighted-average common shares outstanding - basic		35,693		34,624		35,661		34,256
Weighted-average common shares outstanding - diluted		37,098		35,703		37,045		35,483

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

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SYNNEX CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended	
	May 31, 2011	**May 31, 2010**
Cash flows from operating activities:		
Net income	$ 61,182	$ 59,620
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	8,295	5,527
Amortization of intangible assets	3,810	2,580
Accretion of convertible notes discount	2,389	2,207
Share-based compensation	3,916	3,666
Provision for doubtful accounts	3,527	4,924
Tax benefits from employee stock plans	2,456	10,496
Excess tax benefit from share-based compensation	(2,604)	(8,798)
Realized and unrealized gain on investments	(376)	(179)
Gain on disposal of assets and businesses	-	(12,146)
Changes in assets and liabilities, net of acquisition of businesses:		
Accounts receivable	274,277	94,199
Receivable from vendors	21,490	(18,080)
Receivable from affiliates	3,282	4,433
Inventories	67,481	(51,123)
Other assets	393	(31,494)
Payable to affiliates	(1,214)	(24,065)
Accounts payable	(247,866)	(46,697)
Accrued liabilities	(31,054)	(5,511)
Deferred liabilities	(7,130)	(3,017)
Net cash provided by (used in) operating activities	162,254	(13,458)
Cash flows from investing activities:		
Purchase of trading investments	(884)	(4,733)
Proceeds from sale of trading investments	1,538	6,947
Investment in held-to-maturity term deposits	-	(4,864)
Proceeds from redemption of held-to-maturity term deposits	910	10,017
Acquisition of businesses, net of cash acquired	(41,435)	(37,248)
Purchase of property and equipment	(15,951)	(4,757)
Proceeds from sale of businesses	-	30,460
Loans and deposits to third parties, net	(2,052)	(2,844)
Increase in restricted cash	(13,812)	(10,565)
Investment in equity-method investee	(4,782)	-
Net cash used in investing activities	(76,468)	(17,587)
Cash flows from financing activities:		
Proceeds from revolving lines of credit and securitization	2,167,329	1,829,441
Payment of revolving lines of credit and securitization	(2,230,376)	(1,829,819)
Proceeds from long-term credit facility and term loans	84,943	-

Payment of long-term bank loans and other borrowings		(116,704)		(293)
Excess tax benefit from share-based compensation		2,604		8,798
Book overdraft		7,390		10,269
Proceeds from issuance of common stock, net of taxes paid for settlement of equity awards		344		12,372
Capital contribution by noncontrolling interest		6,408		-
Net cash provided by (used in) financing activities		(78,062)		30,768
Effect of exchange rate changes on cash and cash equivalents		(627)		(524)
Net increase (decrease) in cash and cash equivalents		7,097		(801)
Cash and cash equivalents at beginning of period		88,038		59,406
Cash and cash equivalents at end of period	$	95,135	$	58,605

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

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SYNNEX CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Net income	$ 31,511	$ 24,954	$ 61,182	$ 59,620
Other comprehensive income:				
Unrealized gain (loss) on available-for-sale securities	25	(1)	97	8
Foreign currency translation adjustment	2,580	580	13,452	1,087
Total other comprehensive income:	2,605	579	13,549	1,095
Comprehensive income:	34,116	25,533	74,731	60,715
Comprehensive (income) loss attributable to noncontrolling interest	(315)	(37)	(265)	37
Comprehensive income attributable to SYNNEX Corporation	$ 33,801	$ 25,496	$ 74,466	$ 60,752

The accompanying notes are an integral part of these consolidated financial statements (unaudited).

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SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION:

SYNNEX Corporation (together with its subsidiaries, herein referred to as SYNNEX or the Company) is a business process services company offering a comprehensive range of services to resellers, retailers, and original equipment manufacturers (OEMs) worldwide. SYNNEX s business process services include distribution and business process outsourcing (BPO) services. SYNNEX is headquartered in Fremont, California and has operations in the United States, Canada, China, Costa Rica, India, Japan, Mexico, the Philippines and the United Kingdom (UK).

The accompanying interim unaudited consolidated financial statements as of May 31, 2011 and for the three and six month periods ended May 31, 2011 and 2010 have been prepared by the Company in accordance with the rules and regulations of the Securities and Exchange Commission (SEC). The amounts as of November 30, 2010 have been derived from the Company s annual audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles (GAAP) in the United States have been condensed or omitted in accordance with such rules and regulations. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the financial position of the Company and its results of operations and cash flows as of and for the periods presented. These financial statements should be read in conjunction with the annual audited financial statements and notes thereto as of and for the year ended November 30, 2010, included in the Company s Annual Report on Form 10-K for the fiscal year then ended.

The results of operations for the three and six months ended May 31, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ended November 30, 2011, or any future period and the Company makes no representations related thereto.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company s significant accounting policies are disclosed in the Company s Annual Report on Form 10-K for the fiscal year ended November 30, 2010. There have been no material changes to these accounting policies, except as described below. For a discussion of the significant accounting policies, please see the discussion in the Annual Report on Form 10-K for the fiscal year ended November 30, 2010.

Restricted cash

As of May 31, 2011 and November 30, 2010, the Company had restricted cash in the amounts of $31,717 and $17,472, respectively. The primary portion of the restricted cash balance relates to temporary restrictions caused by the timing of lockbox collections under the Company s borrowing arrangements, amounts held to cover outstanding letters of credit and miscellaneous deposits. The remaining amount of the restricted cash relates to future payments to contractors for the long-term projects at the Company s Mexico operation.

The following table summarizes the restricted cash balances as of May 31, 2011 and November 30, 2010 and the location where these amounts are recorded on the Consolidated Balance Sheets.

	As of	
	May 31, 2011	**November 30, 2010**
Related to borrowing arrangements and others:		
Other current assets	$ 29,174	$ 11,865
Related to long-term projects:		
Other current assets	-	3,153

Other assets		2,543		2,454
Total restricted cash	$	31,717	$	17,472

Concentration of credit risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of accounts receivable, cash and cash equivalents. The Company s cash and cash equivalents are maintained with high quality institutions, the compositions and maturities of which are regularly monitored by management. Through May 31, 2011, the Company had not experienced any losses on such deposits.

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SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

Accounts receivable include amounts due from customers primarily in the technology industry. The Company performs ongoing credit evaluations of its customers financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of the receivable portfolio, the existence of a limited amount of credit insurance and specifically identified customer risks. Through May 31, 2011, such losses have been within management s expectations.

In the three months ended May 31, 2011, one customer accounted for 10% of the Company s total revenue. In the six months ended May 31, 2011, no customer accounted for more than 10% of the Company s total revenue. In the three and six months ended May 31, 2010, one customer accounted for approximately 12% and 11%, respectively, of the Company s total revenue. As of May 31, 2011, no customer accounted for more than 10% of the Company s total accounts receivable balance. As of November 30, 2010, one customer accounted for approximately 16% of the total consolidated accounts receivable balance. Products purchased from the Company s largest OEM supplier, Hewlett-Packard Company (HP), accounted for approximately 34% of the total revenue for both the three and six months ended May 31, 2011, respectively, and approximately 38% of the total revenue for both the three and six months ended May 31, 2010.

Revenue recognition

The Company generally recognizes revenue on hardware and software products when they are shipped and on services when they are performed, if a purchase order exists, the sale price is fixed or determinable, collection of resulting accounts receivable is reasonably assured, risk of loss and title have transferred and product returns are reasonably estimable. Provisions for sales returns are estimated based on historical data and are recorded concurrently with the recognition of revenue. These provisions are reviewed and adjusted periodically by the Company. Revenue is reduced for early payment discounts and volume incentive rebates offered to customers. The Company recognizes revenue on certain service contracts, post-contract software support services, and extended warranty contracts, where it is not the primary obligor, on a net basis.

The Company s Mexico operation primarily focuses on projects with the Mexican government and other local agencies that are long-term in nature. Under the agreements, the Company sells computers and equipment to contractors that provide services to the Mexican government. The payments are due on a monthly basis and contingent upon the contractors performing certain services, fulfillment of certain obligations and meeting certain conditions. The Company recognizes product revenue and cost of revenue on a straight-line basis over the term of the contract, which coincides with payments no longer being contingent.

The Company provides services to its customers under contracts that typically consist of a master services agreement or statement of work, which contains the terms and conditions of each program and service it offers. These agreements are usually short-term in nature and subject to early termination by the customers or the Company for any reason, typically with 30 to 90 days notice. Typically the contracts are time-based or transactions based. Revenue is generally recognized over the term of the contract if the service has already been rendered, the sales price is fixed or determinable and collection of the resulting accounts receivable is reasonably assured.

Net income per common share

Net income per common share-basic is computed by dividing the net income attributable to SYNNEX Corporation for the period by the basic weighted-average number of outstanding common shares.

Net income per common share-diluted is computed by adding the dilutive effect of in-the-money employee stock options, restricted stock awards, restricted stock units and similar equity instruments granted by the Company to the basic weighted-average number of outstanding common shares. The Company uses the treasury stock method, under which the amount the employee must pay for exercising stock options, the

amount of compensation cost for future services that the Company has not yet recognized and the amount of tax benefits that would be recorded in Additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

With respect to the Company s convertible debt, the Company intends to settle its conversion spread (i.e., the intrinsic value of convertible debt based on the conversion price and current market price) in shares. The Company accounts for its conversion spread using the treasury stock method. It is the Company s intent to cash-settle the principal amount of the convertible debt; accordingly, the principal amount has been excluded from the determination of diluted earnings per share.

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SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

The calculation of net income per common share attributable to SYNNEX Corporation is presented in Note 10.

Reclassifications

Certain reclassifications have been made to prior period amounts to conform to current period presentation. Such reclassifications have no effect on net income as previously reported.

Recent accounting pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued an accounting update that amends existing guidance regarding fair value measurements and disclosure requirements. The amendments are effective during interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. The accounting update will be applicable to the Company beginning in the second quarter of fiscal year 2012. The Company will update its fair value disclosures to comply with the updated disclosure requirements.

In June 2011, the FASB issued an accounting update that amends the presentation of Comprehensive income in the financial statements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The accounting update will be applicable to the Company beginning in the first quarter of fiscal year 2013. The Company will update its presentation of Comprehensive income to comply with the updated disclosure requirements.

During the fiscal year 2011, the Company adopted the following accounting standards:

In October 2009, the FASB issued an update to the existing multiple-element revenue arrangements guidance. This revised guidance primarily provides two significant changes: (1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and (2) eliminates the residual method to allocate the arrangement consideration. This accounting update was effective for the first annual reporting period beginning on or after June 15, 2010 with early adoption permitted, provided that the revised guidance is retroactively applied to the beginning of the year of adoption. This standard was adopted by the Company beginning December 1, 2010 and did not have a material impact to its consolidated financial statements.

In October 2009, the FASB issued an accounting standard addressing how entities account for revenue arrangements that contain both hardware and software elements. Due to the significant difference in the level of evidence required for separation of multiple deliverables within different accounting standards, this particular accounting standard modified the scope of accounting guidance for software revenue recognition. Many tangible products containing software and non-software components that function together to deliver the tangible products essential functionality will be accounted for under the revised multiple-element arrangement revenue recognition guidance disclosed above. This accounting standard was effective for the first annual reporting period beginning on or after June 15, 2010 with early adoption permitted, provided that the revised guidance is retroactively applied to the beginning of the year of adoption. This standard was applicable to the Company beginning December 1, 2010 and did not have a material impact on its consolidated financial statements.

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SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

NOTE 3 SHARE-BASED COMPENSATION:

The Company recognizes share-based compensation expense for all share-based payment awards made to employees and directors, including employee stock options, restricted stock awards, restricted stock units and employee stock purchases, based on estimated fair values.

The Company uses the Black-Scholes valuation model to estimate fair value of share-based awards. The Black-Scholes option-pricing model was developed for use in estimating the fair value of short-lived exchange traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of highly subjective assumptions, including the option s expected life and the price volatility of the underlying stock. The expected stock price volatility assumption was determined using historical volatility of the Company s common stock.

The following table summarizes the number of share-based awards granted under the Company s Amended and Restated 2003 Stock Incentive Plan, as amended, during the three and six months ended May 31, 2011 and 2010 and the grant-date fair value of the awards:

	Three Months Ended May 31, 2011		Three Months Ended May 31, 2010	
	Number of grants	Fair value of grants	Number of grants	Fair value of grants
Stock options	-	$ -	60	$ 769
Restricted stock awards	22	719	41	1,204
Restricted stock units	10	324	100	2,673
	32	$ 1,043	201	$ 4,646

	Six Months Ended May 31, 2011		Six Months Ended May 31, 2010	
	Number of grants	Fair value of grants	Number of grants	Fair value of grants
Stock options	-	$ -	60	$ 769
Restricted stock awards	27	887	49	1,453
Restricted stock units	10	324	100	2,673
	37	$ 1,211	209	$ 4,895

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SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

During the three and six months ended May 31, 2011, the Company did not award any stock option awards. The Company recorded share-based compensation expense of $1,975 and $3,916 for the three and six months ended May 31, 2011, respectively, and $1,743 and $3,666 for the three and six months ended May 31, 2010, respectively.

NOTE 4 BALANCE SHEET COMPONENTS:

Inventories

The Company s inventories substantially consist of finished goods.

	As of	
	May 31, 2011	**November 30, 2010**
Short-term investments		
Trading securities	$ 8,005	$ 7,909
Available-for-sale securities	52	102
Held-to-maturity securities	-	910
Cost-method securities	2,413	2,498
	$ 10,470	$ 11,419
Accounts receivable, net		
Trade accounts receivable	$ 956,620	$ 1,039,850
Less: Allowance for doubtful acccounts	(20,559)	(20,408)
Less: Allowance for sales returns	(25,510)	(32,525)
	$ 910,551	$ 986,917
Receivable from vendors, net		
Receivables from vendors	$ 126,096	$ 137,887
Less: Allowance for doubtful acccounts	(5,856)	(5,478)
	$ 120,240	$ 132,409
Property and equipment, net		
Land	$ 16,852	$ 14,246
Equipment and computers	71,354	61,842
Furniture and fixtures	15,285	9,746
Buildings, leasehold improvements	93,261	81,119
Construction in progress	2,020	151

Total property and equipment, gross	198,772	167,104
Less: Accumulated depreciation	(84,422)	(75,109)
	$ 114,350	$ 91,995

During the first quarter of fiscal year 2011, the Company entered into a capital lease with the option to purchase at the end of the two-year lease period, a distribution and warehouse facility in the United States. The capital lease asset recorded was $8,342 and the long-term capital lease obligation as of May 31, 2011 was $7,299. As of May 31, 2011, the Company had long-term capital lease obligations of $1,367 pertaining to its acquisition of SYNNEX Infotec Corporation (Infotec Japan).

SYNNEX CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three and six months ended May 31, 2011 and 2010

(amounts in thousands, except per share amounts)

(unaudited)

Goodwill

	Distribution	GBS	Total
Balance as of November 30, 2010	$ 89,031	$ 50,549	$ 139,580
Changes during the period	15,584	16,202	31,786
Foreign currency translation	4,220	768	4,988
Balance as of May 31, 2011	$ 108,835	$ 67,519	$ 176,354

During the three and six months ended May 31, 2011, goodwill recorded in the distribution segment primarily relates to the acquisition of Infotec Japan. In the global business services (GBS) segment, the increase in goodwill is due to the acquisition of certain businesses of e4e, Inc.

Intangible assets, net

	As of May 31, 2011			As of November 30, 2010		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Vendor lists	$ 36,816	$ (26,334)	$ 10,482	$ 36,815	$ (25,564)	$ 11,251
Customer lists	45,394	(21,364)	24,030	32,196	(18,005)	14,191
Other intangible assets	4,492	(3,736)	756	6,453	(3,624)	2,829
	$ 86,702	$ (51,434)	$ 35,268	$ 75,464	$ (47,193)	$ 28,271

Amortization expense for the three and six months ended May 31, 2011 were $1,761 and $3,810, respectively, and for the three and six months ended May 31, 2010 were $1,346 and $2,580, respectively. The increase in intangible assets as of May 31, 2011 compared to November 30, 2010 is due to the acquisition of Infotec Japan within the distribution segment and the acquisition of certain businesses of e4e, Inc. in the GBS segment.

NOTE 5 INVESTMENTS:

The carrying amount of the Company s investments is shown in the table below:

As of May 31, 2011			As of November 30, 2010		
Cost Basis	Unrealized (Losses)/Gains	Carrying Value	Cost Basis	Unrealized (Losses)/Gains	Carrying Value

Short-term investments												
Trading securities	$	9,309	$	(1,304)	$	8,005	$	9,324	$	(1,415)	$	7,909
Available-for-sale securities		1		51		52		55		47		102
Held-to-maturity securities		-		-		-		910		-		910
Cost-method securities		2,413		-		2,413		2,498		-		2,498
	$	11,723	$	(1,253)	$	10,470	$	12,787	$	(1,368)	$	11,419
Long-term investments in other assets												
Available-for-sale securities	$	981	$	153	$	1,134	$	-	$	-	$	-

Short-term trading securities generally consist of equity securities relating to the Company s deferred compensation plan. Short-term and long-term available-for-sale securities primarily consist of investments in other companies equity securities. Held-to-maturity investments primarily consist of term deposits with maturities from the date of purchase greater than three months and less than one year. These term deposits are held until the maturity date and are not traded. Cost-method securities primarily consist of investments in a hedge fund and a private equity fund under the Company s deferred compensation plan.

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Trading securities and available-for-sale securities are recorded at fair value in each reporting period and therefore the carrying value of these securities equals their fair value. For cost-method securities, the Company records an impairment charge when the decline in fair value is determined to be other-than-temporary.

The following table summarizes the total realized and unrealized gains and losses recorded on the Company s trading investments in the three and six months ended May 31, 2011 and 2010:

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Realized and unrealized gain (loss) on trading investments	$ (250)	$ 73	$ 472	$ 179

No other-than-temporary loss was recorded on the available-for-sale and cost-method securities during the three and six months ended May 31, 2011 and 2010.

