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): August 2, 2012

	PC Connection, Inc.		
(Exact	name of registrant as specified in char	ter)	
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 tel	lephone number, including area code: (603)) 683-2000	
(Former na	ame or former address, if changed since last re	eport)	
☐ Written communications pursuant to Rule 425 under the	e Securities Act (17 CFR 230.425)		
☐ Soliciting material pursuant to Rule 14a-12 under the E	xchange Act (17 CFR 240.14a-12)		
☐ Pre-commencement communications pursuant to Rule 1	4d-2(b) under the Exchange Act (17 CFR 24	0.14d-2(b))	
$\hfill \square$ Pre-commencement communications pursuant to Rule 1	3e-4(c) under the Exchange Act (17 CFR 240	0.13e-4(c))	

Item 2.02. Results of Operations and Financial Condition

On August 2, 2012, PC Connection, Inc. announced its financial results for the quarter ended June 30, 2012. 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 August 2, 2012.

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: August 2, 2012 PC CONNECTION, INC.

By: /s/ Joseph Driscoll

Joseph Driscoll

Senior Vice President, Treasurer, and

Chief Financial Officer

EXHIBIT INDEX

Exhibit No. Description

99.1 Press release issued by PC Connection, Inc. on August 2, 2012.

PC Connection, Inc. Reports Second Quarter Results

SECOND QUARTER SUMMARY:

- Diluted earnings per share: \$0.33 per share, up 18% year over year
- Net sales: \$542.6 million, up 6% year over year
- Gross profit: 13.2% of net sales, up \$5 million, or 7% y/y
- Cash balance increased to \$63.4 million, from \$4.6 million at 12/31/2011

MERRIMACK, N.H.--(BUSINESS WIRE).--August 2, 2012--PC Connection, Inc. (NASDAQ: PCCC), a provider of a full range of information technology (IT) solutions to business, government, and education markets, today announced results for the quarter ended June 30, 2012. Net sales for the three months ended June 30, 2012 were \$542.6 million, a year-over-year increase of \$30.0 million or 5.9%. Net income for the quarter was \$8.8 million, or \$0.33 per share, compared to net income of \$7.5 million, or \$0.28 per share, for the corresponding prior year quarter.

Net sales for the six months ended June 30, 2012 were \$1,041.3 million, an increase of \$66.8 million or 6.9%, compared to \$974.5 million for the six months ended June 30, 2011. Net income for the six months ended June 30, 2012 was \$14.3 million, or \$0.54 per share, compared to net income of \$12.0 million, or \$0.44 per share, for the six months ended June 30, 2011. Earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, and special charges ("Adjusted EBITDA") totaled \$59.6 million for the twelve months ended June 30, 2012, as compared to \$52.8 million for the twelve months ended June 30, 2011.

During the first quarter of 2012, we combined our consumer and small office/home office ("SOHO") sales company with our small- and medium-sized business (SMB) segment. In order to facilitate comparison with current period results, 2011 revenues and gross margins for the SMB segment have been restated to include consumer and SOHO sales.

Quarterly Sales by Segment:

- Net sales for the SMB business segment were \$229.6 million in the second quarter of 2012. Sales to small and medium businesses increased by 3.5% year over year, however, when combined with lower consumer and SOHO sales, overall sales for this segment decreased by 1.1%.
- Net sales for the Large Account segment increased by 22.5% to \$197.0 million compared to net sales in the second quarter of 2011. Sales for this segment increased from both new and existing customers.
- Net sales to government and education customers (Public Sector segment) decreased year over year by 3.1% to \$116.0 million. Sales to state and local government and educational institutions were relatively unchanged compared to last year, while sales to the federal government decreased by \$4.0 million year over year.

Quarterly Sales by Product Mix:

- Notebook sales, the Company's largest product category, increased by 12% year over year and accounted for 19% of net sales in the second quarter of 2012 compared to 18% of net sales in the prior year quarter. Higher unit sales led to the growth in this product category as average selling prices were generally unchanged.
- Software sales increased by 11%, accounting for 16% of net sales in the second quarter of 2012, compared to 15% in the prior year quarter. Software sales increased in both the Large Account and SMB segments.
- Desktop/server sales increased slightly year over year, accounting for 15% of net sales in the second quarter of 2012 compared to 16% of net sales in the prior year quarter. Desktop sales grew primarily as a result of increased unit sales in our Large Account segment, as ASPs decreased by single digits on a rate basis.
- Net/Com products continued to grow with an increase of 5% year over year, accounting for 10% of net sales in the second quarter of 2012 and 2011. Growth in this category was driven by a 19% year-over-year increase in Net/Com product sales in our Large Account segment.

