

UNITED STATES
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): April 27, 2006

PC Connection, Inc.

(Exact name of registrant as specified in charter)

Delaware

0-23827

02-0513618

(State or other juris-
diction of incorporation)

(Commission
File Number)

(IRS Employer
Identification No.)

Rt. 101A, 730 Milford Road
Merrimack, NH

03054

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (603) 683-2000

N/A

(Former name or former address, if changed since last report)

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On April 27, 2006, PC Connection, Inc. announced its financial results for the quarter ended March 31, 2006. The full text of the press release issued in connection with the announcement is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Form 8-K (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

The following exhibit relating to Item 2.02 shall be deemed to be furnished, and not filed:

99.1 Press Release issued by PC Connection, Inc.
on April 27, 2006.

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.

Date: April 27, 2006

PC CONNECTION, INC.

By: /s/ Jack Ferguson

Jack Ferguson
Senior Vice President, Treasurer and
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.

Description

99.1	Press release issued by PC Connection, Inc. on April 27, 2006.
------	---

PC Connection, Inc. Reports First Quarter Results

Company Achieves 17.5% Year-Over-Year Sales Growth,
Including 9.1% Organic Growth

Public Sector Sales Increase 12.4% Year Over Year

MERRIMACK, N.H.--(BUSINESS WIRE)--April 27, 2006--PC Connection, Inc. (NASDAQ:PCCC), a leading direct marketer of information technology products and solutions, today announced results for the quarter ended March 31, 2006. Net sales for the three months ended March 31, 2006 increased by \$56.6 million, or 17.5%, to \$380.5 million from \$323.9 million for the three months ended March 31, 2005. Approximately \$27.3 million of this growth, or 8.4%, was attributable to the October 2005 acquisition of key assets of Amherst Technologies, reported previously. Net income for the quarter ended March 31, 2006 was \$1.7 million, or \$.07 per share, compared to \$0.9 million, or \$.04 per share for the three months ended March 31, 2005.

The three-month period ended March 31, 2006 included special charges that reduced earnings and earnings per share. Had these charges not been incurred, pro forma net income for the quarter ended March 31, 2006 would have been \$2.2 million, or \$.09 per share. A reconciliation between net income on a GAAP basis and pro forma net income is provided in a table immediately following the Consolidated Income Statements.

Net sales for the small- and medium-sized business (SMB) segment increased by 9.4% to \$219.1 million compared to the first quarter of 2005. Sales to large account customers increased by 41.9% over the first quarter of 2005 to \$108.4 million, due in large part to the Amherst acquisition. Sales to government and education customers (the Company's public sector segment) increased for the quarter by 12.4% to \$53.0 million compared to the first quarter of 2005.

"We are pleased with our overall performance," said Patricia Gallup, Chairman and Chief Executive Officer. "PC Connection achieved record Q1 sales levels this quarter, and experienced year-over-year sales growth in all three business segments. We are particularly encouraged with the progress of our public sector business and our continuing success integrating the Amherst Technologies assets and operations that we acquired last quarter."

Notebooks and PDAs continued to be the Company's largest product category, accounting for 17.0% of net sales in the first quarter of 2006 compared to 18.8% for the corresponding period a year ago. Desktop computers and servers accounted for 14.9% of net sales in the first quarter of 2006 compared to 14.8% of net sales for the corresponding period a year ago. The average sales price for computer systems decreased 4.9% in the first quarter compared to the corresponding period a year ago, and decreased 1.1% compared to the fourth quarter of 2005. Sales of accessories and other companion products increased 26.0% year over year, partly due to the high sales of Apple music players and related products. Software and Video, Imaging and Sound product lines each increased 25% over the first quarter of 2005.

Gross profit margin, as a percentage of net sales, was 12.2% in the first quarter of 2006 compared to 11.5% in the first quarter of 2005 and 11.0% in the fourth quarter of 2005. Gross margin improved in all three segments, due to increased vendor consideration received in the quarter, larger net service revenue and to stronger product margins. As previously stated, the Company expects that its gross profit margin as a percentage of net sales may vary by quarter based upon vendor support programs, product mix, pricing strategies, market conditions, and other factors.

Consolidated annualized productivity increased in the first quarter of 2006 by 8.2% compared to the first quarter of 2005, even though the total number of sales representatives increased by 64 to 650 as of March 31, 2006 from 586 as of March 31, 2005.

Total selling, general, and administrative ("SG&A") expenses for the quarter increased year over year by \$6.5 million, or 18.5%, over the first quarter of 2005, but was sequentially largely unchanged from the fourth quarter of 2005. The year-over-year dollar increase resulted from the Amherst transaction, variable compensation from our organic growth, and increased professional fees relating primarily to enhancements to our sales systems and service levels. The Company expects that its SG&A expenses, as a percentage of net sales, may vary by quarter depending on changes in sales volume, as well as the levels of continuing investments in key growth initiatives.