NOTE 6 DERIVATIVE INSTRUMENTS:

In the ordinary course of business, the Company is exposed to foreign currency risk, interest risk, equity risk and credit risk. The Company s transactions in its foreign operations are denominated in the British Pound, Canadian Dollar, Chinese Renminbi, Costa Rican Colon, Indian Rupee, Japanese Yen, Mexican Peso, and Philippine Peso. The Company s foreign locations enter into transactions and own monetary assets and liabilities that are denominated in currencies other than their functional currency. As part of its risk management strategy, the Company uses short-term forward contracts in most of the above mentioned currencies to minimize its balance sheet exposure to foreign currency risk. These derivatives are not designated as hedging instruments as the Company uses forward contracts to hedge foreign currency balance sheet exposures. The forward exchange contracts are recorded at fair value in each reporting period and any gains or losses resulting from the changes in fair value, are recorded in earnings in the period of change. Generally, the Company does not use derivative instruments to cover equity risk and credit risk. The Company s policy is not to allow the use of derivatives for trading or speculative purposes. The fair value of the Company s forward exchange contracts are also disclosed in Note 14. The following table summarizes the fair value of the Company s foreign exchange forward contracts as of May 31, 2011 and November 30, 2010:

	Fair Value as of	
Location	May 31, 2011	November 30, 2010
Accrued liabilities	$ (104)	$ (170)
Other current assets	95	537
	$ (9)	$ 367

The notional amounts of the foreign exchange forward contracts that were outstanding as of May 31, 2011 and November 30, 2010 were $83,522 and $118,596, respectively. The notional amounts represent the gross amounts of foreign currency that will be bought or sold at maturity. During the three and six months ended May 31, 2011, the Company recorded in Other income, net total realized and unrealized losses related to its forward contracts of $1,915 and $3,889, respectively. During the three and six months ended May 31, 2010, the Company recorded in Other income, net total realized and unrealized losses related to its forward contracts of $626 and $947, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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NOTE 7 ACCOUNTS RECEIVABLE ARRANGEMENTS:

The Company primarily finances its U.S. operations with an accounts receivable securitization program (the U.S. Arrangement). In November 2010, the Company amended and restated the U.S. Arrangement replacing the lenders and the lead agent (Amended and Restated U.S. Arrangement). The Company can now pledge up to a maximum of $400,000 in U.S. trade accounts receivable (U.S. Receivables) as compared to a maximum of $350,000 under the previous U.S. Arrangement. The maturity date of the Amended and Restated U.S. Arrangement is November 12, 2013. The effective borrowing cost under the Amended and Restated U.S. Arrangement is a blend of the prevailing dealer commercial paper rates plus a program fee of 0.60% per annum based on the used portion of the commitment, and a facility fee of 0.60% per annum payable on the aggregate commitment of the lenders. Prior to the amendment, the effective borrowing cost was a blend of the prevailing dealer commercial paper rates, plus a program fee of 0.65% per annum based on the used portion of the commitment and a facility fee of 0.65% per annum payable on the aggregate commitment. The balances outstanding on the Amended and Restated U.S. Arrangement as of May 31, 2011 and November 30, 2010 were $105,000 and $209,100, respectively.

Under the terms of the Amended and Restated U.S. Arrangement, the Company sells, on a revolving basis, its U.S. Receivables to a wholly-owned, bankruptcy-remote subsidiary. The borrowings are funded by pledging all of the rights, title and interest in and to the U.S. Receivables as security. Any borrowings under the Amended and Restated U.S. Arrangement are recorded as debt on the Company s Consolidated Balance Sheets. As is customary in trade accounts receivable securitization arrangements, a credit rating agency s downgrade of the third party issuer of commercial paper or of a back-up liquidity provider (which provides a source of funding if the commercial paper market cannot be accessed) could result in an increase in the Company s cost of borrowing or loss of the Company s financing capacity under these programs if the commercial paper issuer or liquidity back-up provider is not replaced. Loss of such financing capacity could have a material adverse effect on the Company s financial condition and results of operations.

The Company also has other financing agreements in North America with various financial institutions (Flooring Companies) to allow certain customers of the Company to finance their purchases directly with the Flooring Companies. Under these agreements, the Flooring Companies pay to the Company the selling price of products sold to various customers, less a discount, within approximately 15 to 30 days from the date of sale. The Company is contingently liable to repurchase inventory sold under flooring agreements in the event of any default by its customers under the agreement and such inventory being repossessed by the Flooring Companies. Please see Note 15 for further information. The following table summarizes the net sales financed through the flooring agreements and the flooring fees incurred:

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Net sales financed	$ 171,756	$ 153,995	$ 330,815	$ 300,002
Flooring fees [1]	599	768	1,033	1,477

[1] Flooring fees are included within Interest expense and finance charges, net.

As of May 31, 2011 and November 30, 2010, accounts receivable subject to flooring agreements were $49,036 and $53,985, respectively.

Infotec Japan has arrangements with various banks and financial institutions for the sale and financing of approved accounts receivable and notes receivable. The amount outstanding under these arrangements as of May 31, 2011 was $41,804.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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NOTE 8 BORROWINGS:

Borrowings consist of the following:

	As of May 31, 2011	As of November 30, 2010
Convertible debt	$ 133,678	$ 131,289
SYNNEX U.S. securitization	105,000	209,100
SYNNEX Canada revolving line of credit	32,792	36,240
SYNNEX Canada term loan	9,924	9,677
Infotec Japan short-term revolving credit facility	49,062	-
Infotec Japan term loan credit facility	73,592	-
Infotec Japan term loans	15,270	-
Total borrowings	419,318	386,306
Less: Current portion	(201,544)	(245,973)
Non-current portion	$ 217,774	$ 140,333

Convertible debt

In May 2008, the Company issued $143,750 of aggregate principal amount of its 4.0% Convertible Senior Notes due 2018 (the Notes) in a private placement. The carrying amount of the convertible debt, net of the unamortized debt discount, was $133,678 and $131,289 as of May 31, 2011 and November 30, 2010, respectively. The Notes are senior unsecured obligations of the Company and have a cash coupon interest rate of 4.0% per annum. The Company may redeem the Notes, in whole or in part, for cash on or after May 20, 2013, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the redemption date. See Note 9. Also, the Notes contain various features which under certain circumstances could allow the holders to convert the Notes into shares before their ten-year maturity.

SYNNEX U.S. securitization

The Company can pledge up to a maximum of $400,000 in U.S. trade accounts receivable under its accounts receivable securitization program. See Note 7 Accounts Receivable Arrangements. The effective borrowing costs under the Amended and Restated U.S. Arrangement is a blend of the prevailing dealer commercial paper rates, plus a program fee on the used portion of the commitment and a facility fee payable on the aggregate commitment.

SYNNEX U.S. senior secured revolving line of credit

The Company has a senior secured revolving line of credit arrangement (the Revolver) with a financial institution. In November 2010, the Company amended and restated the revolver (the Amended and Restated Revolver) to remove one of the lenders and increase the maximum commitment of the remaining lender from $80,000 to $100,000. The Amended and Restated Revolver retains an accordion feature to increase the maximum commitment by an additional $50,000 to $150,000 at the Company s request, in the event the current lender consents to such

increase or another lender participates in the Amended and Restated Revolver. Interest on borrowings under the Amended and Restated Revolver is based on a base rate or London Interbank Offered Rate (LIBOR), at the Company s option. The margin on the LIBOR is determined in accordance with its fixed charge coverage ratio under the Amended and Restated Revolver and is currently 2.25%. The Company s base rate is determined based on the higher of (i) the financial institution s prime rate, (ii) the overnight federal funds rate plus 0.50% or (iii) one month LIBOR plus 1.00%. An unused line fee of 0.50% per annum is payable if the outstanding principal amount of the Amended and Restated Revolver is less than half of the lenders commitments; however, that fee is reduced to 0.35% if the outstanding principal amount of the Amended and Restated Revolver is greater than half of the lenders commitments. The Amended and Restated Revolver is secured by the Company s inventory and other assets and expires in November 2013. It would be an event of default under the Amended and Restated Revolver if (1) a lender under the Amended and Restated U.S. Arrangement declines to extend the maturity date at any point within sixty days prior to the maturity date of the Amended and Restated U.S. Arrangement, unless availability under the Amended and Restated Revolver exceeds $60,000 or the Company has a binding commitment in place to renew or replace the Amended and Restated U.S. Arrangement or (2) at least twenty days prior to the maturity date of the Amended and Restated U.S. Arrangement, the Company does not have in place a binding commitment to renew or replace the Amended and Restated U.S. Arrangement on substantially similar terms and conditions, unless the Company has no amounts outstanding under the Amended and Restated Revolver at such time. There was no borrowing outstanding as of May 31, 2011 and November 30, 2010.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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SYNNEX U.S. unsecured revolving line of credit

In February 2011, the Company entered into an arrangement with a financial institution to provide an unsecured revolving line of credit for general corporate purposes. The maximum commitment under the arrangement is $25,000. The arrangement includes an unused line fee of 0.50% per annum. Interest on borrowings under the line of credit is determined by either a base rate or LIBOR rate, at the Company s option. The margin on the LIBOR is 2.00%. The Company s base rate is the financial institution s prime rate minus 0.25%. The agreement expires in February 2014. As of May 31, 2011, there was no amount outstanding under this arrangement.

SYNNEX Canada revolving line of credit

SYNNEX Canada Limited (SYNNEX Canada) has a revolving line of credit arrangement with a financial institution for a maximum commitment of C$125,000 (Canadian Revolving Arrangement). The Canadian Revolving Arrangement also provides a sublimit of $5,000 for the issuance of standby letters of credit. As of May 31, 2011, outstanding standby letters of credit totaled $3,317. SYNNEX Canada has granted a security interest on substantially all of its assets in favor of the lender under this revolving credit facility. In addition, the Company pledged its stock in SYNNEX Canada as collateral for the Canadian Revolving Arrangement. The Canadian Revolving Arrangement expires in May 2012. The interest rate applicable is equal to (i) a minimum rate of 2.50% plus a margin of 1.25% for a Base Rate Loan in Canadian Dollars, (ii) a minimum rate of 3.25% plus a margin of 2.50% for a Base Rate Loan in U.S. Dollars, and (iii) a minimum rate of 1.00% plus a margin of 2.75% for a BA (Bankers Acceptance) Rate Loan. A fee of 0.375% per annum is payable with respect to the unused portion of the commitment.

SYNNEX Canada term loan

SYNNEX Canada has a term loan associated with the purchase of its logistics facility in Guelph, Canada. The interest rate for the unpaid principal amount is a fixed rate of 5.374% per annum. The final maturity date for repayment of the unpaid principal is April 1, 2017.

Infotec Japan credit facility

Infotec Japan has a credit agreement with a group of financial institutions for a maximum commitment of JP¥ 10,000,000. The credit agreement is comprised of a JP¥ 6,000,000, long-term loan and a JP¥ 4,000,000, short-term revolving credit facility. The interest rate for the long-term and short-term loans is based on the Tokyo Interbank Offered Rate plus a margin of 2.25% per annum. The credit facility expires in November 2013. The long-term loan can be repaid at any time prior to maturity without penalty. The Company has issued a guarantee of JP¥ 7,000,000 under this credit facility.

Infotec Japan term loans

Infotec Japan has two term loans from financial institutions which include a short-term loan of JP¥1,000,000, which expires in January 2012 and bears a fixed interest rate of 2.00% and a term loan of JP¥ 245,000, which expires in December 2012 and bears a fixed interest rate of 1.50%.

Others

The Company had outstanding letters of credit amounting to $750 under a letter of credit facility as of November 30, 2010. This letter of credit facility was terminated in March 2011.

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Future principal payments

Future principal payments as of May 31, 2011 under the above loans are as follows:

Fiscal Years Ended November 30,	As of May 31, 2011
2011	$ 188,052
2012	14,690
2013	74,768
2014	787
2015	830
Thereafter	6,513
	$ 285,640

Due to the uncertainty of the timing and amount that may be settled in cash, the principal amount of $133,678 of the Notes described in Note 9 is not included in the table above.

Interest expense and finance charges

For the three and six months ended May 31, 2011, the total interest expense and finance charges for accounts receivable securitization, the revolving lines of credit, the Notes and all other debt were $7,014 and $13,947, respectively, including non-cash debt accretion expense of $1,202 and $2,389, respectively, for the Notes. For the three and six months ended May 31, 2010, the total interest expense and finance charges for accounts receivable securitization, the revolving lines of credit, the Notes and all other debt were $5,414 and $11,136, respectively, including non-cash debt accretion expense of $1,112 and $2,207, respectively, for the Notes. The interest expense and finance charges are included in Interest expense and finance charges, net in the Consolidated Statements of Operations. The interest expense for the six months ended May 31, 2010, includes the partial write off of $842 in unamortized debt costs relating to amending and restating the U.S. Arrangement and the Revolver and the termination of the Company s prior Canadian credit arrangements. The variable interest rates ranged between 0.86% and 4.30% in the three months ended May 31, 2011 and between 0.86% and 4.46% in the six months ended May 31, 2011. The variable interest rates ranged between 0.90% and 3.75% in both the three and six months ended May 31, 2010.

Covenants compliance

In relation to the Notes, Amended and Restated U.S. Arrangement, the Amended and Restated Revolver, the Infotec Japan credit facility, the Canadian Revolving Arrangement and the U.S. unsecured revolving line of credit, the Company has a number of covenants and restrictions that, among other things, require the Company to comply with certain financial and other covenants. These covenants require the Company to maintain specified financial ratios and satisfy certain financial condition tests, including minimum net worth and fixed charge coverage ratios. They also limit the Company s ability to incur additional debt, make or forgive intercompany loans, pay dividends and make other types of distributions, make certain acquisitions, repurchase the Company s stock, create liens, cancel debt owed to the Company, enter into agreements with affiliates, modify the nature of the Company s business, enter into sale-leaseback transactions, make certain investments, enter into new real estate leases, transfer and sell assets, cancel or terminate any material contracts and merge or consolidate. The covenants also limit the Company s ability to pay cash upon conversion, redemption or repurchase of the Notes subject to certain liquidity tests.

As of May 31, 2011, the Company was in compliance with all material covenants for the above arrangements.

Guarantees

The Company has issued guarantees to certain vendors and lenders of its subsidiaries for trade credit lines and loans, totaling $232,792 and $108,497 as of May 31, 2011 and November 30, 2010, respectively. The Company is obligated under these guarantees to pay amounts due should its subsidiaries not pay valid amounts owed to their vendors or lenders.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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NOTE 9 CONVERTIBLE DEBT:

Convertible debt	As of May 31, 2011	As of November 30, 2010
Principal amount	$ 143,750	$ 143,750
Less: Unamortized debt discount	(10,072)	(12,461)
Net carrying amount	$ 133,678	$ 131,289

In May 2008, the Company issued $143,750 of aggregate principal amount of the Notes in a private placement. The Notes have a cash coupon interest rate of 4.0% per annum. Interest on the Notes is payable in cash semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2008. In addition, the Company will pay contingent interest in respect of any six-month period from May 15 to November 14 or from November 15 to May 14, with the initial six-month period commencing May 15, 2013, if the trading price of the Notes for each of the ten trading days immediately preceding the first day of the applicable six-month period equals 120% or more of the principal amount of the Notes. During any interest period when contingent interest is payable, the contingent interest payable per Note is equal to 0.55% of the average trading price of the Notes during the ten trading days immediately preceding the first day of the applicable six-month interest period. The Notes mature on May 15, 2018, subject to earlier redemption, repurchase or conversion.

Holders may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding the maturity date for such Notes under the following circumstances: (1) during any fiscal quarter after the fiscal quarter ended August 31, 2008 (and only during such fiscal quarter), if the last reported sale price of the Company s common stock for at least twenty trading days in the period of thirty consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of the Notes on the last day of such preceding fiscal quarter; (2) during the five business-day period after any five consecutive trading-day period (the Measurement Period) in which the trading price per $1 principal amount of the Notes for each day of that Measurement Period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate of the Notes on each such day; (3) if the Company has called the particular Notes for redemption, until the close of business on the business day prior to the redemption date; or (4) upon the occurrence of certain corporate transactions. In addition, holders may also convert their Notes at their option at any time beginning on November 15, 2017, and ending at the close of business on the business day immediately preceding the maturity date for the Notes, without regard to the foregoing circumstances. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of the common stock or a combination thereof at the Company s election. The initial conversion rate for the Notes will be 33.9945 shares of common stock per $1 principal amount of Notes, equivalent to an initial conversion price of $29.42 per share of common stock. Such conversion rate will be subject to adjustment in certain events but will not be adjusted for accrued interest, including any additional interest and any contingent interest. The above mentioned contingencies were not triggered as of May 31, 2011.

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The Company may not redeem the Notes prior to May 20, 2013. The Company may redeem the Notes, in whole or in part, for cash on or after May 20, 2013, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the redemption date.

Holders may require the Company to repurchase all or a portion of their Notes for cash on May 15, 2013 at a purchase price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the repurchase date. If the Company undergoes a fundamental change, holders may require it to purchase all or a portion of their Notes for cash at a price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the fundamental change repurchase date.

The Notes are senior unsecured obligations of the Company and rank equally in right of payment with other senior unsecured debt and rank senior to subordinated notes, if any. The Notes effectively rank junior to any of the Company s secured indebtedness to the extent of the assets securing such indebtedness. The Notes are also structurally subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables) of the Company s subsidiaries. The net proceeds from the Notes were used for general corporate purposes and to reduce outstanding balances under the U.S. Arrangement and the Revolver.

The Notes are governed by an indenture, dated as of May 12, 2008, between the Company and U.S. Bank National Association, as trustee, which contains customary events of default.

The Notes as hybrid instruments are accounted as convertible debt and are recorded at carrying value. The right of the holders of the Notes to require the Company to repurchase the Notes in the event of a fundamental change and the contingent interest feature would require separate measurement from the Notes; however, the amount is insignificant. The additional shares issuable following certain corporate transactions do not require bifurcation and separate measurement from the Notes.

In accordance with the provisions of the standards for accounting for convertible debt, the Company recognized both a liability and an equity component of the Notes in a manner that reflects its non-convertible debt borrowing rate at the date of issuance of 8.0%. The value assigned to the debt component, which is the estimated fair value, as of the issuance date, of a similar note without the conversion feature, was determined to be $120,332. The difference between the Note cash proceeds and this estimated fair value was estimated to be $23,418 and was retroactively recorded as a debt discount and will be amortized to Interest expense and finance charges, net over the five year period to the first put date, utilizing the effective interest method.

As of May 31, 2011, the remaining amortization period is approximately 23 months assuming the redemption of the Notes at the first purchase date of May 20, 2013. Based on a cash coupon interest rate of 4.0%, the Company recorded contractual interest expense of $1,624 and $3,247, during the three and six months ended May 31, 2011, respectively, and $1,624 and $3,247 during the three and six months ended May 31, 2010, respectively. Based on an effective rate of 8.0%, the Company recorded non-cash interest expense of $1,202 and $2,389 during the three and six months ended May 31, 2011, respectively, and $1,112 and $2,208 during the three and six months ended May 31, 2010, respectively. As of both May 31, 2011 and November 30, 2010, the carrying value of the equity component of the Notes, net of allocated issuance costs, was $22,836. As of May 31, 2011, the if-converted value of the Notes did not exceed the principal balance.

The Notes contain various features that under certain circumstances could allow the holders to convert the Notes into shares before their ten-year maturity. Further, the date of settlement of the Notes is uncertain due to the various features of the Notes including put and call features. Because the Company currently intends to settle the Notes using cash at some future date, the Company maintains within its Amended and Restated U.S. Arrangement, the Amended and Restated Revolver and the U.S. unsecured revolving line of credit ongoing features that allow the Company to utilize cash from these facilities to cash settle the Notes, if desired.