Overall gross profit dollars for the quarter increased by \$4.7 million, or 7%, compared to the second quarter of 2011. Consolidated gross margin, as a percentage of net sales, increased year over year by 14 basis points to 13.2% in the second quarter of 2012. Increased utilization of deal registrations and data analytic software, as well as increased sales of higher margin products and services, contributed to the margin increase. SMB and Public Sector increased their gross margin compared to the prior year quarter, while Large Account experienced a decline.

Total selling, general and administrative expenses for the quarter increased year over year by \$2.4 million, or 4.5%, but improved as a percentage of net sales from 10.6% for the second quarter of 2011 to 10.5% for the second quarter of 2012. The percentage decrease was primarily due to leveraging fixed costs over a larger sales base. In the latter half of 2012, the Company is scheduled to implement a Master Data Management system which concludes the first phase of a comprehensive initiative to improve our internal IT infrastructure. Depreciation expense for this asset is expected to add approximately \$2.0 million in SG&A expenses in 2013 which may increase our SG&A rates.

The Company generated significant positive cash flow in the six months ended June 30, 2012. Total cash was \$63.4 million compared to \$4.6 million at December 31, 2011. In addition, there were no amounts outstanding on the Company's line of credit at June 30, 2012, compared to \$5.3 million outstanding at December 31, 2011. Days sales outstanding were 41 days at June 30, 2012, and inventory turns improved to 28 times as of June 30, 2012.

"I am pleased with our solid second quarter results and the continued improvement in gross margin and operating income," said Timothy McGrath, President and Chief Executive Officer. "The macro-economic environment continues to be a challenge, which includes constrained government spending. However, we believe that our strong team and core business strategies position us well for future success."

Non-GAAP Financial Information

Adjusted EBITDA, pro forma net income, and pro forma earnings per share are non-GAAP financial measures. This information is included to provide information with respect to the Company's operating performance and earnings. Reconciliations of Adjusted EBITDA, pro forma net income, and pro forma earnings per share to GAAP net income are provided in tables immediately following the Condensed Consolidated Statements of Income.

About PC Connection, Inc.

PC Connection, Inc., a Fortune 1000 company, has four sales companies: PC Connection Sales Corporation, MoreDirect, Inc., GovConnection, Inc., and Professional Computer Center, Inc. d/b/a ValCom Technology, headquartered in Merrimack, NH, Boca Raton, FL, Rockville, MD, and Itasca, IL, respectively. All four companies can deliver custom-configured computer systems overnight from our ISO 9001:2008 certified technical configuration lab at our distribution center in Wilmington, OH. Investors and media can find more information about PC Connection, Inc. at https://ir.peconnection.com.

PC Connection Sales Corporation (800-800-5555), the original business of PC Connection, Inc. serving primarily the small- and medium-sized business sector, is a rapid-response provider of IT products and services. It offers more than 300,000 brand-name products through its staff of technically trained sales account managers and telesales specialists, catalogs, publications, and its website at www.pcconnection.com. This company also serves the consumer and small office users under its PC Connection Express brand (888-800-0323) at www.pcconnection.com. This company also serves the consumer and small office users under its PC Connection Express brand (888-800-0323) at www.pcconnection.com. This company also serves the consumer and small office users under its PC Connection Express brand (888-800-0323) at www.pcconnection.com. This company also serves the consumer and small office users under its PC Connection Express brand (888-800-0323) at www.pcconnection.com.

MoreDirect, Inc. (561-237-3300), www.moredirect.com, provides corporate technology buyers with best-in-class IT solutions, in-depth IT supply-chain expertise, and access to over 300,000 products and 1,600 vendors through TRAXXTM, a cloud-based eProcurement system. Backed by over 500 technical certifications, MoreDirect's team of engineers, software licensing specialists, and project managers help reduce the cost and complexity of buying hardware, software, and services throughout the entire IT lifecycle.

GovConnection, Inc. (800-800-0019) is a rapid-response provider of IT products and services to federal, state, and local government agencies and educational institutions through specialized account managers, catalogs, and publications, and online at www.govconnection.com.