Ms. Gallup concluded, "The investments we made over the past year, and our efforts to improve the effectiveness of our sales organizations, are producing results. Overall, we believe PC

Diluted earnings per share	\$0.07	\$0.04	
Gross profit margin	12.2%	11.5%	
Operating margin	0.9	0.6	
Return on equity (1)	4.0	2.3	
Catalogs distributed	3,600,000	8,461,000	(57.5)%
Orders entered (2)	383,000	358,000	7.0
Average order size (2)	\$1,147	\$1,048	9.4
Inventory turns (1)	20	16	
Days sales outstanding	45	43	

Product Mix:

Notebooks & PDAs	\$64,543	17.0%	\$60,850	18.8%	6.1%
Desktops/Servers	56,495	14.9	47,957	14.8	17.8
Storage Devices	33,918	8.9	28,861	8.9	17.5
Software	47,923	12.6	38,254	11.8	25.3
Net/Com Products	29,853	7.8	24,871	7.7	20.0
Printers & Printer Supplies	40,034	10.5	34,418	10.6	16.3
Video, Imaging, & Sound	46,868	12.3	37,565	11.6	24.8
Memory & System Enhancements	18,856	5.0	17,747	5.5	6.2
Accessories/Other	41,988	11.0	33,328	10.3	26.0
	<u>\$380,478</u>	<u>100.0%</u>	<u>\$323,851</u>	<u>100.0%</u>	<u>17.5%</u>

Net Sales of Enterprise Server and Networking Products
(included in the above Product Mix):

\$108,671	28.6%	\$94,912	29.3%	14.5%
-----------	-------	----------	-------	-------

Stock Performance Indicators:

Actual shares outstanding	25,259	25,136
Total book value per share	\$6.86	\$6.66
Tangible book value per share	\$4.40	\$4.48
Closing price	\$5.76	\$5.87
Market capitalization	\$145,492	\$147,548
Trailing price/earnings ratio (3)	27	18

(1) Annualized

(2) Does not reflect cancellations or returns

(3) Earnings is based on the last four quarters

SELECTED SEGMENT INFORMATION

For the Three Months Ended March 31,	2006		2005	
(Dollars in thousands)	Net Sales	Gross Margin(%)	Net Sales	Gross Margin(%)
PC Connection Sales Corporation (SMB)	\$219,121	13.4%	\$200,325	12.3%
MoreDirect (Large Account)	108,362	10.5	76,366	10.5
GovConnection (Public Sector)	52,995	10.7	47,160	10.1
Total	<u>\$380,478</u>	<u>12.2%</u>	<u>\$323,851</u>	<u>11.5%</u>

CONSOLIDATED INCOME STATEMENTS

Three Months Ended March 31,	2006		2005	
(Amounts in thousands, except per share data)	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	\$380,478	100.0%	\$323,851	100.0%

Cost of sales	334,060	87.8	286,517	88.5
Gross Profit	46,418	12.2	37,334	11.5
Selling, general, and administrative expenses	41,955	11.0	35,416	10.9
Special charges	891	0.3	-	-
Income From Operations	3,572	0.9	1,918	0.6
Interest expense	(644)	(0.2)	(272)	(0.1)
Other, net	11	0.0	(25)	0.0
Income tax provision	(1,233)	(0.3)	(673)	(0.2)
Net Income	\$1,706	0.4%	\$948	0.3%

Weighted average common shares outstanding:

Basic	25,259	25,127
Diluted	25,636	25,362
Earnings per common share:		
Basic	\$0.07	\$0.04
Diluted	\$0.07	\$0.04

A RECONCILIATION BETWEEN GAAP AND PRO FORMA NET INCOME

This information is being provided so as to allow for a comparison of our operating results without special charges.

(Amounts in thousands)	Three Months Ended March 31,	
	2006	2005
GAAP net income	\$1,706	\$948
Special charges (after tax):		
Management restructuring	535	-
Pro forma net income	\$2,241	\$948

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)	March 31, December 31,	
	2006	2005
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 8,202	\$ 9,770
Accounts receivable, net	150,957	162,525
Inventories - merchandise	61,085	75,374
Deferred income taxes	3,318	3,769
Income taxes receivable	1,545	1,742
Prepaid expenses and other current assets	4,911	4,219
Total current assets	230,018	257,399
Property and equipment, net	17,761	17,700
Goodwill, net	56,867	56,820
Other intangibles, net	5,166	5,427
Other assets	360	359
Total assets	\$ 310,172	\$ 337,705

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Other non-current assets	(1)	(34)
Accounts payable	(24,778)	(4,685)
Income tax benefits from exercise of stock options	-	49
Accrued expenses and other liabilities	73	(1,407)
	-----	-----
Net cash provided by operating activities	5,018	3,671
	-----	-----

Cash Flows from Investing Activities:

Purchases of property and equipment	(1,579)	(773)
Proceeds from sale of property and equipment	20	13
	-----	-----
Net cash used for investing activities	(1,559)	(760)
	-----	-----

Cash Flows from Financing Activities:

Proceeds from short-term borrowings	125,911	50,560
Repayment of short-term borrowings	(130,737)	(53,947)
Repayment of capital lease obligations	(201)	(218)
Exercise of stock options	-	201
	-----	-----
Net cash used for financing activities	(5,027)	(3,404)
	-----	-----
Decrease in cash and cash equivalents	(1,568)	(493)
Cash and cash equivalents, beginning of period	9,770	6,829
	-----	-----
Cash and cash equivalents, end of period	\$ 8,202	\$ 6,336
	=====	=====

CONTACT: PC Connection, Inc.
Stephen Baldrige, 603-683-2052