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NOTE 10 NET INCOME PER COMMON SHARE:

The following table sets forth the computation of basic and diluted net income per common share for the periods indicated:

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Amounts attributable to SYNNEX Corporation:				
Income from continuing operations, net of tax	$ 31,401	$ 24,844	$ 61,122	$ 48,093
Discontinued operations:				
Income from discontinued operations, net of tax	-	-	-	59
Gain on sale of discontinued operations, net of tax	-	-	-	11,351
Net income attributable to SYNNEX Corporation	$ 31,401	$ 24,844	$ 61,122	$ 59,503
Weighted-average common shares - basic	35,693	34,624	35,661	34,256
Effect of dilutive securities:				
Stock options, restricted stock awards and restricted stock units	849	1,079	849	1,227
Conversion spread of convertible debt	556	-	535	-
Weighted-average common shares - diluted	37,098	35,703	37,045	35,483
Earnings per share attributable to SYNNEX Corporation:				
Basic:				
Income from continuing operations	$ 0.88	$ 0.72	$ 1.71	$ 1.41
Discontinued operations	-	-	-	0.33
Net income per common share - basic	$ 0.88	$ 0.72	$ 1.71	$ 1.74
Diluted:				
Income from continuing operations	$ 0.85	$ 0.70	$ 1.65	$ 1.36
Discontinued operations	-	-	-	0.32
Net income per common share - diluted	$ 0.85	$ 0.70	$ 1.65	$ 1.68

Options to purchase 19 and 22 shares of common stock for the three and six months ended May 31, 2011, respectively, and 45 and 40 shares of common stock for the three and six months ended May 31, 2010, respectively, have not been included in the computation of diluted net income per share as their effect would have been anti-dilutive.

NOTE 11 RELATED PARTY TRANSACTIONS:

The Company has a business relationship with MiTAC International Corporation (MiTAC International), a publicly-traded company in Taiwan that began in 1992 when it became its primary investor through its affiliates. As of both May 31, 2011 and November 30, 2010, MiTAC International and its affiliates beneficially owned approximately 29% of the Company s common stock. In addition, Matthew Miau, the Company s Chairman Emeritus of the Board of Directors, is the Chairman of MiTAC International and a director or officer of MiTAC International s affiliates. As a result, MiTAC International generally has significant influence over the Company and over the outcome of all matters submitted to stockholders for consideration, including any merger or acquisition of the Company. Among other things, this could have the effect of delaying, deterring or preventing a change of control over the Company.

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Until July 31, 2010, the Company worked with MiTAC International on OEM outsourcing and jointly marketed MiTAC International s design and electronic manufacturing services and its contract assembly capabilities. This relationship enabled the Company to build relationships with MiTAC International s customers. On July 31, 2010, MiTAC International purchased certain assets related to the Company s contract assembly business, including inventory and customer contracts, primarily related to customers then being jointly served by MiTAC International and the Company. As part of this transaction, the Company provides MiTAC International certain transition services for the business for a monthly fee over a period of twelve months. The sale agreement also includes earn-out and profit sharing provisions, which are based on operating performance metrics achieved over twelve to eighteen months from the closing date for the defined customers included in this transaction. During the three and six months ended May 31, 2011, the Company recorded $2,586 and $4,096, respectively, for service fees earned, reimbursements for facilities and overhead costs and the achieved earn-out condition.

The Company purchased inventories, including notebook computers, motherboards and other peripherals, from MiTAC International and its affiliates totaling $941 and $2,328 during the three and six months ended May 31, 2011, respectively, and $48,536 and $114,923 for the three and six months ended May 31, 2010, respectively. The Company s sales to MiTAC International and its affiliates during the three and six months ended May 31, 2011 totaled $538 and $824, respectively, and during the three and six months ended May 31, 2010, totaled $567 and $1,235, respectively. Most of the purchases and sales in the three and six months ended May 31, 2010 were pursuant to the Master Supply Agreement with MiTAC International and the Company s former contract assembly customer Sun Microsystems, which was acquired by Oracle Corporation in 2010.

The Company s business relationship with MiTAC International had been informal and was not governed by long-term commitments or arrangements with respect to pricing terms, revenue or capacity commitments.

During the period of time that the Company worked with MiTAC International, the Company negotiated manufacturing, pricing and other material terms on a case-by-case basis with MiTAC International and its contract assembly customers for a given project. While MiTAC International is a related party and a controlling stockholder, the Company believes that the significant terms under its arrangements with MiTAC International, including pricing, will not materially differ from the terms it could have negotiated with unaffiliated third parties, and it has adopted a policy requiring that material transactions with MiTAC International or its related parties be approved by its Audit Committee, which is composed solely of independent directors. In addition, Matthew Miau s compensation is approved by the Nominating and Corporate Governance Committee, which is also composed solely of independent directors. As MiTAC International s ownership interest in the Company decreases as a result of sales of the Company s stock and additional dilution, its interest in the success of the business and operations may decrease as well.

Beneficial ownership of the Company s common stock by MiTAC International

As noted above, MiTAC International and its affiliates in the aggregate beneficially owned approximately 29% of the Company s common stock as of May 31, 2011. These shares are owned by the following entities:

	May 31, 2011 (shares in thousands)
MiTAC International [(1)]	6,178
Synnex Technology International Corp. [(2)]	4,427

Total	10,605

(1) Shares are held via Silver Star Developments Ltd., a wholly-owned subsidiary of MiTAC International. Excludes 622 thousand shares (of which 224 thousand shares are directly held and 398 thousand shares are subject to exercisable options) held by Matthew Miau.

(2) Synnex Technology International Corp. (Synnex Technology International) is a separate entity from the Company and is a publicly-traded corporation in Taiwan. Shares are held via Peer Development Ltd, a wholly-owned subsidiary of Synnex Technology International. MiTAC International owns a noncontrolling interest of 8.7% in MiTAC Incorporated, a privately-held Taiwanese company, which in turn holds a noncontrolling interest of 14.0% in Synnex Technology International. Neither MiTAC International, nor Mr. Miau is affiliated with any person(s), entity, or entities that hold a majority interest in MiTAC Incorporated.

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While the ownership structure of MiTAC International and its affiliates is complex, it has not had a material adverse effect on the Company s business in the past, and it does not expect it to do so in the future.

The Company owns shares of MiTAC International and one of its affiliates related to the deferred compensation plan of Robert Huang, the Company s founder and former Chairman. As of May 31, 2011, the value of the investment was $849. Except as described herein, none of the Company s officers or directors has an interest in MiTAC International or its affiliates.

Synnex Technology International is a publicly-traded corporation in Taiwan that currently provides distribution and fulfillment services to various markets in Asia and Australia, and is also a potential competitor of the Company. Neither MiTAC International, nor Synnex Technology International is restricted from competing with the Company.

Others

On August 31, 2010, the Company acquired a 33.3% noncontrolling interest in SB Pacific Corporation Limited (SB Pacific) a newly formed company. The Company is not the primary beneficiary in SB Pacific. The controlling shareholder of SB Pacific is Robert Huang, who is the Company s founder and former Chairman. The Company s 33.3% investment in SB Pacific is accounted for as an equity-method investment and is included in Other assets. The balance of the investment as of May 31, 2011 and November 30, 2010 was $6,031 and $1,095, respectively. The Company regards SB Pacific to be a variable interest entity and as of May 31, 2011, its maximum exposure to loss was limited to $6,031. During the three and six months ended May 31, 2011, the Company paid $75 and $150, respectively, in management fees to SB Pacific. SB Pacific owns a 30.0% noncontrolling interest in Infotec Japan.

NOTE 12 SEGMENT INFORMATION:

Description of segments

Operating segments are based on products and services provided by each segment, internal organization structure, the manner in which operations are managed, the criteria used by the Chief Operating Decision Maker (CODM) to assess the segment performance as well as resources allocation and the availability of discrete financial information.

The distribution services segment distributes IT systems, peripherals, system components, software, networking equipment, consumer electronics, and complementary products and video games to a variety of customers, including value-added resellers, system integrators, and retailers, as well as provides assembly services to OEMs, including integrated supply chain management, build-to-order and configure-to-order system configurations, materials management, refurbishment and logistics.

The GBS services segment offers a range of services to the Company s customers that include customer management, renewals management, and back office processing on a global platform. The Company delivers these services through various methods including voice, chat, web, email, and digital print. The Company also sells products complementary to these service offerings.

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Summarized financial information related to the Company s reportable business segments for the three and six months ended May 31, 2011 and 2010, and as of May 31, 2011 and November 30, 2010 is shown below:

	Distribution	GBS	Inter-Segment Elimination	Consolidated
Three months ended May 31, 2011				
Revenue	$ 2,463,789	$ 38,752	$ (6,739)	$ 2,495,802
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	50,455	3,705	-	54,160
Three months ended May 31, 2010				
Revenue	$ 2,011,211	$ 27,645	$ (6,044)	$ 2,032,812
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	40,452	2,982	-	43,434
Six months ended May 31, 2011				
Revenue	$ 4,932,404	$ 77,990	$ (13,658)	$ 4,996,736
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	97,674	7,339	-	105,013
Six months ended May 31, 2010				
Revenue	$ 3,926,551	$ 53,717	$ (11,418)	$ 3,968,850
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	76,446	5,941	-	82,387
Total assets as of May 31, 2011	$ 2,444,726	$ 262,283	$ (153,889)	$ 2,553,120
Total assets as of November 30, 2010	$ 2,409,998	$ 224,677	$ (134,814)	$ 2,499,861

The inter-segment eliminations relate to the inter-segment back-office support services provided by the GBS segment to the distribution segment, inter-segment investments and inter-segment accounts receivable.

Segment by geography

The Company primarily operates in North America. The United States and Canada are included in the North America operations. China, India, Japan and the Philippines are included in Asia-Pacific operations and Costa Rica, Mexico and the UK are included in Other operations. The revenues attributable to countries are based on geography of entities from where the products are distributed or services are provided. Shown below is summarized financial information related to the geographic areas in which the Company operated in the three and six months ended May 31, 2011 and 2010:

	Three Months Ended	Six Months Ended

	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Revenue				
North America	$ 2,154,613	$ 1,987,188	$ 4,277,215	$ 3,886,685
Asia-Pacific	332,242	16,786	649,718	32,703
Other	8,947	28,838	69,803	49,462
	$ 2,495,802	$ 2,032,812	$ 4,996,736	$ 3,968,850

	As of	
	May 31, 2011	November 30, 2010
Long-lived assets		
North America	$ 96,984	$ 84,666
Asia-Pacific	34,182	15,602
Other	19,546	11,885
	$ 150,712	$ 112,153

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Revenue in the United States was approximately 72% and 71% of the total revenue for the three and six months ended May 31, 2011, respectively, and 82% of the total revenue for both the three and six months ended May 31, 2010. Revenue in Canada was approximately 15% for both of the three and six months ended May 31, 2011 and 15% and 16% of total revenue for the three and six months ended May 31, 2010, respectively. Revenue in Japan was approximately 13% and 12% of the total revenue for the three and six months ended May 31, 2011.

Long-lived assets in the United States were approximately 52% and 58% of total long-lived assets as of May 31, 2011 and November, 30 2010, respectively. Long-lived assets in Canada were approximately 13% and 17% of total long-lived assets as of May 31, 2011 and November 30, 2010, respectively. Long-lived assets in Japan were approximately 12% of total long-lived assets as of May 31, 2011.

NOTE 13 ACQUISITIONS AND DIVESTITURES:

Fiscal year 2011 acquisitions

On December 1, 2010, the Company acquired 70% of the capital stock of Marubeni Infotec Corporation, a subsidiary of Marubeni Corporation, and SB Pacific, the Company s equity-method investee, acquired the remaining 30% noncontrolling interest. The Company s total direct and indirect ownership of Marubeni Infotec Corporation is 80%. Marubeni Infotec Corporation, now known as SYNNEX Infotec Corporation, (Infotec Japan) is a distributor of IT equipment, electronic components and software in Japan. The aggregate consideration for the transaction was JP¥700,000, or approximately $8,392, of which the Company s direct share was $5,888. This acquisition is in the distribution segment and will enable the Company s expansion into Japan.

The preliminary purchase price allocation based on the estimated fair value of the assets acquired and liabilities assumed is as follows:

	Fair Value
Purchase Consideration:	
Cash Payment	$ 5,888
Contribution from noncontrolling interest	2,504
	$ 8,392
Allocation:	
Cash	$ 1,371
Short-term investments	937
Accounts receivable	178,384
Receivable from vendors	8,525
Inventories	84,553
Other current assets	2,119
Property, plant and equipment	5,521
Goodwill	18,503
Intangible assets[1]	9,103
Other long-term assets	3,814

Short-term borrowings		(103,646)
Accounts payable		(161,228)
Accrued liabilities		(15,151)
Long-term borrowings		(2,088)
Other long-term liabilities		(22,325)
	$	8,392

(1) Intangibles will be amortized over a period of 3-10 years.

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The Company expects to finalize the purchase price allocation upon the completion of further detailed analysis.

In addition, the Company has acquired $24,037 net operating loss of Infotec Japan and the Company has recorded a valuation allowance of $13,155 and a reserve of $10,882 for uncertain tax positions.

Subsequent to the acquisition, the Company and SB Pacific invested $14,980 and $6,420, respectively, in additional capitalization of Infotec Japan.

The following unaudited pro forma financial information combines the Consolidated Results of Operations as if the acquisition of Infotec Japan had occurred on December 1, 2009. Pro forma adjustments include only the effects of events directly attributable to transactions that are factually supportable and expected to have a continuing impact. The pro forma results contained in the table below include pro forma adjustments for amortization of acquired intangibles and depreciation expense.

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Revenue	$ 2,495,802	$ 2,352,002	$ 4,996,736	$ 4,607,849
Income from continuing operations, atttributable to SYNNEX Corporation	31,401	25,761	61,122	49,483
Net income from continuing operations per share - basic	$ 0.88	$ 0.74	$ 1.71	$ 1.44
Net income from continuing operations per share - diluted	$ 0.85	$ 0.72	$ 1.65	$ 1.39

The employees of Infotec Japan are covered by post-retirement employment benefits plans, which include both defined benefit and defined contribution plans.

During the first quarter of fiscal year 2011, the Company acquired certain businesses of e4e, Inc. for $23,000 in cash, with $1,000 payable upon the completion of certain post-closing conditions. e4e, Inc. was a privately-held BPO services company that had operations in the United States, the UK and India. The acquisition is in the GBS segment and is expected to bring additional BPO scale, complement the Company s service offerings and expand its customer base and geographic presence. The net tangibles assets acquired were $5,858 and the Company recorded $17,142 in goodwill and intangibles. The determination of the fair value of the net assets acquired is preliminary subject to the finalization of more detailed analysis, which may change the allocation of the purchase price.

Fiscal year 2010 acquisitions

On February 26, 2010, the Company purchased substantially all of the North American assets of Jack of All Games, Inc., a distributor of video game hardware and software. The Company expects this acquisition to expand its consumer electronics product offerings. The acquisition is fully integrated into the Company s distribution segment. Since the close of the acquisition, the Company made certain adjustments to the fair value of inventories and other assets acquired and liabilities assumed related to this transaction. These adjustments had the impact of lowering the purchase price by $6,880. The total consideration as adjusted is $35,773. The net tangible assets acquired were $27,434 and the Company recognized $4,500 of intangible assets and $3,839 in goodwill.

In November 2010, the Company acquired 100% of the stock of Aspire Technology Limited (Aspire) and Encover, Inc. (Encover) for $40,047, including $8,709 in earn-out payments payable upon the achievement of certain milestones up to three years following the date of the acquisitions. The fair value of the contingent consideration recorded on the date of the acquisitions was $8,450. During the three and six months ended May 31, 2011, the Company recognized a benefit of $1,333 for changes in the fair value of the contingent consideration. These acquisitions provide warranty and license renewals management through proprietary software and services. The Company recognized $22,016 in goodwill and $11,726 in intangible assets. The purchase price is subject to a holdback of $1,850 for a period of twenty-four months from the purchase date. These acquisitions are fully integrated into the GBS segment.

The determination of the fair value of the purchase price and the net assets acquired for the acquisition of Aspire and Encover is preliminary, subject to the completion of further detailed analysis, which may change the allocation of the purchase price.

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With the exception of Infotec Japan, the above acquisitions in the fiscal years 2011 and 2010, individually and in the aggregate, did not meet the conditions of a material business combination and were not subject to the disclosure requirements of accounting for business combinations utilizing the purchase method of accounting.

Fiscal year 2010 divestitures

On December 28, 2009, the Company sold its controlling interest in China Civilink (Cayman), the results of which are presented in Discontinued operations. Please see Note 17 Discontinued Operations for a detailed discussion on this transaction.

On July 31, 2010, the Company sold to MiTAC International, inventory and certain customer contracts, primarily related to contract assembly customers jointly served by the Company and MiTAC International. The sale agreement includes earn-out and profit-sharing provisions, which are based on near-term operating performance metrics for the defined customers included in the transaction. The Company provides MiTAC International certain transition services on a fee basis. Please see Note 11 Related Party Transactions for more information on this transaction.

On August 31, 2010, the Company sold its controlling interests in Nihon Daikou Shouji Co., Ltd. for $3,072 to SB Pacific.

NOTE 14 FAIR VALUE MEASUREMENTS:

The Company s fair value measurements are classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The following table summarizes the valuation of the Company s short-term investments and financial instruments that are measured at fair value on a recurring basis:

	May 31, 2011				November 30, 2010			
		Fair value measurement category				Fair value measurement category		
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Trading securities	$ 8,005	$ 8,005	$ -	$ -	$ 7,909	$ 7,909	$ -	$ -
Available-for-sale securities in short-term investments	52	52	-	-	102	102	-	-
Available-for-sale securities in other assets	1,134	1,134	-	-	-	-	-	-

Forward foreign currency exchange contracts	95	-	95	-	537	-	537	-
Liabilities:								
Forward foreign currency exchange contracts	104	-	104	-	170	-	170	-
Acquisition-related contingent consideration	7,117	-	-	7,117	8,450	-	-	8,450

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The Company s investments in trading and available-for-sale securities consist of equity securities and are recorded at fair value based on quoted market prices. The fair values of forward exchange contracts are measured based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers.

The acquisition-related contingent consideration represents the future earn-out payments relating to the acquisitions of Aspire and Encover, as described in Note 13 Acquisitions and Divestitures. The fair values of the contingent consideration are based on the Company s probability assessment of the established profitability measures during the periods ranging from one year to three years from the date of the acquisitions. The maximum payout for the earn-out for Aspire and Encover is approximately $8,710 in aggregate. During the three months ended May 31, 2011, the fair value of the contingent consideration was remeasured and the resulting decrease of $1,333 was recorded as a benefit to Selling, general and administrative expenses in the Consolidated Statements of Operations.

The following table summarizes the reconciliation of the beginning and ending balances of the fair value of the contingent consideration measured using significant unobservable inputs (Level 3):

	Estimated Fair Value of Contingent consideration
Balance as of November 30, 2010	$ 8,450
Changes in fair value	(1,333)
Balance as of May 31, 2011	$ 7,117

The following table summarizes the realized and unrealized gains and losses recorded in Other income, net in the Consolidated Statements of Operations for the changes in the fair value of its financial instruments for trading securities and forward foreign currency contracts:

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Realized gain (loss)	$ (1,756)	$ (909)	$ (3,529)	$ (1,195)
Unrealized gain (loss)	(410)	210	112	427
Total realized and unrealized gain/(loss)	$ (2,166)	$ (699)	$ (3,417)	$ (768)

The following table presents the assets and liabilities that are not carried at fair value as of May 31, 2011 and November 30, 2010:

	As of May 31, 2011		As of November 30, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value

Cost-method investments in short-term investments	$ 2,413	$ 3,871	$ 2,498	$ 3,878
Long-term accounts receivable	5,084	5,084	6,539	6,539
SYNNEX Canada term loan	9,924	9,924	9,677	9,677
Infotec Japan term loan credit facility	73,592	73,592	-	-
Infotec Japan term loans	15,270	15,270	-	-
Convertible debt	133,678	183,987	131,289	168,821

The Company s cost-method securities in short-term investments consist of investments in a hedge fund and a private equity fund. The fair value of the cost-method investments is based on either (i) the published fund values or (ii) a valuation model developed internally based on the published value of the securities held by the fund. The Company records an impairment charge when the decline in fair value is determined to be other-than-temporary.

