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## GTSI Corp. Update Call Transcript

### Question-and-Answer Session

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**Operator**

Yes sir thank you. (Operator Instructions) Our first question comes from Steve Raineri - Franklin Templeton. Please go ahead

**Steve Raineri - Franklin Templeton**

Good morning everyone.

**Jim Leto**

Good morning Steve.

**Joe Ragan**

Good morning Steve.

**Steve Raineri - Franklin Templeton**

You mentioned something about a new credit agreement. Where do we stand on that?

**Jim Leto**

We are actually working through that now Steve we have made some progress and including in the facility with the future facility the foreign component that we have been looking for pretty

**Jim Leto**

I'm sorry, it's the flooring components. Previously we had that as a part of our credit agreement were there is a flooring facility that actually works with the OEM partners and shares some of the discounting. It's a very beneficial arrangement which could significantly cut our interest expense for the year. Previously in 2005 and prior we had one of those facilities in place. It's just a difficult inter-creditor agreement to work through.

**Steve Raineri - Franklin Templeton**

Just like what the auto manufacturers with the dealers?

**Jim Leto**

The auto manufactures, with retailers it is exactly like that. So where GTSI has an arrangement previously we've had an arrangement with GE and then GE had the arrangements with the OEM's

where they got discounts and that's how they made their money. It's pretty sophisticated from our existing bank syndicate, so we've been working through those issues and we feel pretty good about the progress we've made.

**Steve Raineri - Franklin Templeton**

When do you anticipate wrapping this up?

**Jim Leto**

It is imminent. The discussions are underway so?

**Steve Raineri - Franklin Templeton**

And why do you think -- what type of size facility are we looking at? How much liquidity can it provide to our company?

**Jim Leto**

It would provide as much as \$50 million of liquidity potentially. Those were our discussions and the value of that would be a minimum of a million dollars in an annual basis in reduced interest expenses. So it's a great deal. It just takes a little while to get through the inter-creditor issues and our bank group had done a great job in negotiating with them.

**Steve Raineri - Franklin Templeton**

Now wouldn't \$50 million be lower than your prior credit agreement?

**Jim Leto**

The prior credit agreement, that would be in addition to the senior facility. So we've been at least a \$100 million total. Our current senior facility is \$135 million. But we've got nowhere near that in '07, closer to \$50 million is where we peaked out for our total need. So we are trying to balance the size of the facility with unused line fees, etc to optimize the agreement.

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