Professional Computer Center, Inc. d/b/a ValCom Technology (630-285-0500), www.valcomtechnology.com, provides technology services to medium-to-large corporate organizations utilizing its proprietary cloud-based IT service management software, WebSPOCTM. Through its experienced technical service personnel, ValCom Technology provides network, server, storage, mission-critical onsite support, installation, and hosting of lifecycle services.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: This release contains forward-looking statements that are subject to risks and uncertainties, including, but not limited to, the impact of changes in market demand and the overall level of economic activity and environment, or in the level of business investment in information technology products, competitive products and pricing, product availability and market acceptance, new products, fluctuations in operating results, and the ability of the Company to manage personnel levels in response to fluctuations in revenue, and other risks that could cause actual results to differ materially from those detailed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2011. More specifically, the statements in this release concerning the Company's outlook for gross margin and selling, general, and administrative expenses in 2012 and other statements of a non-historical basis (including statements regarding the Company's ability to grow revenues, improve gross margins, increase market share, and increase earnings per share) are forward-looking statements that involve certain risks and uncertainties. Such risks and uncertainties include the ability to realize market demand for and competitive pricing pressures on the products and services marketed by the Company, the continued acceptance of the Company's distribution channel by vendors and customers, continuation of key vendor and customer relationships and support programs, the ability of the Company to integrate the operations of ValCom Technology, the ability of the Company to gain or maintain market share, and the ability of the Company to hire and retain qualified sales representatives and other essential personnel. The Company disclaims any obligation to update the information in this press release or revise any forward-looking statements, whether as a result of any new information

At or for the Three Months Ended June 30, (Amounts and shares in thousands, except operating data, P/E ratio, and per share data)			% of		% of	%	
Timounis and shares in invasionas, except operating data, 172 ratio, and per share data)			Net Sales		Net Sales	Chang	
Operating Data:							
Net sales	\$	542,569		\$ 512,561		6%	
Diluted earnings per share	\$	0.33		\$ 0.28		18%	
Gross margin		13.2%		13.0%			
Operating margin		2.7%		2.4%			
Return on equity (1)		12.6%		11.3%			
Orders entered (2)		321,100		340,600		(6%)	
Average order size (2)	\$	2,129		\$ 1,883		13%	
Inventory turns (1)		28		25			
Days sales outstanding		41		41			
roduct Mix:							
Notebook	\$	105,342	19%	\$ 94,350	18%	12%	
Software		84,839	16	76,254	15	11%	
Desktop/Server		82,424	15	81,494	16	1%	
Net/Com Product		52,361	10	50,089	10	5%	
Video, Imaging and Sound		49,764	9	52,326	10	(5%	
Storage		38,659	7	35,720	7	8%	
Printer and Printer Supplies		37,143	7	37,557	7	(1%	
Memory and System Enhancement		14,985	3	18,713	4	(20%)	
Accessory/Other	_	77,052	14	 66,058	13	17%	
Total Net Sales	\$	542,569	100%	\$ 512,561	100%	6%	
let Sales of Enterprise Server and Networking Products (included in the above Product Mix):							
	\$	193,135	36%	\$ 184,279	36%	5%	
tock Performance Indicators:							
Actual shares outstanding		26,352		26,541			
Total book value per share	\$	10.92		\$ 10.13			
Tangible book value per share	\$	8.80		\$ 7.99			
Closing price	\$	10.62		\$ 8.28			
Market capitalization	\$	279,858		\$ 219,759			
Trailing price/earnings ratio		9.1		8.0			
LTM Adjusted EBITDA (3)	\$	59,607		\$ 52,810			
Market capitalization/LTM Adjusted EBITDA		4.7		4.2			

- (1) Annualized
- (2) Does not reflect cancellations or returns
- (3) Adjusted EBITDA is defined as EBITDA (earnings before interest, taxes, depreciation and amortization) adjusted for stock-based compensation and special charges.

For the Three Months Ended June 30,	2012				2011		
	Net	Gross		Net	Gross		
(amounts in thousands)	 Sales	Margin	· <u></u>	Sales	Margin		
SMB	\$ 229,619	15.5%	\$	232,117	14.8%		
Large Account	196,947	11.6		160,717	12.0		
Public Sector	116,003	11.3		119,727	11.1		
Total	\$ 542,569	13.2%	\$	512,561	13.0%		