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The fair value of long-term accounts receivable is based on customer rating and creditworthiness. The carrying values of the SYNNEX Canada term loan, the Infotec Japan term loan credit facility and the Infotec Japan term loans approximate their fair value since interest rates offered to the Company for debt of similar terms and maturities are approximately the same. The fair value of convertible debt is based on the closing price of the convertible debt traded in a limited trading market.

The cost-method investments in Other assets consist of investments in equity securities of private entities. The carrying value of the investments was $3,661 and $3,400 as of May 31, 2011 and November 30, 2010, respectively. As of November 30, 2010, the fair value of these cost-method investments is greater than the carrying value. There have been no significant changes to the fair value of the investments as of May 31, 2011.

The Company s 33.3% noncontrolling investment in SB Pacific is recorded under the equity method of accounting and is included in Other assets. The investment was made in the fiscal year 2010 and the carrying value of the investment as of May 31, 2011 and November 30, 2010 was $6,031 and $1,095, respectively. As of May 31, 2011 and November 30, 2010, the fair value of this investment is equal to its carrying value.

The carrying value of other financial instruments, including cash equivalents, held-to-maturity securities, accounts receivable, accounts payable and short-term debt approximate fair value due to their short maturities or variable-rate nature of the respective borrowings.

The Company monitors its investments for impairment by considering current factors, including the economic environment, market conditions, operational performance and other specific factors relating to the business underlying the investment, and records reductions in carrying values when necessary. Any impairment loss is reported under Other income, net in the Consolidated Statements of Operations.

NOTE 15 COMMITMENTS AND CONTINGENCIES:

The Company was contingently liable as of May 31, 2011 under agreements to repurchase repossessed inventory acquired by Flooring Companies as a result of default on floor plan financing arrangements by the Company s customers. These arrangements are described in Note 7. Losses, if any, would be the difference between the repossession cost and the resale value of the inventory. There have been no repurchases through May 31, 2011 under these agreements and, the Company is not aware of any pending customer defaults or repossession obligations.

The Company is from time to time involved in various bankruptcy preference actions where the Company was a supplier to the companies now in bankruptcy. These preference actions are filed by the bankruptcy trustee on behalf of the bankrupt estate and generally seek to have payments made by the debtor within ninety days prior to the bankruptcy returned to the bankruptcy estate for allocation among all of the bankrupt estate s creditors. The Company is not currently involved in any material preference proceedings.

In conjunction with the sale of China Civilink (Cayman), which is described in Note 17 Discontinued Operations, the Company has recorded a contingent indemnification liability of $4,122.

The Company does not believe that the above commitments and contingencies will have a material adverse effect on the Company s results of operations, financial position or cash flows.

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NOTE 16 RESTRUCTURING CHARGES:

In fiscal year 2007, in connection with the acquisition of the Redmond Group of Companies (RGC), the Company announced a restructuring program in Canada. During the three and six months ended May 31, 2011, the Company made payments of $298 and $596, respectively, for the remaining lease obligations on the RGC facility and $91 and $182 for the three and six months ended May 31, 2010, respectively. The remaining balance outstanding on facility and exit costs as of May 31, 2011 and November 30, 2010 was $35 and $630, respectively. These lease obligations are expected to be completed by June 2011.

NOTE 17 DISCONTINUED OPERATIONS:

On December 28, 2009, China Civilink (Cayman), which operates in China as HiChina Web Solutions, was sold to Alibaba.com Limited. HiChina Web Solutions provided domain name registration and web site hosting and design. HiChina Web Solutions was a subsidiary of SYNNEX Investment Holdings Corporation, a wholly-owned subsidiary company of SYNNEX Corporation. The Company received $65,395 for its estimated 79% controlling ownership in HiChina Web Solutions. During the six months ended May 31, 2010, the Company recorded total gain on the sale of $11,351, net of $1,154 income. The Company, as the ultimate parent, guaranteed the obligations of SYNNEX Investment Holdings Corporation up to $35,035 in connection with the sale of HiChina Web Solutions. HiChina Web Solutions was a part of the Company s GBS segment. The Company has no significant continuing involvement in the operations of HiChina Web Solutions. In conjunction with the sale of HiChina Web Solutions, the Company recorded a contingent indemnification liability of $4,122.

The sale of HiChina Web Solutions qualified as a discontinued operation component of the Company and accordingly, the Company has excluded results of the HiChina Web Solutions operation from its Consolidated Statements of Operations to present this business in discontinued operations.

The following table shows the results of operations of HiChina Web Solutions for the six months ended May 31, 2010, which are included in the earnings from discontinued operations:

	Six months ended May 31, 2010*
Revenue	$ 2,959
Cost of revenue	(1,706)
Gross profit	1,253
Selling, general and administrative expenses	(1,199)
Income from operations before non-operating items, income taxes and noncontrolling interest	54
Interest income, net	17
Other income, net	5
Income before income taxes and noncontrolling interest	76
Provision for income taxes	(1)

Income from discontinued operations		75
Income from discontinued operations attributable to noncontrolling interest		(16)
	$	59

* Includes the results of operations from December 1, 2009 to the disposition date of December 28, 2009.

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NOTE 18 EQUITY:

A reconciliation of the changes in equity for the six months ended May 31, 2011 and 2010 is presented below:

	Six Months Ended May 31, 2011			Six Months Ended May 31, 2010		
	Attributable to SYNNEX Corporation	Attributable to Noncontrolling interest	Total Equity	Attributable to SYNNEX Corporation	Attributable to Noncontrolling interest	Total Equity
Beginning balance of equity:	$ 992,670	$ 157	$ 992,827	$ 828,322	$ 10,413	$ 838,735
Issuance of common stock on exercise of options	2,908	-	2,908	12,289	-	12,289
Issuance of common stock for employee stock purchase plan	513	-	513	444	-	444
Tax benefit from exercise of non-qualified stock options	2,456	-	2,456	10,496	-	10,496
Shares withheld for employee taxes	(3,079)	-	(3,079)	(361)	-	(361)
Share-based compensation	3,916	-	3,916	3,666	-	3,666
Capital contribution by noncontrolling interest	-	9,024	9,024	-	-	-
Change in equity for HiChina Web Solutions [1]	-	-	-	(5,946)	(7,418)	(13,364)
Comprehensive income:						
Net income	61,122	60	61,182	59,503	117	59,620
Other comprehensive income (loss):						
Changes in unrealized gain on available-for-sale securities	97	-	97	8	-	8
Foreign currency translation adjustment	13,247	205	13,452	1,241	(154)	1,087
Total other comprehensive income (loss)	13,344	205	13,549	1,249	(154)	1,095
Total comprehensive income (loss)	74,466	265	74,731	60,752	(37)	60,715
Ending balance of equity:	$ 1,073,850	$ 9,446	$ 1,083,296	$ 909,662	$ 2,958	$ 912,620

(1) See Note 17 Discontinued operations for further discussion.

NOTE 19 SUBSEQUENT EVENT:

In June 2011, the Company s Board of Directors approved an anti-dilution repurchase program of up to $65,000 of its Common Stock over a period of up to three years for the purpose of mitigating or reducing the dilution resulting from various employee stock incentive and stock purchase programs. Stock repurchases under the program may be made through open market and privately negotiated transactions, at times and in such amounts as management deems appropriate, including pursuant to one or more Rule 10b5-1 trading plans adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934.

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ITEM 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and related Notes included elsewhere in this Report.

When used in this Quarterly Report on Form 10-Q or the Report, the words believes, plans, estimates, anticipates, expects, intends, allows, can, may, designed, will, and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include statements about our business model and our services, our market strategy, including expansion of our product lines, our infrastructure, anticipated benefits of our acquisitions, impact of MiTAC International Corporation, or MiTAC International, ownership interest in us, our revenue and operating results, our gross margins, competition with Synnex Technology International Corp., our future needs for additional financing, concentration of customers, our international operations, including our operations in Japan, expansion of our operations, our strategic acquisitions of businesses and assets, effects of future expansion of our operations, adequacy of our cash resources to meet our capital needs, the settlement of our convertible notes, adequacy of our disclosure controls and procedures, pricing pressures, competition, impact of our accounting policies, our anti-dilution share repurchase program, and statements regarding our securitization programs and revolving credit lines. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those risks discussed, as well as the seasonality of the buying patterns of our customers, concentration of sales to large customers, dependence upon and trends in capital spending budgets in the IT industry, fluctuations in general economic conditions and risks set forth under Part II, Item 1A, Risk Factors. These forward-looking statements speak only as of the date hereof. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Overview

We are a Fortune 500 corporation and a leading business process services company, servicing resellers, retailers and original equipment manufacturers, or OEMs, in multiple regions around the world. Our primary business process services are distribution and business process outsourcing, or BPO. We operate in two segments: distribution services and global business services, or GBS. Our distribution services segment distributes IT systems, peripherals, system components, software, networking equipment, consumer electronics, or CE, and complementary products. We also provide contract assembly services within our distribution segment. Our GBS segment offers a range of BPO services to our customers that include customer management, renewals management, back office processing and information technology outsourcing, or ITO, on a global platform. To further enhance our BPO solutions, we provide value-added support services such as demand generation, pre-sales support, product marketing, print and fulfillment, back office outsourcing and post-sales technical support.

We combine our core strengths in distribution with our BPO services to help our customers achieve greater efficiencies in time to market, cost minimization, real-time linkages in the supply chain and aftermarket product support. We distribute more than 25,000 technology products (as measured by SKUs) from more than 100 IT and CE OEM suppliers to more than 20,000 resellers, system integrators, and retailers throughout the United States, Canada, Japan and Mexico. As of May 31, 2011, we had over 10,000 full-time and temporary employees worldwide. From a geographic perspective, approximately 86% of our total revenue was from North America for both the three and six months ended May 31, 2011 and 98% for both the three and six months ended May 31, 2010.

We purchase IT systems, peripherals, system components, software, networking equipment, CE and complementary products from our primary suppliers such as Hewlett-Packard Company, or HP, Microsoft, Panasonic, Lenovo and Seagate and sell them to our reseller and retail customers. We perform a similar function for our distribution of licensed software products. Our reseller customers include value-added resellers, or VARs, corporate resellers, government resellers, system integrators, direct marketers, and national and regional retailers.

Recent Acquisitions and Divestitures

We seek to augment our service offerings by expansion with strategic acquisitions of businesses and assets that complement and expand our global BPO capabilities. We also divest businesses that we deem no longer strategic to our ongoing operations. Our historical acquisitions have brought us new reseller and retail customers, OEM suppliers, and product lines, have extended the geographic reach of our operations, particularly in targeted markets, and have diversified and expanded the services we provide to our OEM suppliers and customers. We account for acquisitions using the purchase method of accounting and include acquired entities within our Consolidated Financial Statements from the closing date of the acquisition.

Acquisitions during the fiscal year 2011

On December 1, 2010, we acquired 70% of the capital stock of Marubeni Infotec Corporation, a subsidiary of Marubeni Corporation and SB Pacific Corporation Limited, or SB Pacific, our equity-method investee, acquired the remaining 30% noncontrolling interest. Our total direct and indirect ownership of Marubeni Infotec Corporation is 80%. Marubeni Infotec Corporation, now known as SYNNEX Infotec Corporation, or Infotec Japan, is a distributor of IT equipment, electronic components and software in Japan.

The aggregate consideration for the transaction was JP¥700.0 million or approximately $8.4 million, of which our direct share was $5.9 million. As part of the acquisition, we assumed debt of $105.7 million. The total net tangible liabilities in excess of net tangible assets acquired were $19.2 million. We recorded $27.6 million in goodwill and intangibles. In addition, we have acquired $24.0 million net operating losses of Infotec Japan and we recorded a valuation allowance of $13.1 million and a reserve of $10.9 million for uncertain tax positions. We expect to finalize the purchase price allocation upon completion of further detailed analysis. Subsequent to the acquisition, we and SB Pacific invested $15.0 million and $6.4 million, respectively, in additional capitalization of Infotec Japan. This acquisition is in the distribution segment and we believe will enable our expansion into Japan.

The employees of Infotec Japan are covered by post-retirement employment benefits plans, which include both defined benefit and defined contribution plans.

Infotec Japan has arrangements with various banks and financial institutions for the sale and financing of approved accounts receivable and notes receivable. The amount outstanding under these arrangements as of May 31, 2011 was $41.8 million.

In March 2011, Japan experienced a 9.0 magnitude earthquake followed by tsunami waves and aftershocks. These events have affected the infrastructure in the country, caused power outages and also temporarily disrupted the supply chain for some vendors both locally and internationally. Infotec Japan suffered nominal inventory and facility damages. We continue to monitor the situation closely to assess the impact to our local operations and demand environment.

During the first quarter of fiscal year 2011, we acquired certain businesses of e4e, Inc. for $23.0 million in cash, with $1.0 million payable upon the completion of certain post-closing conditions. e4e, Inc. was a privately-held BPO services company that has operations in the United States, the United Kingdom and India. The acquisition is in our GBS segment and is expected to bring additional BPO scale, complement our service offerings and expand our customer base and geographic presence. The net tangibles assets acquired were $5.9 million and we recorded $17.1 million in goodwill and intangibles. The determination of the fair value of the net assets acquired is preliminary, subject to the finalization of more detailed analysis, which may change the allocation of the purchase price.

Acquisitions during the fiscal year 2010

On February 26, 2010, we purchased substantially all of the North American assets of Jack of All Games, Inc., a distributor of video game hardware and software. Since the close of the acquisition, we made certain adjustments to the fair value of inventories and other assets acquired and liabilities assumed related to this transaction. These adjustments had the impact of lowering the purchase price by $6.9 million. The total consideration, as adjusted, was $35.8 million. The net tangible assets acquired were $27.4 million and we recognized $4.5 million of intangible assets and $3.8 million in goodwill. The acquisition is fully integrated into our distribution segment and is expected to expand our consumer electronics product offerings.

In November 2010, we acquired 100% of the stock of Aspire Technology Limited, or Aspire, and Encover, Inc., or Encover, for $40.0 million, including $8.7 million in earn-out payments payable upon the achievement of certain milestones up to three years following the date of the acquisitions. The fair value of the contingent consideration recorded on the date of the acquisitions was $8.5 million. During the three and six months ended May 31, 2011, we recognized a benefit of $1.3 million for changes in the fair value of the contingent consideration. These acquisitions provide warranty and license renewals management through proprietary software and services. We recognized $22.0 million in goodwill and $11.7 million in intangible assets. The purchase price is subject to a holdback of $1.9 million for a period of twenty-four months from the purchase date. These acquisitions are fully integrated into our GBS segment.

The determination of the fair value of the purchase price and the net assets acquired for the acquisition of Aspire and Encover is preliminary, subject to the completion of further detailed analysis, which may change the allocation of the purchase price.

Restructuring Charges

In fiscal year 2007, in connection with the acquisition of the Redmond Group of Companies, or RGC, we announced a restructuring program in Canada. During the three and six months ended May 31, 2011, we made payments of $0.3 million and $0.6 million, respectively, which are included in selling, general and administrative expenses, for the remaining lease obligations on the RGC facility. The balances outstanding on facility and exit costs as of May 31, 2011 and November 30, 2010 were $0.1 million and 0.6 million, respectively. The lease obligations are expected to be completed by June 2011.

Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates for the three and six month periods ended May 31, 2011 from our disclosure in our Annual Report on Form 10-K for the year ended November 30, 2010. For more information on our critical accounting policies, please see the discussion in our Annual Report on Form 10-K for the fiscal year ended November 30, 2010.

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Results of Operations

The following table sets forth, for the indicated periods, data as percentages of revenue:

	Three Months Ended		Six Months Ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Statements of Operations Data:				
Revenue	100.00%	100.00%	100.00%	100.00%
Cost of revenue	(94.19)	(94.26)	(94.22)	(94.31)
Gross profit	5.81	5.74	5.78	5.69
Selling, general and administrative expenses	(3.64)	(3.60)	(3.68)	(3.61)
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	2.17	2.14	2.10	2.08
Interest expense and finance charges, net	(0.25)	(0.19)	(0.25)	(0.19)
Other income, net	0.01	(0.00)	0.02	0.02
Income from continuing operations before income taxes and noncontrolling interest	1.93	1.95	1.87	1.91
Provision for income taxes	(0.67)	(0.72)	(0.65)	(0.70)
Income from continuing operations before noncontrolling interest, net of taxes	1.26	1.23	1.22	1.21
Income from discontinued operations, net of tax	-	-	-	-
Gain on sale of discontinued operations, net of tax	-	-	-	0.29
Net income	1.26	1.23	1.22	1.50
Net (income) loss attributable to noncontrolling interest	-	(0.01)	-	-
Net income attributable to SYNNEX Corporation	1.26%	1.22%	1.22%	1.50%

Three Months and Six Months Ended May 31, 2011 and 2010

Revenue

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Revenue	$ 2,495,802	$ 2,032,812	22.8%	$ 4,996,736	$ 3,968,850	25.9%
Distribution revenue	2,463,789	2,011,211	22.5%	4,932,404	3,926,551	25.6%
GBS revenue	38,752	27,645	40.2%	77,990	53,717	45.2%
Inter-segment elimination	(6,739)	(6,044)	11.5%	(13,658)	(11,418)	19.6%

In our distribution business, we sell in excess of 25,000 technology products (as measured by active SKUs) from more than 100 IT and CE OEM suppliers to more than 20,000 resellers. The prices of our products are highly dependent on the volumes purchased within a product category. The products we sell from one period to the next are often not comparable because of rapid changes in product models and features. The revenue generated in our GBS segment relates to BPO services such as demand generation, pre-sales support, product marketing, print and fulfillment, back office support, ITO, renewals management and post-sales technical support. The inter-segment eliminations relate to the inter-segment back-office support services provided by our GBS segment to our distribution segment. GBS revenue to third parties is net of inter-segment eliminations. The GBS programs and customer service requirements change frequently from one period to the next and are often not comparable.

Our revenue in the distribution segment increased during the three months ended May 31, 2011, compared to the prior year period primarily due to our fiscal first quarter 2011 acquisition of Infotec Japan and improved demand in the U.S and Canadian IT markets. During the three months ended May 31, 2011, revenue from Infotec Japan contributed approximately $316.4 million or 13% of our distribution revenue. In North America, our sales of peripherals increased 13%, sales of IT systems increased 1%, sales of system components increased 17%, sales of networking systems increased 35% and our sales of software increased by 8%.

