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## GSI Commerce Q3 2006 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). And our first question comes from Anthony Noto of Goldman Sachs.

#### Anthony Noto - Goldman Sachs

Thank you very much. I was wondering, Michael, if you could comment on the partners that you re-signed. Were there economic relationships with those partners improve the same or were there some new difference on the downside? And then separately you talk about seeing new partner issues. Have you lost any partners that have not renewed in the last 12 to 18 months? And then I have one follow-up. Thanks.

#### Michael Rubin

Sure. As far as economics go for the four partners that we extended in the third quarter, there was really no change of any materiality to the economics. There's always things that you learn once you're in a partnerships for multiple years and you may tweak a deal but really there was really no change to the economics overall. As far as -- any partners that we've lost in the last 12 to 18 months, we've lost no partners of significance. I think many people know it has been our strategy to not renew some really slop partners that we brought on in 1999, 2000, 2001 period, partners that represented literally a few hundred thousand dollars of businesses. So those have been the only type of partners that we haven't renewed. There's been no partner I think since a few years ago that we have not moved forward that's represented more than -- less than 1% of sales.

#### Anthony Noto - Goldman Sachs

I was wondering if you could also just comment as you think about 2007 from an international perspective. Will you set in stone what you want to try to drive from a new partner relationship internationally in 2007? And then your unnamed health and beauty partner expected to launch in the fourth quarter is still on track, I'm not sure if you have mentioned that. Thanks.

#### Michael Rubin

Sure. As far as international goes, we consider it to be a critical part of our long-term strategy. And we continue, I think, you know, we made our first step international when we bought a company earlier this year in Barcelona, Spain and we continue to grow internationally. So we certainly think it's going to become a bigger part of our business and we certainly believe that we are going to have several of our existing brands move internationally with us. And that's really the biggest goal we

had internationally, which is really to take the existing brands that we had that had big international businesses and work with them to grow internationally. So that's where I think the growth is going to come from and we think it represents a big opportunity for us.

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