

Edgar Filing: EPLUS INC - Form 8-K

EPLUS INC
Form 8-K
August 18, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 17, 2004

EPLUS INC.

(Exact name of registrant as specified in its charter)

Delaware	000-28926	54-1817218
-----	-----	-----
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

400 Herndon Parkway, Herndon, Virginia 20170

(Address, including zip code, of principal executive office)

(703) 834-5710

(Registrant's telephone number, including area code)

-1-

Item 5. Other Events

On August 17, 2004, ePlus Technology, inc.(ePlus), a wholly-owned subsidiary of ePlus inc., modified the current floor planning agreements with GE Commercial Distribution Finance Corporation ("GECDF") that were originally entered into on September 8, 2000. In this modification, GECDF agreed to modify the current Business Finance Agreement and Agreement for Wholesale Financing by modifying and adding certain contractual provisions as follows:

1. Provide to ePlus an Accounts Receivable Facility of (i) Fifteen Million Dollars (\$15,000,000) at all times and (ii) Twenty Million Dollars (\$20,000,000) from the seasonal uplift term defined as from August 1st to December 31st of each calendar year , however, at no time other than during the seasonal uplift period will the principal amount outstanding under the Accounts Receivable Facility and the inventory floorplan credit facility exceed, in the aggregate, Fifty Million Dollars (\$50,000,000) and at no time during the seasonal uplift period will the principal amount outstanding under the Accounts Receivable Facility and the inventory floorplan credit facility exceed, in the aggregate, Seventy Five Million Dollars (\$75,000,000). The previous agreement had a total limit of \$50,000,000.
2. Flexibility was added to allow the inventory floorplan credit facility to be used to a level up to the total facility limit provided that the combined usage balances of the Accounts Receivable Plan and inventory floorplan credit facility cannot exceed, at certain defined times, Fifty

Edgar Filing: EPLUS INC - Form 8-K

Million Dollars (\$50,000,000) or Seventy Five Million Dollars \$75,000,000 during the seasonal period of August 1 to December 31.

3. The agreement modified and limited to \$500,000 the eligibility of certain accounts receivable that were related to deferred income transactions.

Purpose of the Credit Facility

ePlus Technology, inc. uses this credit source to finance its working capital requirements for inventories and accounts receivable. Our traditional business as sellers of computer technology assets and related network equipment and software products is financed through these arrangements known as floorplan financing, where the interest expense generally for the first thirty to forty days is not charged but is paid for by the distributor/manufacturer. These floorplan liabilities are recorded as accounts payable-trade as they are normally repaid within the thirty to forty day time frame and represent an assigned accounts payable originally generated with the supplier/manufacturer. If the thirty to forty day obligation is not paid timely, interest is then assessed at the stated contractual rates.

Principal Terms of the Credit Facility

The contracts provide for various repayment days dependent on the distributor/manufacturer, but the majority is 40 days on average. The facility can be terminated with 90 days notice by either party. The facility is for inventory financing and accounts receivable financing, and has an aggregate limit of \$50,000,000 or \$75,000,000 from the seasonal period August 1st to December 31st. Interest is assessed at the prime rate, which will at no time be lower than 5.25%, minus one-half of one percent on the outstanding principal debt under the accounts receivable facility.

ePlus inc., the parent of ePlus Technology, inc., has guaranteed this facility up to \$10,500,000.

ePlus Group, inc., with the consent of its credit facility supplier, agreed to guaranty any items it received from but not paid to ePlus Technology, inc.

EXHIBIT INDEX The following exhibits are filed as part of this report:

5.1 Text of Business Financing Agreement dated September 8, 2000 between Deutsche Financial Services Corporation (now known as GE Commercial Distribution Finance Corporation) and ePlus Technology, inc.

5.1A Text of Amendment to Business Financing Agreement and Agreement for Wholesale Financing dated March 31, 2004 between GE Commercial Distribution Finance Corporation and ePlus Technology, inc.

5.1B Text of Amendment to Business Financing Agreement and Agreement for Wholesale Financing dated June 24, 2004 between GE Commercial Distribution Finance Corporation and ePlus Technology, inc.

-2-

5.1C Text of Amendment to Business Financing Agreement and Agreement for Wholesale Financing dated August 17, 2004 between GE Commercial Distribution Finance Corporation and ePlus Technology, inc.

5.2 Text of Agreement for Wholesale Financing dated September 8, 2000 between Deutsche Financial Services (now known as GE Commercial Distribution Finance Corporation) and ePlus Technology, inc.

Edgar Filing: EPLUS INC - Form 8-K

- 5.3 Text of Paydown Addendum to Business Financing Agreement between Deutscher Financial Services (now known as GE Commercial Distribution Finance Corporation) and ePlus Technology, inc.
- 5.4 Text of Limited Guaranty dated June 24, 2004 between GE Commercial Distribution Finance Corporation and ePlus inc.
- 5.5 Text of Collateral Guaranty dated March 31, 2004 between GE Commercial Distribution Finance Corporation and ePlus Group, inc.
- 5.6 Text of Agreement Regarding Collateral Rights and Waiver between GE Commercial Distribution Finance Corporation and National City Bank, as Administrative Agent, dated March 24, 2004

SIGNATURE

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 hereunto duly authorized.

ePlus inc.

By: /s/ Steven J. Mencarini

Steven J. Mencarini
Chief Financial Officer

Date: August 18, 2004