During the six months ended May 31, 2011, our revenue in the distribution segment increased compared to the prior year period due to our acquisition of Infotec Japan, improving market conditions in U.S and Canada and revenue from Jack of All Games, Inc. which was acquired at the end of our first fiscal quarter of 2010. During the six months ended May 31, 2011, revenue from Infotec Japan contributed approximately $617.1 million, or 12% of our distribution revenue. Compared to the prior year period in North America, our sales of peripherals increased 14%, sales of IT systems increased 3%, sales of system components increased 13%, sales of networking systems increased 35% and sales of software increased 62%. The increase in our revenue from software sales in North America from the prior year period was primarily the result of the sales from Jack of All Games, Inc. gaming products.

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During the three and six months ended May 31, 2011, revenue generated from the recent acquisitions in our GBS segment contributed approximately 30% and 29%, respectively, of our GBS revenue. Organic growth in revenue from our call centers during the three and six months ended May 31, 2011 was 13% and 19%, respectively compared to the prior year periods as we continue to experience increased call volume at our BPO contact centers and expansion of our service offerings and customer base.

Gross Profit

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Gross profit	$ 145,108	$ 116,667	24.4%	$ 288,904	$ 225,828	27.9%
Percentage of revenue	5.81%	5.74%		5.78%	5.69%	

Our gross profit is affected by a variety of factors, including competition, average selling prices, variety of products and services we sell, customers to whom we sell, our sources of revenue by segments, rebate and discount programs from our suppliers, freight costs, reserves for inventory losses, acquisitions and divestitures of business units, fluctuations in revenue, and our mix of business including our GBS services.

Our gross profit as a percentage of revenue in the three and six months ended May 31, 2011 increased by 7 and 9 basis points, respectively, over the prior year period. Our gross profit was favorably impacted by the growth in business in our GBS segment, the change in product mix in our distribution segment and by the contribution by our recent acquisitions in both segments.

No specific customers, or changes in pricing strategy, individually or in the aggregate, contributed significantly to the change in gross profit.

Selling, General and Administrative Expenses

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Selling, general and administrative expenses	$ 90,948	$ 73,233	24.2%	$ 183,891	$ 143,441	28.2%
Percentage of revenue	3.64%	3.60%		3.68%	3.61%	

Approximately two-thirds of our selling, general and administrative expenses consist of personnel costs such as salaries, commissions, bonuses, share-based compensation, deferred compensation expense or income, and temporary personnel costs. Selling, general and administrative expenses also include costs of our facilities, utility expense, professional fees, depreciation expense on our capital equipment, bad debt expense, amortization expense on our intangible assets, and marketing expense, offset in part by reimbursements from OEM suppliers.

The increase in selling, general and administrative expenses in the three and six months ended May 31, 2011 as compared to the prior year periods was primarily due to our acquisition of Infotec Japan, our recent acquisitions in the GBS segment and the organic growth in our business.

During the three months ended May 31, 2011, 22% of our total selling, general and administrative expenses were attributable to the acquisition of Infotec Japan and our recent acquisitions in the GBS segment. In addition, we incurred $0.4 million in acquisition and integration expenses and $0.5 million for the consolidation of warehouses. Excluding the acquisitions, our overall operating expense during the three months ended May 31, 2011 was lower than the prior year period because of lower bad debt expense of $1.8 million and a benefit of $1.3 million recognized for changes in the fair value of certain contingent consideration pertaining to our acquisitions in our GBS segment, offset by higher operating expense to support the organic growth in our business.

During the six months ended May 31, 2011, 21% of our total selling, general and administrative expenses were attributable to the acquisitions of Infotec Japan and our recent acquisitions in the GBS segment. In addition, during the six months ended May 31, 2011, we incurred $1.1 million in acquisition and integration expenses and $0.5 million for the consolidation of warehouses. Excluding the acquisitions, our overall operating expense during the six months ended May 31, 2011 were higher than the prior year period because of the organic growth in our business and the full impact of our first quarter 2010 acquisition of Jack of All Games, Inc., offset by lower bad debt expense of $1.8 million and the benefit of $1.3 million for changes in the fair value of certain contingent consideration pertaining to our acquisitions in our GBS segment.

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Income from Operations before Non-Operating Items, Income Taxes and Noncontrolling Interest

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Income from continuing operations before non-operating items, income taxes and noncontrolling interest	$ 54,160	$ 43,434	24.7%	$ 105,013	$ 82,387	27.5%
Percentage of Total Revenue	2.17%	2.14%		2.10%	2.08%	
Distribution income from continuing operations before non-operating items, income taxes and noncontrolling interest	50,455	40,452	24.7%	97,674	76,446	27.8%
Percentage of Distribution Revenue	2.05%	2.01%		1.98%	1.95%	
GBS income from continuing operations before non-operating items, income taxes and noncontrolling interest	3,705	2,982	24.2%	7,339	5,941	23.5%
Percentage of GBS Revenue	9.56%	10.79%		9.41%	11.06%	

Our total income from continuing operations before non-operating items, income taxes and noncontrolling interest for the three and six months ended May 31, 2011 was higher than the prior year periods, both in dollars and as a percentage of revenue. The improvement in margins was primarily due to changes in our business services mix leading to higher gross profit contribution, offset in part by higher selling, general and administrative expenses, and acquisition and integration expenses.

The distribution segment income from continuing operations before non-operating items, income taxes and noncontrolling interest as a percentage of revenue was higher during the three and six months ended May 31, 2011 as compared to the prior year periods due to higher gross profit contribution, resulting from changes in our product and business services mix. These gains were offset by higher operating expense for the growth of our business and one-time acquisition and integration costs incurred for our Infotec Japan acquisition.

The GBS segment income from continuing operations before non-operating items, income taxes and noncontrolling interest as a percentage of revenue during the three and six months ended May 31, 2011 decreased as compared to the prior year periods due to the shifts in our sales mix and higher personnel, rent expense and acquisition and integration expenses incurred to complete the recent GBS acquisitions. The operating margins also benefitted from the $1.3 million credit recognized for changes in the fair value of certain contingent consideration liabilities pertaining to the acquisitions in our GBS segment.

Interest Expense and Finance Charges, Net

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Interest expense and finance charges, net	$ 6,269	$ 3,736	67.8%	$ 12,438	$ 7,545	64.9%
Percentage of revenue	0.25%	0.19%		0.25%	0.19%	

Amounts recorded in interest expense and finance charges, net, consist primarily of interest expense paid on our lines of credit and other debt, fees associated with third party accounts receivable flooring arrangements, non-cash interest expense on our convertible debt and the sale or pledge of accounts receivable through our securitization facilities, offset by income earned on our cash investments and financing income from our multi-year contracts in our Mexico operation.

The increase in interest expense and finance charges, net, for the three and six months ended May 31, 2011 as compared to the prior year periods was due to $0.8 million and $1.7 million, respectively, in interest expense from the working capital credit facility of Infotec Japan, which we acquired in the first quarter of fiscal year 2011. The remaining increases in interest expense as compared to the prior year periods were due to higher average borrowings and interest rates during the current fiscal year and lower interest income from our Mexico contracts.

Other Income (Expense), Net

	Three Months Ended			Six Months Ended		
	May 31, 2011	May 31, 2010	% Change	May 31, 2011	May 31, 2010	% Change
	(in thousands)			(in thousands)		
Other income (expense), net	$ 180	$ (93)	293.5%	$ 1,145	$ 1,070	7.0%
Percentage of revenue	0.01%	0.00%		0.02%	0.02%	

Amounts recorded as other income, net include foreign currency transaction gains and losses, investment gains and losses

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(including those in our deferred compensation plan) and other non-operating gains and losses.

The change in other income (expense), net during the three months ended May 31, 2011 as compared to the prior year period was primarily due to $0.2 million foreign exchange gains, offset by $0.1 million in losses on the deferred compensation investments. The change in other (income) expense, net for the six months ended May 31, 2011 as compared to the prior year period was primarily due to a $0.5 million gain on the deferred compensation investments, offset by $0.3 million foreign exchange losses. In addition, $0.8 million was recorded in gains during the six months ended May 31, 2010 upon the sale of our BDG division in Canada.

Provision for Income Taxes

Provision for income taxes consists of our current and deferred tax expense resulting from our income earned in domestic and foreign jurisdictions.

Our effective tax rate for the three and six months ended May 31, 2011 was 34.4% and 34.7%, respectively. In comparison, our effective tax rate in the three and six months ended May 31, 2010 was 37.0% and 36.5%, respectively. The decrease in the effective tax rate was primarily due to mix of profit contributions from various tax jurisdictions.

Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and earnings being higher than anticipated in countries where we have higher statutory rates, by changes in the valuations of our deferred tax assets or liabilities, or by changes or interpretations in tax laws, regulations or accounting principles. In addition, we are subject to the continuous examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Net Income Attributable to Noncontrolling Interests

Net income attributable to noncontrolling interests represents the share of net income attributable to others, which is recognized for the portion of subsidiaries equity not owned by us. The noncontrolling interest primarily represents SB Pacific s 30% ownership of Infotec Japan. SB Pacific is our equity-method investee. This noncontrolling interest has been reflected in the results of our distribution segment.

Goodwill

We conducted our annual goodwill impairment testing as of November 30, 2010 and concluded that there was no impairment. There were no significant changes to the key assumptions used in our annual goodwill impairment analysis. There were no indications of any triggering events that would necessitate further impairment analysis on the fair value of reporting units.

Discontinued Operations

On December 28, 2009, China Civilink (Cayman), which operates in China as HiChina Web Solutions, was sold to Alibaba.com Limited. HiChina Web Solutions provided domain name registration and web site hosting and design. HiChina Web Solutions was a subsidiary of SYNNEX Investment Holdings Corporation, a wholly-owned subsidiary of SYNNEX Corporation. Under the terms of the agreement, we received $65.4 million for our estimated 79% controlling ownership in HiChina Web Solutions. During the six months ended May 31, 2010, we recorded total gain on the sale of $11.4 million, net of $1.2 million income taxes. We, the ultimate parent, have guaranteed the obligations of SYNNEX Investment Holdings Corporation up to $35.0 million in connection with the sale of HiChina Web Solutions. HiChina Web Solutions was a part of our GBS segment. We have no significant continuing involvement in the operations of HiChina Web Solutions. In conjunction with the sale of HiChina Web Solutions, we recorded a contingent indemnification liability of $4.1 million.

The sale of HiChina Web Solutions qualified as a discontinued operation and accordingly, we have excluded results of HiChina Web Solutions operation from our consolidated statements of continuing operations for the six months ended May 31, 2010 to present this business in discontinued operations.

The following table shows the results of operations of HiChina Web Solutions for the six months ended May 31, 2010, which are included in the earnings from discontinued operations:

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	Six Months Ended May 31, 2010 * (in thousands)
Revenue	$ 2,959
Cost of revenue	(1,706)
Gross profit	1,253
Selling, general and administrative expenses	(1,199)
Income from operations before non-operating items, income taxes and noncontrolling interest	54
Interest income, net	17
Other income, net	5
Income before income taxes and noncontrolling interest	76
Provision for income taxes	(1)
Income from discontinued operations	75
Income from discontinued operations attributable to noncontrolling interest	(16)
Income from discontinued operations attributable to SYNNEX Corporation	$ 59

* Includes the results of operations from December 1, 2009 to the disposition date of December 28, 2009.

Liquidity and Capital Resources

Cash Flows

Our business is working capital intensive. Our working capital needs are primarily to finance accounts receivable and inventory. We rely heavily on debt, accounts receivable arrangements, our securitization programs and our revolver programs for our working capital needs.

We have financed our growth and cash needs to date primarily through working capital financing facilities, convertible debt, bank credit lines and cash generated from operations. The primary uses of cash have been to fund working capital, for acquisitions and for the generation of increased sales.

To increase our market share and better serve our customers, we may further expand our operations through investments or acquisitions. We expect that such expansion would require an initial investment in personnel, facilities and operations. These investments or acquisitions would likely be funded primarily by additional borrowings or issuing common stock.

Net cash provided by operating activities was $162.3 million in the six months ended May 31, 2011 as compared to net cash used in operations of $13.5 million in the prior year period. Cash provided by operating activities in the first half of fiscal year 2011 was primarily from the net income earned during the period, lower inventory purchases, collections from accounts receivable, offset by the payment of accounts payable. The cash used in operating activities during the first half of fiscal year 2010, was primarily for the purchase of inventory and other assets and the payment of accounts payable, offset by the collections from customers and net income earned during the period.

Net cash used in investing activities was $76.5 million in the six months ended May 31, 2011, which includes $38.3 million used for our acquisitions of Encover and e4e, Inc. in our GBS segment and $4.5 million used for the acquisition of Infotec Japan, net of cash acquired, in our distribution segment, offset by $1.5 million collected from the sellers of Jack of All Games, Inc. upon the final settlement of the purchase price. Our capital expenditures during the period were $16.0 million, which includes $2.4 million paid as a deposit under a capital lease for the acquisition of a warehouse and logistics facility in the United States. In addition, we invested $4.8 million in SB Pacific, our equity-method investee. Our restricted cash increased by $13.8 million primarily due to the timing of lockbox collections under our borrowing arrangements. Net cash used in investing activities in the first half of fiscal year 2010 was $17.6 million mainly due to cash used for the acquisition of Jack of All Games, Inc. of $37.2 million, an increase in restricted cash of $10.6 million, capital expenditures of $4.8 million, and a $2.8 million long-term loan given to a third party. These usages were offset by $30.5 million net cash received from the sale of HiChina Web Solutions and the BDG division of SYNNEX Canada.

Net cash used in financing activities during the six months ended May 31, 2011 was $78.1 million consisting primarily of $94.8 million net payments on our securitization arrangements and our revolving lines of credit, offset by debt refinancing of Infotec Japan with a new credit facility. The book overdraft was higher by $7.4 million. In addition, the capital contribution by SB Pacific was $6.4 million and financing from the exercise of employee stock options was $3.4 million during the quarter, offset by taxes paid for net share settlement of equity awards of $3.1 million. Net cash provided by financing activities was $30.8 million in the first half of fiscal year 2010 consisting primarily of the net payments of $0.7 million on our securitization arrangements, bank loans and revolving line of credit, $12.3 million proceeds from the issuance of common stock and higher book overdraft of $10.3 million.

We had sufficient availability on our credit arrangements to support our operating activities as of May 31, 2011.

We have issued guarantees to certain vendors and lenders of our subsidiaries for trade credit lines and loans, totaling $232.8 million as of May 31, 2011 and $108.5 million as of November 30, 2010. We are obligated under these guarantees to pay amounts due should our subsidiaries not pay valid amounts owed to their vendors or lenders.

Capital Resources

Our cash and cash equivalents totaled $95.1 million and $88.0 million as of May 31, 2011 and November 30, 2010, respectively. We believe we will have sufficient resources to meet our present and future working capital requirements for the next twelve months, based on our financial strength and performance, existing sources of liquidity, available cash resources and funds available under our various borrowing arrangements.

In May 2008, we issued $143.8 million of aggregate principal amount of our 4.0% Convertible Senior Notes due 2018, or the Notes, in a private placement. However, under certain circumstances we may redeem the Notes, in whole or in part, for cash on or after May 20, 2013, at a redemption price equal to 100% of principal amount plus any accrued and unpaid interest. In addition, if certain triggering events are met, the Notes can be converted into shares of common stock at any time before their maturity. Because we currently intend to settle the Notes using cash at some future date, we maintain within our Amended and Restated U.S. Arrangement, the Amended and Restated Revolver and the U.S. unsecured revolving line of credit ongoing features that allow us to utilize cash from these facilities to cash settle the Notes, if desired. (See On-Balance Sheet Arrangements). These borrowing arrangements are renewable on their expiration dates. We have no reason to believe that these arrangements will not be renewed as we continue to be in good credit standing with the participating financial institutions. We have had similar borrowing arrangements with various financial institutions throughout our years as a public company. We also retain the ability to issue equity securities and utilize the proceeds to cash-settle the Notes.

On-Balance Sheet Arrangements

We primarily finance our U.S. operations with an accounts receivable securitization program, or the U.S. Arrangement. In November 2010, we amended and restated the U.S. Arrangement replacing the lenders and the lead agent, or the Amended and Restated U.S. Arrangement. We can now pledge up to a maximum of $400.0 million in U.S. trade accounts receivable, or the U.S. Receivables, as compared to a maximum of $350.0 million under the previous U.S. Arrangement. The maturity date of the Amended and Restated U.S. Arrangement is November 12, 2013. The effective borrowing cost under the Amended and Restated U.S. Arrangement is a blend of the prevailing dealer commercial paper rates plus a program fee of 0.60% per annum based on the used portion of the commitment, and a facility fee of 0.60% per annum payable on the aggregate commitment of the lenders. Prior to the amendment, the effective borrowing cost was a blend of the prevailing dealer commercial paper rates, plus a program fee of 0.65% per annum based on the used portion of the commitment and a facility fee of 0.65% per annum payable on the aggregate commitment. The balances outstanding on the Amended and Restated U.S. Arrangement as of May 31, 2011 and November 30, 2010 were $105.0 million and $209.1 million, respectively.

Under the terms of the Amended and Restated U.S. Arrangement, we sell, on a revolving basis, our U.S. Receivables to a wholly-owned, bankruptcy-remote subsidiary. The borrowings are funded by pledging all of the rights, title and interest in and to the U.S. Receivables as security. Any borrowings under the Amended and Restated U.S. Arrangement are recorded as debt on our consolidated balance sheet. As is customary in trade accounts receivable securitization arrangements, a credit rating agency s downgrade of the third party issuer of commercial paper or of a back-up liquidity provider (which provides a source of funding if the commercial paper market cannot be accessed) could result in an increase in our cost of borrowing or loss of our financing capacity under these programs if the commercial paper issuer or liquidity back-up provider is not replaced. Loss of such financing capacity could have a material adverse effect on our financial condition and results of operations.

We have a senior secured revolving line of credit arrangement, or the Revolver, with a financial institution. In November 2010, we amended and restated the revolver, or the Amended and Restated Revolver, to remove one of the lenders and increase the maximum commitment of the remaining lender from $80.0 million to $100.0 million. The Amended and Restated Revolver retains an accordion feature to increase the maximum commitment by an additional $50.0 million to $150.0 million at our request, in the event the current lender consents to such increase or another lender participates in the Amended and Restated Revolver. Interest on borrowings under the Amended and Restated Revolver is based on a base rate or London Interbank Offered Rate, or LIBOR, at our option. The margin on the LIBOR is determined in accordance with our fixed charge coverage ratio under the Amended and Restated Revolver and is currently 2.25%. Our base rate is determined based on the higher of (i) the financial institution s prime rate, (ii) the overnight federal funds rate plus 0.50% or (iii) one month LIBOR plus 1.00%. An unused line fee of 0.50% per annum is payable if the outstanding principal amount of the Amended and Restated Revolver is less than half of the lenders commitments; however, that fee is reduced to 0.35% if the outstanding principal amount of the Amended and Restated Revolver is greater than half of the lenders commitments. The Amended and Restated Revolver is secured by our inventory and other assets and expires in November 2013.

It would be an event of default under the Amended and Restated Revolver if (1) a lender under the Amended and Restated U.S. Arrangement declines to extend the maturity date at any point within sixty days prior to the maturity date of the Amended and Restated U.S. Arrangement, unless availability under the Amended and Restated Revolver exceeds $60.0 million or we have a binding commitment in place to renew or replace the Amended and Restated U.S. Arrangement or (2) at least twenty days prior to the maturity date of the Amended and Restated U.S. Arrangement, we do not have in place a binding commitment to renew or replace the Amended and Restated U.S. Arrangement on substantially similar terms and conditions, unless we have no amounts outstanding under the Amended and Restated Revolver at such time. There was no borrowing outstanding as of May 31, 2011 and November 30, 2010.

In February 2011, we entered into an arrangement with a financial institution to provide an unsecured revolving line of credit for general corporate purposes. The maximum commitment under the arrangement is $25.0 million. The arrangement includes an unused line fee of 0.50% per annum. Interest on borrowings under the line of credit is determined by either a base rate or the LIBOR, at our option. The margin on the LIBOR is 2.00%. Our base rate is the financial institution s prime rate minus 0.25%. The agreement expires in February 2014. As of May 31, 2011, there was no amount outstanding under this arrangement.

SYNNEX Canada Limited, or SYNNEX Canada, has a revolving line of credit arrangement with a financial institution for a maximum commitment of C$125.0 million, or the Canadian Revolving Arrangement. The Canadian Revolving Arrangement also provides a sublimit of $5.0 million for the issuance of standby letters of credit. As of May 31, 2011, outstanding standby letters of credit totaled $3.3 million. SYNNEX Canada has granted a security interest on substantially all of its assets in favor of the lender under this revolving credit facility. In addition, we pledged our stock in SYNNEX Canada as collateral for the Canadian Revolving Arrangement. The Canadian Revolving Arrangement expires in May 2012. The interest rate applicable is equal to (i) a minimum rate of 2.50% plus a margin of 1.25% for a Base Rate Loan in Canadian Dollars, (ii) a minimum rate of 3.25% plus a margin of 2.50% for a Base Rate Loan in U.S. Dollars, and (iii) a minimum rate of 1.00% plus a margin of 2.75% for a BA (Bankers Acceptance) Rate Loan. A fee of 0.375% per annum is payable with respect to the unused portion of the commitment. The balances outstanding under our Canadian Revolving Arrangement as of May 31, 2011 and November 30, 2010 were $32.8 million and $36.2 million, respectively.

SYNNEX Canada has a term loan associated with the purchase of its logistics facility in Guelph, Canada. The interest rate for the unpaid principal amount is a fixed rate of 5.374% per annum. The final maturity date for repayment of the unpaid principal is April 1, 2017. The balance outstanding on the term loan as of May 31, 2011 and November 30, 2010 was $9.9 million and $9.7 million, respectively.

Infotec Japan has a credit agreement with a group of financial institutions for a maximum commitment of JP¥ 10.0 billion. The credit agreement is comprised of a JP¥ 6.0 billion, long-term loan and a JP¥ 4.0 billion, short-term revolving credit facility. The interest rate for the long-term and short-term loans is based on the Tokyo Interbank Offered Rate plus a margin of 2.25% per annum. The credit facility expires in November 2013. The long-term loan can be repaid at any time prior to maturity without penalty. We have issued a guarantee of JP¥7.0 billion under this credit facility. As of May 31, 2011, the balances outstanding under the term loan and the revolving credit facility were $73.6 million and $49.1 million, respectively.

Infotec Japan has two term loans from financial institutions with an aggregate amount outstanding of $15.3 million, as of May 31, 2011. This includes a short-term loan of JP¥1.0 billion, which expires in January 2012 and bears a fixed interest rate of 2.00%, and a term loan of JP¥ 245.0 million, which expires in December 2012 and bears a fixed interest rate of 1.50%.

We had outstanding letters of credit amounting to $0.8 million under a letter of credit facility as of November 30, 2010. This letter of credit facility was terminated in March 2011.

Future principal payments as of May 31, 2011 under the above loans are as follows:

	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	> 5 Years
			(in thousands)		
Principal debt payments	$ 285,640	$ 201,526	$ 76,374	$ 1,660	$ 6,080

Due to the uncertainty of the timing and amount that may be settled in cash, the principal amount of $133.7 million of the Notes is not included in the table above.

Covenants Compliance

In relation to our Notes, Amended and Restated U.S. Arrangement, the Amended and Restated Revolver, the Infotec Japan credit facility, the Canadian Revolving Arrangement and the U.S. unsecured revolving line of credit, we have a number of covenants and restrictions that, among other things, require us to comply with certain financial and other covenants. These covenants require us to maintain specified financial ratios and satisfy certain financial condition tests, including minimum net worth and fixed charge coverage ratios. They also limit our ability to incur additional debt, make or forgive intercompany loans, pay dividends and make other types of distributions, make certain acquisitions, repurchase our stock, create liens, cancel debt owed to us, enter into agreements with affiliates, modify the nature of our business, enter into sale-leaseback transactions, make certain investments, enter into new real estate leases, transfer and sell assets, cancel or terminate any material contracts and merge or consolidate.

The covenants also limit our ability to pay cash upon conversion, redemption or repurchase of the Notes, as defined below, subject to certain liquidity tests. As of May 31, 2011, we were in compliance with all material covenants for the above arrangements.

Convertible Debt

In May 2008, we issued $143.8 million of aggregate principal amount of our 4.0% Convertible Senior Notes due 2018, or the Notes, in a private placement. The Notes have a cash coupon interest rate of 4.0% per annum. Interest on the Notes is payable in cash semi-annually in arrears on May 15 and November 15 of each year, beginning November 15, 2008. In addition, we will pay contingent interest in respect of any six-month period from May 15 to November 14 or from November 15 to May 14, with the initial six-month period commencing May 15, 2013, if the trading price of the Notes for each of the ten trading days immediately preceding the first day of the applicable six-month period equals 120% or more of the principal amount of the Notes. During any interest period when contingent interest is payable, the contingent interest payable per Note is equal to 0.55% of the average trading price of the Notes during the ten trading days immediately preceding the first day of the applicable six-month interest period. The Notes mature on May 15, 2018, subject to earlier redemption, repurchase or conversion.

Holders may convert their Notes at their option at any time prior to the close of business on the business day immediately preceding the maturity date for such Notes under the following circumstances: (1) during any fiscal quarter after the fiscal quarter ended August 31, 2008 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least twenty trading days in the period of thirty consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is equal to or more than 130% of the conversion price of the Notes on the last day of such preceding fiscal quarter, (2) during the five business-day period after any five consecutive trading-day period, or the Measurement Period, in which the trading price per $1,000 principal amount of the Notes for each day of that Measurement Period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate of the Notes on each such day; (3) if we have called the particular Notes for redemption, until the close of business on the business day prior to the redemption date; or (4) upon the occurrence of certain corporate transactions. In addition, holders may also convert their Notes at their option at any time beginning on November 15, 2017, and ending at the close of business on the business day immediately preceding the maturity date for the Notes, without regard to the foregoing circumstances. Upon conversion, we will pay or deliver, as the case may be, cash, shares of the common stock or a combination thereof at our election. The initial conversion rate for the Notes will be 33.9945 shares of common stock per $1,000 principal amount of Notes, equivalent to an initial conversion price of $29.42 per share of common stock. Such conversion rate will be subject to adjustment in certain events but will not be adjusted for accrued interest, including any additional interest and any contingent interest. The above mentioned contingencies were not triggered as of May 31, 2011.

We may not redeem the Notes prior to May 20, 2013. We may redeem the Notes, in whole or in part, for cash on or after May 20, 2013, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the redemption date.

Holders may require us to repurchase all or a portion of their Notes for cash on May 15, 2013 at a purchase price equal to 100% of the principal amount of the Notes to be repurchased, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the repurchase date. If we undergo a fundamental change, holders may require us to purchase all or a portion of their Notes for cash at a price equal to 100% of the principal amount of the Notes to be purchased, plus any accrued and unpaid interest to (including any additional interest and any contingent interest), but excluding, the fundamental change repurchase date.

The Notes are senior unsecured obligations of ours and rank equally in right of payment with other senior unsecured debt and rank senior to subordinated notes, if any. The Notes effectively rank junior to any of our secured indebtedness to the extent of the assets securing such indebtedness. The Notes are also structurally subordinated in right of payment to all indebtedness and other liabilities and commitments (including trade payables) of our subsidiaries. The net proceeds from the Notes were used for general corporate purposes and to reduce outstanding balances under the U.S. Arrangement and the Revolver.

The Notes are governed by an indenture, dated as of May 12, 2008, between us and U.S. Bank National Association, as trustee, which contains customary events of default.

The Notes as hybrid instruments are accounted as convertible debt and are recorded at carrying value. The right of the holders of the Notes to require us to repurchase the Notes in the event of a fundamental change and the contingent interest feature would require separate measurement from the Notes; however, the amount is insignificant. The additional shares issuable following certain corporate transactions do not require bifurcation and separate measurement from the Notes.

In accordance with the provisions of the standards for accounting for convertible debt, we recognized both a liability and an equity component of the Notes in a manner that reflects our non-convertible debt borrowing rate at the date of issuance of 8.0%. The value assigned to the debt

component, which is the estimated fair value, as of the issuance date, of a similar note without the conversion feature, was determined to be $120.3 million. The difference between the Note cash proceeds and this estimated fair value was estimated to be $23.4 million and was retroactively recorded as a debt discount and will be amortized to Interest expense and finance charges, net over the five year period to the first put date, utilizing the effective interest method.

As of May 31, 2011, the remaining amortization period is approximately 23 months assuming the redemption of the Notes at the first purchase date of May 20, 2013. Based on a cash coupon interest rate of 4.0%, we recorded contractual interest expense of $1.6 million and $3.2 million during the three and six months ended May 31, 2011, respectively, and $1.6 million and $3.2 million during the three and six months ended May 31, 2010, respectively. Based on an effective rate of 8.0%, we recorded non-cash interest expense of $1.2 million and $2.4 million during the three and six months ended May 31, 2011, respectively, and $1.1 million and $2.2 million during the three and six months ended May 31, 2010, respectively. As of both May 31, 2011 and November 30, 2010, the carrying value of the equity component of the Notes, net of allocated issuance costs, was $22.8 million. As of May 31, 2011, the if-converted value of the Notes did not exceed the principal balance.

The Notes contain various features that under certain circumstances could allow the holders to convert the Notes into shares before their ten-year maturity. Further, the date of settlement of the Notes is uncertain due to the various features of the Notes including put and call features. Because we currently intend to settle the Notes using cash at some future date, we maintain within our Amended and Restated U.S. Arrangement, the Amended and Restated Revolver and the U.S. unsecured revolving line of credit ongoing features that allow us to utilize cash from these facilities to cash settle the Notes, if desired.

Related Party Transactions

We have a business relationship with MiTAC International Corporation, or MiTAC International, a publicly-traded company in Taiwan that began in 1992 when it became our primary investor through its affiliates. As of both May 31, 2011 and November 30, 2010, MiTAC International and its affiliates beneficially owned approximately 29% of our common stock. In addition, Matthew Miau, our Chairman Emeritus of the Board of Directors, is the Chairman of MiTAC International and a director or officer of MiTAC International s affiliates. As a result, MiTAC International generally has significant influence over us and over the outcome of all matters submitted to stockholders for consideration, including any of our mergers or acquisitions. Among other things, this could have the effect of delaying, deterring or preventing a change of control over us.

Until July 31, 2010, we worked with MiTAC International on OEM outsourcing and jointly marketed MiTAC International s design and electronic manufacturing services and its contract assembly capabilities. This relationship enabled us to build relationships with MiTAC International s customers. On July 31, 2010, MiTAC International purchased certain assets related to our contract assembly business, including inventory and customer contracts, primarily related to customers then being jointly served by MiTAC International and us. As part of this transaction, we provide MiTAC International certain transition services for the business for a monthly fee over a period of twelve months. The sale agreement also includes earn-out and profit sharing provisions, which are based on operating performance metrics, achieved over twelve to eighteen months from the closing date, for the defined customers included in this transaction. During the three and six months ended May 31, 2011, we recorded $2.6 million and $4.1 million, respectively, for service fees earned, reimbursements for facilities and overhead costs and the achieved earn-out condition.

We purchased inventories, including notebook computers, motherboards and other peripherals, from MiTAC International and its affiliates totaling $0.9 million and $2.3 million during the three and six months ended May 31, 2011, respectively, and $48.5 million and $114.9 million during the three and six months ended May 31, 2010, respectively. Our sales to MiTAC International and its affiliates during the three and six months ended May 31, 2011 totaled $0.5 million and $0.8 million, respectively, and $0.6 million and $1.2 million during the three and six months ended May 31, 2010, respectively. Most of the purchases and sales in the three and six months ended May 31, 2010 were pursuant to our Master Supply Agreement with MiTAC International and our former contract assembly customer Sun Microsystems, which was acquired by Oracle Corporation in 2010.

Our business relationship with MiTAC International had been informal and was not governed by long-term commitments or arrangements with respect to pricing terms, revenue or capacity commitments.

During the period of time that we worked with MiTAC International, we negotiated manufacturing, pricing and other material terms on a case-by-case basis with MiTAC International and its contract assembly customers for a given project. While MiTAC International is a related party and a controlling stockholder, we believe that the significant terms under our arrangements with MiTAC International, including pricing, will not materially differ from the terms we could have negotiated with unaffiliated third parties, and we have adopted a policy requiring that material transactions with MiTAC International or its related parties be approved by our Audit Committee, which is composed solely of independent directors. In addition, Matthew Miau s compensation is approved by the Nominating and Corporate Governance Committee, which is also composed solely of independent directors. As MiTAC International s ownership interest in us decreases as a result of sales of our stock and additional dilution, its interest in the success of the business and operations may decrease as well.

Beneficial Ownership of Our Common Stock by MiTAC International

As noted above, MiTAC International and its affiliates in the aggregate beneficially owned approximately 29% of our common stock as of May 31, 2011. These shares are owned by the following entities:

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	May 31, 2011
	(shares in thousands)
MiTAC International [1]	6,178
Synnex Technology International Corp. [2]	4,427
Total	10,605

(1) Shares are held via Silver Star Developments Ltd., a wholly-owned subsidiary of MiTAC International. Excludes 622 thousand shares (of which 224 thousand shares are directly held and 398 thousand shares are subject to exercisable options) held by Matthew Miau.

(2) Synnex Technology International Corp., or Synnex Technology International, is a separate entity from us and is a publicly-traded corporation in Taiwan. Shares are held via Peer Development Ltd, a wholly-owned subsidiary of Synnex Technology International. MiTAC International owns a noncontrolling interest of 8.7% in MiTAC Incorporated, a privately-held Taiwanese company, which in turn holds a noncontrolling interest of 14.0% in Synnex Technology International. Neither MiTAC International, nor Mr. Miau is affiliated with any person(s), entity or entities that hold a majority interest in MiTAC Incorporated.

While the ownership structure of MiTAC International and its affiliates is complex, it has not had a material adverse effect on our business in the past, and we do not expect it to do so in the future.

We own shares of MiTAC International and one of its affiliates related to the deferred compensation plan of Robert Huang, our founder and former Chairman. As of May 31, 2011, the value of the investment was $0.8 million. Except as described herein, none of our officers or directors has an interest in MiTAC International or its affiliates.

Synnex Technology International is a publicly-traded corporation in Taiwan that currently provides distribution and fulfillment services to various markets in Asia and Australia, and is also our potential competitor. Neither MiTAC International, nor Synnex Technology International is restricted from competing with us.

Others

On August 31, 2010, we acquired a 33.3% noncontrolling interest in SB Pacific, a newly formed company. We are not the primary beneficiary in SB Pacific. The controlling shareholder of SB Pacific is Robert Huang, who is our founder and former Chairman. Our 33.3% investment in SB Pacific is accounted for as an equity-method investment and is included in other assets. The balance of our investment as of May 31, 2011 and November 30, 2010 was $6.0 million and $1.1 million, respectively. We regard SB Pacific to be a variable interest entity and as of May 31, 2011, our maximum exposure to loss was limited to $6.0 million. During the three and six months ended May 31, 2011, we paid $0.1 million and $0.2 million, respectively, in management fees to SB Pacific. SB Pacific owns a 30.0% noncontrolling interest in Infotec Japan.

Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board, or FASB, issued an accounting update that amends existing guidance regarding fair value measurements and disclosure requirements. The amendments are effective during interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. The accounting update will be applicable to us beginning in the second quarter of fiscal year 2012. We will update our fair value disclosures to comply with the updated disclosure requirements.

In June 2011, the FASB issued an accounting update that amends the presentation of Comprehensive Income in the financial statements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011, with early adoption permitted. The accounting update will be applicable to us beginning in the first quarter of fiscal year 2013. We will update our presentation of comprehensive income to comply with the updated disclosure requirements.

During the fiscal year 2011, we adopted the following accounting standards:

In October 2009, the FASB, issued an update to the existing multiple-element revenue arrangements guidance. This revised guidance primarily provides two significant changes: (1) eliminates the need for objective and reliable evidence of the fair value for the undelivered element in order for a delivered item to be treated as a separate unit of accounting, and (2) eliminates the residual method to allocate the arrangement

consideration. This accounting update was effective for the first annual reporting period beginning on or after June 15, 2010 with early adoption permitted, provided that the revised guidance is retroactively applied to the beginning of the year of adoption. This standard was adopted by us beginning December 1, 2010 and did not have a material impact to our consolidated financial statements.

In October 2009, the FASB issued an accounting standard addressing how entities account for revenue arrangements that contain both hardware and software elements. Due to the significant difference in the level of evidence required for separation of multiple deliverables within different accounting standards, this particular accounting standard modified the scope of accounting guidance for software revenue recognition. Many tangible products containing software and non-software components that function together to deliver the tangible products essential functionality will be accounted for under the revised multiple-element arrangement revenue recognition guidance disclosed above.

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This accounting standard was effective for the first annual reporting period beginning on or after June 15, 2010 with early adoption permitted, provided that the revised guidance is retroactively applied to the beginning of the year of adoption. This standard was applicable to us beginning December 1, 2010 and did not have a material impact to our consolidated financial statements.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in our quantitative and qualitative disclosures about market risk for the three and six month periods ended May 31, 2011 from our Annual Report on Form 10-K for the year ended November 30, 2010. For further discussion of quantitative and qualitative disclosures about market risk, reference is made to our Annual Report on Form 10-K for the year then ended.

ITEM 4. Controls and Procedures

(a) ***Evaluation of disclosure controls and procedures.*** We maintain disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act), that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

(b) ***Changes in internal control over financial reporting.*** There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) identified in connection with management s evaluation during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. Risk Factors

The following are certain risk factors that could affect our business, financial results and results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Quarterly Report on Form 10-Q because these factors could cause the actual results and conditions to differ materially from those projected in the forward-looking statements. Before you invest in our Company, you should know that making such an investment involves some risks, including the risks described below. The risks that have been highlighted here are not the only ones that we face. If any of the risks actually occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business

We anticipate that our revenue and operating results will fluctuate, which could adversely affect the enterprise value of our Company and our securities.

Our operating results have fluctuated and will fluctuate in the future as a result of many factors, including:

- general economic conditions and level of IT and CE spending;
- the loss or consolidation of one or more of our significant OEM suppliers or customers;
- market acceptance, product mix and useful life of the products we distribute;
- market acceptance, quality, pricing and availability of our services;
- competitive conditions in our industries that impact our margins;
- pricing, margin and other terms with our OEM suppliers;
- decline in inventory value as a result of product obsolescence and market acceptance;
- variations in our levels of excess inventory and doubtful accounts, and changes in the terms of OEM supplier-inventory protections, such as price protection and return rights; and
- the impact of the business acquisitions and dispositions we make.

Although we attempt to control our expense levels, these levels are based, in part, on anticipated revenue. Therefore, we may not be able to control spending in a timely manner to compensate for any unexpected revenue shortfall.

Our operating results also are affected by the seasonality of the IT and CE products and services industry. We have historically experienced higher sales in our fourth fiscal quarter due to patterns in the capital budgeting, federal government spending and purchasing cycles of end-users. These patterns may not be repeated in subsequent periods. You should not rely on period-to-period comparisons of our operating results as an

indication of future performance. The results of any quarterly period are not indicative of results to be expected for a full fiscal year. In future quarters, our operating results may be below our expectations or those of our public market analysts or investors, which would likely cause our share price to decline.

We depend on a small number of OEMs to supply the IT and CE products and services that we sell and the loss of, or a material change in, our business relationship with a major OEM supplier could adversely affect our business, financial position and operating results.

Our future success is highly dependent on our relationships with a small number of OEM suppliers. Sales of HP products and services represented approximately 34% of our total revenue in both the three and six months ended May 31, 2011, respectively, and 38% of our total revenue in both the three and six months ended May 31, 2010. Our OEM supplier agreements typically are short-term and may be terminated without cause upon short notice. The loss or deterioration of our relationships with a major OEM supplier, the authorization by OEM suppliers of additional distributors, the sale of products by OEM suppliers directly to our reseller and retail customers and end-users, or our failure to establish relationships with new OEM suppliers or to expand the distribution and supply chain services that we provide OEM suppliers could adversely affect our business, financial position and operating results. For example in fiscal year 2008, International Business Machines Corporation, or IBM, terminated its approval to market IBM System X and related products and services. In addition, OEM suppliers may face liquidity or solvency issues that in turn could negatively affect our business and operating results.

Our business is also highly dependent on the terms provided by our OEM suppliers. Generally, each OEM supplier has the ability to change the terms and conditions of its distribution agreements, such as reducing the amount of price protection and return rights or reducing the level of purchase discounts, rebates and marketing programs available to us.

From time to time, we may conduct business with a supplier without a formal agreement because the agreement has expired or otherwise. In such case, we are subject to additional risk with respect to products, warranties and returns, and other terms and conditions. If we are unable to pass the impact of these changes through to our reseller and retail customers, our business, financial position and operating results could be adversely affected.

Our gross margins are low, which magnifies the impact of variations in revenue, operating costs and bad debt on our operating results.

As a result of significant price competition in the IT and CE products and services industry, our gross margins are low, and we expect them to continue to be low in the future. Increased competition arising from industry consolidation and low demand for certain IT and CE products and services may hinder our ability to maintain or improve our gross margins. These low gross margins magnify the impact of variations in revenue, operating costs and bad debt on our operating results. A portion of our operating expense is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, we may not be able to reduce our operating expense as a percentage of revenue to mitigate any further reductions in gross margins in the future. If we cannot proportionately decrease our cost structure in response to competitive price pressures, our business and operating results could suffer.

We also receive purchase discounts and rebates from OEM suppliers based on various factors, including sales or purchase volume and breadth of customers. A decrease in net sales could negatively affect the level of volume rebates received from our OEM suppliers and thus, our gross margins. Because some rebates from OEM suppliers are based on percentage increases in sales of products, it may become more difficult for us to achieve the percentage growth in sales required for larger discounts due to the current size of our revenue base. A decrease or elimination of purchase discounts and rebates from our OEM suppliers would adversely affect our business and operating results.

Because we sell on a purchase order basis, we are subject to uncertainties and variability in demand by our reseller, retail and contract assembly services customers, which could decrease revenue and adversely affect our operating results.

We sell to our reseller, retail and contract assembly services customers on a purchase order basis, rather than pursuant to long-term contracts or contracts with minimum purchase requirements. Consequently, our sales are subject to demand variability by our reseller, retail and contract assembly services customers. The level and timing of orders placed by our customers vary for a variety of reasons, including seasonal buying by end-users, the introduction of new hardware and software technologies and general economic conditions. Customers submitting a purchase order may cancel, reduce or delay their orders. If we are unable to anticipate and respond to the demands of our reseller, retail and contract assembly services customers, we may lose customers because we have an inadequate supply of products, or we may have excess inventory, either of which may harm our business, financial position and operating results.

The success of our contact center and renewals management business is subject to the terms and conditions of our customer contracts.

We provide contact center support services and renewals management services to our customers under contracts with provisions that could impact our profitability. Many of our contracts have short termination provisions that could cause fluctuations in our revenue and operating results from period to period. For example, some contracts have performance related bonus or penalty provisions, whereby we could receive a bonus if we satisfy certain performance levels or have to pay a penalty for failing to do so. In addition, with respect to our contact center business, our customers may not guarantee a minimum call volume; however, we hire employees based on anticipated average call volumes. The reduction of call volume, loss of any customers, payment of any penalties for failure to meet performance levels or inability to terminate any unprofitable contracts may have an adverse impact on our operations and financial results.

Our renewals management business is subject to dynamic changes in the business model and competition, which in turn could cause our GBS operations to suffer.

The software and hardware renewals management and the customer management operations of our GBS segment represent emerging markets that are vulnerable to numerous changes that could cause a shift in the business and size of the market. For example, if software and hardware customers move to a utility or fee for service based business model, this business model change could significantly impact operations or cause a significant shift in the way business is currently conducted. If OEMs put more focus in this area and start to internalize opportunities, then this could also cause a significant reduction in the size of the available market for third party service providers. Similarly, if competitors offer their services at below market margin rates to buy business, or use other lines of business to subsidize the renewals management business, then this could cause a significant reduction in the size of the available market. In addition, if a cloud-based solution or some other technology were introduced, this new technology could cause an adverse shift in the way our renewals management operations are conducted or decrease the size of the available market.

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We are subject to the risk that our inventory value may decline, and protective terms under our OEM supplier agreements may not adequately cover the decline in value, which in turn may harm our business, financial position and operating results.

The IT and CE products industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory on hand to decline substantially in value or to rapidly become obsolete. Most of our OEM suppliers offer limited protection from the loss in value of inventory. For example, we can receive a credit from many OEM suppliers for products held in inventory in the event of a supplier price reduction. In addition, we have a limited right to return a certain percentage of purchases to most OEM suppliers. These policies are often subject to time restrictions and do not protect us in all cases from declines in inventory value. In addition, our OEM suppliers may become unable or unwilling to fulfill their protection obligations to us. The decrease or elimination of price protection or the inability of our OEM suppliers to fulfill their protection obligations could lower our gross margins and cause us to record inventory write-downs. If we are unable to manage our inventory with our OEM suppliers with a high degree of precision, we may have insufficient product supplies or we may have excess inventory, resulting in inventory write-downs, either of which may harm our business, financial position and operating results.

We depend on OEM suppliers to maintain an adequate supply of products to fulfill customer orders on a timely basis, and any supply shortages or delays could cause us to be unable to timely fulfill orders, which in turn could harm our business, financial position and operating results.

Our ability to obtain particular products in the required quantities and to fulfill reseller and retail customer orders on a timely basis is critical to our success. In most cases, we have no guaranteed price or delivery agreements with our OEM suppliers. We occasionally experience a supply shortage of certain products as a result of strong demand or problems experienced by our OEM suppliers. If shortages or delays persist, the price of those products may increase, or the products may not be available at all. In addition, our OEM suppliers may decide to distribute, or to substantially increase their existing distribution business, through other distributors, their own dealer networks, or directly to resellers, retailers or end-users. Accordingly, if we are not able to secure and maintain an adequate supply of products to fulfill our reseller and retail customer orders on a timely basis, our business, financial position and operating results may be adversely affected.

The market for our video game titles and video game hardware is characterized by short product life cycles. Increased competition for limited shelf space, decreased promotional support from resellers or retailers or increased popularity of downloadable or online games could adversely impact our revenue.

The market for video games is characterized by short product life cycles and frequent introductions of new products. The life cycle of a video game generally involves a relatively high level of sales during the first few months after introduction followed by a rapid decline in sales and may result in product obsolescence. Therefore, the markets in which we compete frequently introduce new products. As a result, competition is intense for resellers and retailers limited shelf space and promotions. If our vendors new products are not introduced in a timely manner or do not achieve significant market acceptance, we may not generate sufficient sales or profitability. Further, if we are unable to successfully compete for resellers or retailers space and promotional resources, this could negatively impact market acceptance of our products and negatively impact our business and operating results.

In addition to competing with video game manufacturers, we compete with downloadable and online gaming providers and used video game resellers. The popularity of downloadable and online games has increased and continued increases in downloadable and online gaming may result in a reduced level of over the counter retail video games sales. In addition, certain of our video game reseller and retail customers sell used video games that are generally priced lower than new video games, which could result in an increase in pricing pressure. If such customers increase their mix of sales of used video games relative to new video games, it could negatively impact our sales of new video games.

Because we conduct substantial operations in China, risks associated with economic, political and social events in China could negatively affect our business and operating results.

A substantial portion of our IT systems operations, including our IT systems support and software development operations is located in China. In addition, we also conduct general and administrative activities from our facility in China. As of May 31, 2011, we had 964 support personnel located in China. Our operations in China are subject to a number of risks relating to China s economic and political systems, including:

- a government controlled foreign exchange rate and limitations on the convertibility of the Chinese Renminbi;

extensive government regulation;

changing governmental policies relating to tax benefits available to foreign-owned businesses;

the telecommunications infrastructure;

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- a relatively uncertain legal system; and
- uncertainties related to continued economic and social reform.

Our IT systems are an important part of our global operations. Any significant interruption in service, whether resulting from any of the above uncertainties, natural disasters or otherwise, could result in delays in our inventory purchasing, errors in order fulfillment, reduced levels of customer service and other disruptions in operations, any of which could cause our business and operating results to suffer.

We may have higher than anticipated tax liabilities.

We conduct business globally and file income tax returns in various tax jurisdictions. Our effective tax rate could be adversely affected by several factors, many of which are outside of our control, including:

- changes in income before taxes in various jurisdictions in which we operate that have differing statutory tax rates;
- changing tax laws, regulations, and/or interpretations of such tax laws in multiple jurisdictions;
- effect of tax rate on accounting for acquisitions and dispositions;
- resolution of issues arising from tax audit or examinations and any related interest or penalties; and
- uncertainty in obtaining tax holiday extensions, expiration or loss of tax holidays in various jurisdictions.

We report our results of operations based on our determination of the amount of taxes owed in various tax jurisdictions in which we operate. The determination of our worldwide provision for income taxes and other tax liabilities requires estimation, judgment and calculations where the ultimate tax determination may not be certain. Our determination of tax liability is always subject to review or examination by tax authorities in various tax jurisdictions. Any adverse outcome of such review or examination could have a negative impact on our operating results and financial condition. The results from various tax examinations and audit may differ from the liabilities recorded in our financial statements and may adversely affect our financial results and cash flows.

We have pursued and intend to continue to pursue strategic acquisitions or investments in new markets and may encounter risks associated with these activities, which could harm our business and operating results.

We have in the past pursued and in the future expect to pursue acquisitions of, or investments in, businesses and assets in new markets, either within or outside the IT and CE products and services industry, that complement or expand our existing business. Our acquisition strategy involves a number of risks, including:

- difficulty in successfully integrating acquired operations, IT systems, customers, and OEM supplier relationships, products and services and businesses with our operations;
- loss of key employees of acquired operations or inability to hire key employees necessary for our expansion;
- diversion of our capital and management attention away from other business issues;

- increase in our expenses and working capital requirements;

- in the case of acquisitions that we may make outside of the United States, difficulty in operating in foreign countries and over significant geographical distances; and

- other financial risks, such as potential liabilities of the businesses we acquire.

We may incur additional costs and consolidate certain redundant expenses in connection with our acquisitions and investments, which may have an adverse impact on our operating margins. Future acquisitions may result in dilutive issuances of equity securities, the incurrence of additional debt, large write-offs, a decrease in future profitability, or future losses. The incurrence of debt in connection with any future acquisitions could restrict our ability to obtain working capital or other financing necessary to operate our business. Our recent and future acquisitions or investments may not be successful, and if we fail to realize the anticipated benefits of these acquisitions or investments, our business and operating results could be harmed.

Because of the capital-intensive nature of our business, we need continued access to capital, which, if not available to us or if not available on favorable terms, could harm our ability to operate or expand our business.

Our business requires significant levels of capital to finance accounts receivable and product inventory that is not financed by trade creditors. If cash from available sources is insufficient, proceeds from our accounts receivable securitization and revolving credit programs are limited or cash is used for unanticipated needs, we may require additional capital sooner than anticipated.

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In the event we are required, or elect, to raise additional funds, we may be unable to do so on favorable terms, or at all, and may incur expenses in raising the additional funds. Our current and future indebtedness could adversely affect our operating results and severely limit our ability to plan for, or react to, changes in our business or industry. We could also be limited by financial and other restrictive covenants in any securitization or credit arrangements, including limitations on our borrowing of additional funds and issuing dividends. Furthermore, the cost of securitization or debt financing could significantly increase in the future, making it cost prohibitive to securitize our accounts receivable or borrow, which could force us to issue new equity securities. If we issue new equity securities, existing stockholders may experience dilution, or the new equity securities may have rights, preferences or privileges senior to those of existing holders of common stock. If we cannot raise funds on acceptable terms, we may not be able to take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. Any inability to raise additional capital when required could have an adverse effect on our business and operating results.

The terms of our debt arrangements impose significant restrictions on our ability to operate which in turn could negatively affect our ability to respond to business and market conditions and therefore could have an adverse effect on our business and operating results.

As of May 31, 2011, we had $419.3 million in outstanding short and long-term borrowings under term loans, convertible senior notes and lines of credit, excluding trade payables. The terms of one or more of the agreements under which this indebtedness was incurred may limit or restrict, among other things, our ability to:

- incur additional indebtedness;
- pay dividends or make certain other restricted payments;
- consummate certain asset sales or acquisitions;
- enter into certain transactions with affiliates; and
- merge, consolidate or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets.

We are also required to maintain specified financial ratios and satisfy certain financial condition tests, including a minimum net worth and a fixed charge coverage ratio as outlined in our senior secured revolving line of credit arrangement. Our inability to meet these ratios and tests could result in the acceleration of the repayment of the related debt, the termination of the facility, the increase in our effective cost of funds or the cross-default of other credit and securitization arrangements. As a result, our ability to operate may be restricted and our ability to respond to business and market conditions may be limited, which could have an adverse effect on our business and operating results.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness or we may experience a financial failure, which may hinder the repayment of our convertible debt.

Our ability to make scheduled debt payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot be certain that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We cannot be certain that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Some of our credit facilities restrict our ability to dispose assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;

- the lenders under our credit agreement could terminate their commitments to loan us money and foreclose against the assets securing their borrowings; and

we could be forced into bankruptcy or liquidation, which is likely to result in delays in the payment of our indebtedness and in the exercise of enforcement remedies related to our indebtedness.

A portion of our revenue is financed by floor plan financing companies and any termination or reduction in these financing arrangements could increase our financing costs and harm our business and operating results.

A portion of our product distribution revenue is financed by floor plan financing companies. Floor plan financing companies are engaged by our customers to finance, or floor, the purchase of products from us. In exchange for a fee, we transfer the risk of loss on the sale of our products to the floor plan companies. We currently receive payment from these financing companies within approximately 15 to 30 days from the date of the sale, which allows our business to operate at much lower relative working capital levels than if such programs were not available. If these floor plan arrangements are terminated or substantially reduced, the need for more working capital and the increased financing cost could harm our business and operating results.

We have significant credit exposure to our customers, and negative trends in their businesses could cause us significant credit loss and negatively impact our cash flow and liquidity position.

We extend credit to our customers for a significant portion of our sales to them and they have a period of time, generally 30 days after the date of invoice, to make payment. As a result, we are subject to the risk that our customers will not pay on time or at all. The majority of our customers are small and medium sized businesses. Our credit exposure risk may increase due to financial difficulties or liquidity or solvency issues experienced by our customers, resulting in their inability to repay us. The liquidity or solvency issues may increase as a result of an economic downturn or a decrease in IT or CE spending by end-users. If we are unable to collect payments in a timely manner from our customers due to changes in financial or economic conditions, or for other reasons, and we are unable to collect under our credit insurance policies, we may write off the amount due from the customers. These write-offs may result in more expensive credit insurance and negatively impact our ability to utilize accounts receivable-based financing. These circumstances could negatively impact our cash flow and liquidity position. Further, we are exposed to higher collection risk as we continue to expand internationally, where the payment cycles are generally longer and the credit rating process may not be as robust as in the United States.

In addition, our Mexico operations primarily focus on various long-term projects with government and other local agencies, which often involve extended payment terms and could expose us to additional collection risks.

We may suffer adverse consequences from changing interest rates.

Our borrowings and securitization arrangements are variable-rate obligations that could expose us to interest rate risks. As of May 31, 2011, we had approximately $260.4 million in such variable-rate obligations. If interest rates increase, our interest expense would increase, which would negatively affect our net income. An increase in interest rates may increase our future borrowing costs and restrict our access to capital.

Additionally, current market conditions, subprime mortgage crisis, and overall credit conditions could limit our availability of capital, which could cause increases in interest margin spreads over underlying indices, effectively increasing the cost of our borrowing. While some of our credit facilities have contractually negotiated spreads, terms such as these are subject to ongoing negotiations.

We are dependent on a variety of IT and telecommunications systems, and any failure of these systems could adversely impact our business and operating results.

We depend on IT and telecommunications systems for our operations. These systems support a variety of functions including inventory management, order processing, shipping, shipment tracking, billing, and contact center support.

Failures or significant downtime of our IT or telecommunications systems could prevent us from taking customer orders, printing product pick-lists, shipping products, billing customers and handling call volume. Sales also may be affected if our reseller and retail customers are unable to access our pricing and product availability information. We also rely on the Internet, and in particular electronic data interchange, or EDI, for a large portion of our orders and information exchanges with our OEM suppliers and reseller and retail customers. The Internet and individual websites have experienced a number of disruptions and slowdowns, some of which were caused by organized attacks. In addition, some websites have experienced security breakdowns. If we were to experience a security breakdown, disruption or breach that compromised sensitive information, it could harm our relationship with our OEM suppliers and reseller and retail customers. Disruption of our website or the Internet in general could impair our order processing or more generally prevent our OEM suppliers and reseller and retail customers from accessing information. Our contact call center is dependent upon telephone and data services provided by third party telecommunications service vendors and our IT and telecommunications system. Any significant increase in our IT and telecommunications costs or temporary or permanent loss of our IT or telecommunications systems could harm our relationships with our customers. The occurrence of any of these events could

have an adverse effect on our operations and financial results.

We rely on independent shipping companies for delivery of products, and price increases or service interruptions from these carriers could adversely affect our business and operating results.

We rely almost entirely on arrangements with independent shipping companies, such as FedEx and UPS, for the delivery of our products from OEM suppliers and delivery of products to reseller and retail customers. Freight and shipping charges can have a significant impact on our gross margin. As a result, an increase in freight surcharges due to rising fuel cost or general price increases will have an immediate adverse effect on our margins, unless we are able to pass the increased charges to our reseller and retail customers or renegotiate terms with our OEM suppliers. In addition, in the past, UPS has experienced work stoppages due to labor negotiations with management. An increase in freight or shipping charges, the termination of our arrangements with one or more of these independent shipping companies, the failure or inability of one or more of these independent shipping companies to deliver products, or the unavailability of their shipping services, even temporarily, could have an adverse effect on our business and operating results.

Changes in foreign exchange rates and limitations on the convertibility of foreign currencies could adversely affect our business and operating results.

In the three and six months ended May 31, 2011, approximately 28% and 29%, respectively, of our total revenue was generated outside the United States. In both the three and six months ended May 31, 2010, approximately 18% of our revenue was generated outside the United States. Most of our international revenue, cost of revenue and operating expenses are denominated in foreign currencies. We presently have currency exposure arising from both sales and purchases denominated in foreign currencies. Changes in exchange rates between foreign currencies and the U.S. dollar may adversely affect our operating margins. For example, if these foreign currencies appreciate against the U.S. dollar, it will make it more expensive in terms of U.S. dollars to purchase inventory or pay expenses with foreign currencies. This could have a negative impact to us if revenue related to these purchases is transacted in U.S. dollars. In addition, currency devaluation can result in a loss to us if we hold deposits of that currency and make our products, which are usually purchased by us with U.S. dollars, relatively more expensive than products manufactured locally. We currently conduct only limited hedging activities, which involve the use of currency forward contracts. Hedging foreign currencies can be risky. There is also additional risk if the currency is not freely or actively traded. Some currencies, such as the Chinese Renminbi, Indian Rupee and Philippines Peso, are subject to limitations on conversion into other currencies, which can limit our ability to hedge or to otherwise react to rapid foreign currency devaluations. We cannot predict the impact of future exchange rate fluctuations on our business and operating results

Because of the experience of our key personnel in the IT and CE industries and their technological and industry expertise, if we were to lose any of our key personnel, it could inhibit our ability to operate and grow our business successfully.

We operate in the highly competitive IT and CE industries. We are dependent in large part on our ability to retain the services of our key senior executives and other technical and industry experts and personnel. Except for Kevin Murai, our President and Chief Executive Officer, our employees and executives generally do not have employment agreements. Furthermore, we do not carry key person insurance coverage for any of our key executives. We compete for qualified senior management and technical personnel. The loss of, or inability to hire, key executives or qualified employees could inhibit our ability to operate and grow our business successfully.

We may experience theft of product from our warehouses, water damage to our properties and other casualty events which could harm our operating results.

From time to time, we have experienced incidents of theft at various facilities, water damages to our properties and other casualty events. These types of incidents may make it more difficult or expensive for us to obtain insurance coverage in the future. Also, the same or similar incidents may occur in the future for which we may not have sufficient insurance coverage or policy limits to be fully compensated for the loss, which may have an adverse effect on our business and financial results. For example, in fiscal year 2010, we experienced a loss of product as a result of a train derailment.

We may become involved in intellectual property or other disputes that could cause us to incur substantial costs, divert the efforts of our management, and require us to pay substantial damages or require us to obtain a license, which may not be available on commercially reasonable terms, if at all.

From time to time, we receive notifications alleging infringements of intellectual property rights allegedly held by others relating to our business or the products we sell or assemble for our OEM suppliers and others. Litigation with respect to patents or other intellectual property matters could result in substantial costs and diversion of management and other resources and could have an adverse effect on our business. Although we generally have various levels of indemnification protection from our OEM suppliers and contract assembly services customers, in many cases any indemnification to which we may be entitled is subject to maximum limits or other restrictions.

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In addition, we have developed proprietary IT systems that play an important role in our business. If any infringement claim is successful against us and if indemnification is not available or sufficient, we may be required to pay substantial damages or we may need to seek and obtain a license of the other party s intellectual property rights. We may be unable to obtain such a license on commercially reasonable terms, if at all.

We are from time to time involved in other litigation in the ordinary course of business. We may not be successful in defending these or other claims. Regardless of the outcome, litigation could result in substantial expense and could divert the efforts of our management.

We have significant operations concentrated in the United States, Canada, China, Costa Rica, India, Japan, Mexico, the Philippines, and the United Kingdom, and any disruption in the operations of our facilities could harm our business and operating results.

Our worldwide operations could be subject to natural disasters and other business disruptions, which could seriously harm our revenue and financial condition and increase our costs and expenses. We have significant operations in our facilities located in the United States, Canada, China, Costa Rica, India, Japan, Mexico, the Philippines, and the United Kingdom. As a result, any prolonged disruption in the operations of our facilities, whether due to technical difficulties, power failures, break-ins, destruction or damage to the facilities as a result of a natural disaster, fire or any other reason, could harm our operating results. For example, in March 2011, Japan experienced a 9.0 magnitude earthquake followed by tsunami waves and aftershocks. These events have affected the infrastructure in the country, caused power outages and have temporarily disrupted the local, and possibly international, supply chains for some vendors. Our facilities in Japan suffered nominal inventory and facility damages. We may experience supply shortages or delays in receiving products from our OEM suppliers or experience other delays in shipping to our customers. If we are unable to fulfill customer orders in a timely manner, this could harm our operating results. We expect our operations in Japan will continue to be affected by the continuing consequences of this natural disaster. In addition, our Philippines operation is at greater risk due to adverse weather conditions, such as typhoons. We currently do not have a formal disaster recovery plan and may not have sufficient business interruption insurance to compensate for losses that could occur.

Global health, economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

Worldwide economic conditions have experienced significant volatility due to the credit conditions impacted by the subprime mortgage crisis and other factors, including slower economic activity which may impact our results of operations. External factors such as potential terrorist attacks, acts of war, geopolitical and social turmoil or epidemics and other similar outbreaks, in many parts of the world could prevent or hinder our ability to do business, increase our costs and negatively affect our stock price, which in turn, may require us to record an impairment in the carrying value of our goodwill. More generally, these geopolitical social and economic conditions could result in increased volatility in the United States and worldwide financial markets and economy. For example, increased instability may adversely impact the desire of employees and customers to travel, the reliability and cost of transportation and our ability to obtain adequate insurance at reasonable rates and may require us to incur increased costs for security measures for our domestic and international operations. We are predominantly uninsured for losses and interruptions caused by terrorism, acts of war and similar events. These uncertainties make it difficult for us and our customers to accurately plan future business activities. While general economic conditions have recently begun to improve, there is no assurance that this trend will continue or at what rate.

Part of our business is conducted outside of the United States, exposing us to additional risks that may not exist in the United States, which in turn could cause our business and operating results to suffer.

We have international operations which are subject to risks, including:

- political or economic instability;
- changes in governmental regulation;
- changes in import/export duties;
- trade restrictions;
- compliance with the Foreign Corrupt Practices Act, U.K. bribery laws and similar laws;
- difficulties and costs of staffing and managing operations in certain foreign countries;
- work stoppages or other changes in labor conditions;
- difficulties in collecting of accounts receivable on a timely basis or at all;
- taxes; and
- seasonal reductions in business activity in some parts of the world.

We may continue to expand internationally to respond to competitive pressure and customer and market requirements. Establishing operations in any other foreign country or region presents risks such as those described above as well as risks specific to the particular country or region. In addition, until a payment history is established over time with customers in a new geography or region, the likelihood of collecting accounts receivable generated by such operations could be less than our expectations. As a result, there is a greater risk that reserves set with respect to the collection of such accounts receivable may be inadequate. In addition, our Mexico operations primarily focus on various long-term projects with government and other local agencies, which involve extended payment terms and could expose us to additional collection risks. Furthermore, if our international expansion efforts in any foreign country are unsuccessful, we may decide to cease operations, which would likely cause us to incur additional expense and loss.

In addition, changes in policies or laws of the United States or foreign governments resulting in, among other things, higher taxation, currency conversion limitations, restrictions on fund transfers or the expropriation of private enterprises, could reduce the anticipated benefits of our international expansion. Furthermore, any actions by countries in which we conduct business to reverse policies that encourage foreign trade or investment could adversely affect our business. If we fail to realize the anticipated revenue growth of our future international operations, our business and operating results could suffer.

Our investments in our contact center business could adversely affect our operating results as a result of operation execution risks related to managing and communicating with remote resources, technologies, customer satisfaction and employee turnover.

Our contact center business in India and the Philippines may be adversely impacted if we are unable to manage and communicate with these remote resources. Service quality may be placed at risk and our ability to optimize our resources may be more complicated if we are unable to manage our resources remotely. Contact centers use a wide variety of technologies to allow them to manage a large volume of work. These technologies ensure that employees are kept productive. Any failure in technology may impact the business adversely. The success of our contact center business primarily depends on performance of our employees and resulting customer satisfaction. Any increase in average waiting time or handling time or lack of promptness or technical expertise of our employees will directly impact customer satisfaction. Any adverse customer satisfaction may impact the overall business. Generally, the employee turnover rate in the contact center business and the risk of losing experienced employees to competitors are high. Higher turnover rates increase recruiting and training costs and decrease operating efficiencies

and productivity. If we are unable to successfully manage our contact centers, our results of operations could be adversely affected and we may not fully realize the anticipated benefits of our recent acquisitions.

Risks Related to Our Relationship with MiTAC International Corporation

As of May 31, 2011, our executive officers, directors and principal stockholders owned approximately 30% of our common stock and this concentration of ownership could allow them to influence all matters requiring stockholder approval and could delay or prevent a change in control of SYNNEX.

As of May 31, 2011, our executive officers, directors and principal stockholders owned approximately 30% of our outstanding common stock. In particular, MiTAC International and its affiliates owned approximately 29% of our common stock.

In addition, MiTAC International s interests and ours may increasingly conflict. For example, until July 31, 2010, we relied on MiTAC International for certain manufacturing and supply services and for relationships with certain key customers.

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In July 2010, we announced that we had signed a definitive sale agreement to sell certain assets related to our contract assembly business to MiTAC International. The transaction included the sale of inventory and customer contracts, primarily related to customers then being jointly served by MiTAC International and us. Also, as part of the transaction, we provide MiTAC International with certain transition services for the business on a fee basis over the next several quarters. After the completion of the transition services, MiTAC International and we will no longer be jointly serving any current customers. In addition, we may solicit the same contract assembly customers in the future.

There could be potential conflicts of interest between us and MiTAC International and its affiliates, which could impact our business and operating results.

MiTAC International s and its affiliates continuing beneficial ownership of our common stock could create conflicts of interest with respect to a variety of matters, such as potential acquisitions, competition, issuance or disposition of securities, election of directors, payment of dividends and other business matters. Similar risks could exist as a result of Matthew Miau s positions as our Chairman Emeritus, the Chairman of MiTAC International and as a director or officer of MiTAC International s affiliates. For the fiscal year 2010, Mr. Miau received the same compensation as our independent directors. For the fiscal year 2011, Mr. Miau will receive the same compensation as our independent directors. Mr. Miau s compensation as one of our directors is based upon the approval of the Nominating and Corporate Governance Committee, which is solely composed of independent members of the Board. We also have adopted a policy requiring material transactions in which any of our directors has a potential conflict of interest to be approved by our Audit Committee, which is also composed of independent members of the Board.

Synnex Technology International Corp., or Synnex Technology International, a publicly-traded company based in Taiwan and affiliated with MiTAC International, currently provides distribution and fulfillment services to various markets in Asia and Australia, and is also a potential competitor of ours. As of May 31, 2011, MiTAC Incorporated, a privately-held company based in Taiwan and a separate entity from MiTAC International, directly and indirectly owned approximately 14.0% of Synnex Technology International and approximately 8.0% of MiTAC International. As of May 31, 2011, MiTAC International directly and indirectly owned 0.1% of Synnex Technology International and Synnex Technology International directly and indirectly owned approximately 0.9% of MiTAC International. In addition, MiTAC International directly and indirectly owned approximately 8.7% of MiTAC Incorporated and Synnex Technology International directly and indirectly owned approximately 18.4% of MiTAC Incorporated as of May 31, 2011. Synnex Technology International indirectly through its ownership of Peer Developments Limited owned approximately 12.2% of our outstanding common stock as of May 31, 2011. Neither MiTAC International, nor Synnex Technology International is restricted from competing with us. In the future, we may increasingly compete with Synnex Technology International, particularly if our business in Asia expands or Synnex Technology International expands its business into geographies or customers we serve. Although Synnex Technology International is a separate entity from us, it is possible that there will be confusion as a result of the similarity of our names. Moreover, we cannot limit or control the use of the Synnex name by Synnex Technology International in certain geographies and our use of the Synnex name may be restricted as a result of registration of the name by Synnex Technology International or the prior use in jurisdictions where it currently operates.

Risks Related to Our Industry

Volatility in the IT and CE industries could have a material adverse effect on our business and operating results.

The IT and CE industries in which we operate have experienced decreases in demand. Softening demand for our products and services caused by an ongoing economic downturn and over-capacity may impact our revenue, as well the salability of inventory and collection of reseller and retail customer accounts receivable.

While in the past, we may have benefited from consolidation in our industry resulting from delays or reductions in IT or CE spending in particular, and economic weakness in general, any such volatility in the IT and CE industries could have an adverse effect on our business and operating results.

Our business may be adversely affected by some OEM suppliers strategies to increase their direct sales, which in turn could cause our business and operating results to suffer.

Consolidation of OEM suppliers has resulted in fewer sources for some of the products and services that we distribute. This consolidation has also resulted in larger OEM suppliers that have significant operating and financial resources. Some OEM suppliers, including some of the leading OEM suppliers that we service, have been selling products and services directly to reseller and retail customers and end-users, thereby limiting our business opportunities. If large OEM suppliers increasingly sell directly to end-users or our resellers and retailers, rather than use us as the distributor of their products and services, our business and operating results will suffer.

OEMs could limit the number of supply chain service providers with which they do business, which in turn could negatively impact our business and operating results.

The termination of our contract by HP with us would have a significant negative effect on our revenue and operating results. A determination by any of our primary OEMs to consolidate their business with other distributors or contract assemblers would negatively affect our business and operating results. For example, IBM recently consolidated its business with distributors, including SYNNEX, and, as a result, we no longer distribute certain IBM products and services.

The IT and CE industries are subject to rapidly changing technologies and process developments, and we may not be able to adequately adjust our business to these changes, which in turn would harm our business and operating results.

Dynamic changes in the IT and CE industries, including the consolidation of OEM suppliers and reductions in the number of authorized distributors used by OEM suppliers, have resulted in new and increased responsibilities for management personnel and have placed, and continue to place, a significant strain upon our management, operating and financial systems and other resources. We may be unable to successfully respond to and manage our business in light of industry developments and trends. Also crucial to our success in managing our operations will be our ability to achieve additional economies of scale. Our failure to achieve these additional economies of scale or to respond to changes in the IT and CE industries could adversely affect our business and operating results.

We are subject to intense competition in the IT and CE industries, both in the United States and internationally, and if we fail to compete successfully, we will be unable to gain or retain market share.

We operate in a highly competitive environment, both in the United States and internationally. The IT and CE product and service distribution, BPO and contract assembly services industries are characterized by intense competition, based primarily on product and service availability, credit availability, price, speed of delivery, ability to tailor specific solutions to customer needs, quality and depth of product and service lines, pre-sale and post-sale technical support, flexibility and timely response to design changes, and technological capabilities, service and support. We compete with a variety of regional, national and international IT and CE product and service distributors and contract manufacturers and assemblers. In some instances, we also compete with our own customers, our own OEM suppliers and MiTAC International and its affiliates.

Our primary competitors are substantially larger and have greater financial, operating, manufacturing and marketing resources than us. Some of our competitors may have broader geographic breadth and range of services than us and may have more developed relationships with their existing customers. We may lose market share in the United States or in international markets, or may be forced in the future to reduce our prices in response to the actions of our competitors and thereby experience a reduction in our gross margins.

In addition, in our contact center business, we also face competition from our customers. For example, some of our customers may have internal capabilities and resources to provide their own call centers. Furthermore, pricing pressures and quality of services could impact our business adversely. Our ability to provide a high quality of service is dependent on our ability to retain and properly train our employees and to continue investing in our infrastructure, including IT and telecommunications systems.

We may initiate other business activities, including the broadening of our supply chain capabilities, and may face competition from companies with more experience in those new areas. In addition, as we enter new areas of business, we may also encounter increased competition from current competitors or from new competitors, including some who may once have been our OEM suppliers or reseller and retail customers. Increased competition and negative reaction from our OEM suppliers or reseller and retail customers resulting from our expansion into new business areas may harm our business and operating results.

Compliance with changing regulation of corporate governance and public disclosure may result in additional expense.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Dodd-Frank Wall Street Reform and Consumer Protection Act, Securities and Exchange Commission, or SEC, regulations and New York Stock Exchange, or NYSE, rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and corporate governance practices. As a result, our efforts to comply with evolving laws, regulations and standards have resulted in, and are likely to continue to result in, increased general and administrative expense and a diversion of management time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.

If we are unable to maintain effective internal control over financial reporting, our ability to report our financial results on a timely and accurate basis may be adversely affected, which in turn could cause the market price of our common stock to decline.

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Section 404 of the Sarbanes-Oxley Act of 2002 requires our management to report on, and our independent registered public accounting firm to attest to, the effectiveness of our internal control structure and procedures for financial reporting. We completed an evaluation of the effectiveness of our internal control over financial reporting for the fiscal year ended November 30, 2010, and we have an ongoing program to perform the system and process evaluation and testing necessary to continue to comply with these requirements. In the past, however, our internal controls have not eliminated all error. For example, in fiscal year 2007, we made a reclassification adjustment to our Consolidated Financial Statements and we were unable to timely file a Form 8-K relating to an acquisition. We expect to continue to incur increased expense and to devote additional management resources to Section 404 compliance. In the event that one of our Chief Executive Officer, Chief Financial Officer or independent registered public accounting firm determines that our internal control over financial reporting is not effective as defined under Section 404, investor perceptions and our reputation may be adversely affected and the market price of our stock could decline.

Changes to financial accounting standards may affect our results of operations and cause us to change our business practices.

We prepare our financial statements to conform to generally accepted accounting principles in the United States. These accounting principles are subject to interpretation by the Financial Accounting Standards Board, American Institute of Certified Public Accountants, the SEC and various bodies formed to interpret and create appropriate accounting policies. A change in those policies can have a significant effect on our reported results and may affect our reporting of transactions completed before a change is announced. Changes to those rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

ITEM 6. Exhibits

10.1	Master HP Partner Agreement, dated as of March 1, 2011, by and between the Company and Hewlett-Packard Company (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K filed on March 7, 2011).
31.1	Rule 13a-14(a) Certification of President and Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1*	Statement of President, Chief Executive Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).

* In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management s Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Form 10-Q and will not be deemed filed for purpose of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: July 8, 2011

SYNNEX Corporation

By: /s/ Kevin M. Murai
Kevin M. Murai
President and Chief Executive Officer

By: /s/ Thomas C. Alsborg
Thomas C. Alsborg
Chief Financial Officer

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