CONDENSED CONSOLIDATED STATEMENTS OF INCOME Three Months Ended June 30,		20	2	2011				
(amounts in thousands, except per share data)		Amount	% of Net Sales		Amount	% of Net Sales		
Net sales	\$	542,569	100.0%	\$	512,561	100.0%		
Cost of sales	Ψ	470,998	86.8	Ψ	445,667	87.0		
Gross profit		71,571	13.2		66,894	13.0		
3.500 p. G. M.		71,571	13.2		00,05	15.0		
Selling, general and administrative expenses		56,903	10.5		54,477	10.6		
Income from operations		14,668	2.7		12,417	2.4		
Interest expense		(64)	-		(87)	-		
Other, net		(29)	_		32	_		
Income tax provision		(5,749)	(1.1)		(4,882)	(0.9)		
Net income	\$	8,826	1.6%	\$	7,480	1.5%		
				_				
Earnings per common share:		0.22		ф	0.20			
Basic	\$	0.33		\$	0.28			
Diluted	\$	0.33		\$	0.28			
Weighted average common shares outstanding:								
Basic		26,403			26,852			
Diluted	_	26,519			26,923			
Diuca		20,319			20,723			
CONDENCED CONCOLIDATED CTATEMENTS OF DICOME								
CONDENSED CONSOLIDATED STATEMENTS OF INCOME Six Months Ended June 30,		20)12			2011		
(amounts in thousands, except per share data)		Amount	% of Net Sales		Amount	% of Net Sales		
Net sales	\$	1,041,332	100.0%	\$	974,487	100.0%		
Cost of sales	Ą	903,150		Þ		87.1		
Gross profit		138,182	86.7		848,774 125,713	12.9		
Gross prom		130,102	13.3		123,713	12.9		
Selling, general and administrative expenses		113,353	10.9		105,767	10.9		
Special charges		1,135	0.1		-	<u> </u>		
Income from operations		23,694	2.3		19,946	2.0		
Interest expense		(64)	_		(128)	_		
Other, net		17	_		97	_		
Income tax provision		(9,346)	(0.9)		(7,941)	(0.8)		
Net income	\$	14,301	1.4%	\$	11,974	1.2%		
			-					
Earnings per common share:	•	0.54		Ф	0.45			
Basic	\$	0.54	=	\$	0.45	•		
Diluted	\$	0.54	=	\$	0.44	<u>:</u>		
Weighted average common shares outstanding:								
Basic		26,421			26,877			
Diluted		26,554	=	_	26,959	:		
Diluted		20,334	=	_	20,939	i		
A DECONOR LATION DETWEEN CAAD AND DECEMBER NET DIC	COME							
A RECONCILIATION BETWEEN GAAP AND PRO FORMA NET INC	UME					2012 2011		
Six Months Ended June 30, (provided for comparison of our operating results without special charges,	amounts in the	ousands)				2012 2011		
results without special charges, i	атоины т т	o wounusj						
GAAP net income						\$ 14,301 \$ 11,		
Special charges (after tax)						681		
Pro forma net income						\$ 14,982 \$ 11,		
Dec Comes diluted coming and						6 056		
Pro forma diluted earnings per common share						\$ 0.56 \$ 0		

EBITDA AND ADJUSTED EBITDA

A reconciliation of EBITDA and Adjusted EBITDA is detailed below. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA means EBITDA adjusted for certain items which are described in the table below. Both EBITDA and Adjusted EBITDA are considered non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA provide helpful information with respect to our operating performance including our ability to fund our future capital expenditures and working capital requirements. Adjusted EBITDA also provides helpful information as it is the primary measure used in certain financial covenants contained in our credit agreements.

(amounts in thousands)	Three Months Ended June 30,				June 30,		Tw	elve l	Months Ende	d June 30,
	2012 2011 % Change		2012 2011		2012			2011	% Change	
Net income	\$	8,826	\$	7,480		\$	31,114	\$	27,478	
Depreciation and amortization		1,623		1,545			6,243		5,427	
Income tax expense		5,749		4,882			20,049		18,253	
Interest expense, net		64		87			305		424	
EBITDA		16,262		13,994			57,711		51,582	
Stock-based compensation		172		235			1,603		1,228	
Other special charges		-		-			293		-	
Adjusted EBITDA	\$	16,434	\$	14,229	15%	\$	59,607	\$	52,810	13%

	,	December 31,		
CONDENSED CONSOLIDATED BALANCE SHEETS		2011		
(amounts in thousands)				
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	63,424	\$	4,615
Accounts receivable, net		253,734		295,188
Inventories		74,921		77,437
Prepaid expenses and other current assets		4,655		4,713
Deferred income taxes		3,398		4,436
Income taxes receivable		2,479		1,927
Total current assets		402,611		388,316
Property and equipment, net		24,902		22,570
Goodwill		51,276		51,276
Other intangibles, net		4,697		5,205
Other assets		708		652
Total Assets	\$	484,194	\$	468,019
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities:				
Current maturities of capital lease obligation to affiliate	\$	1,026	\$	971
Borrowings under bank line of credit		-		5,267
Accounts payable		138,199		130,900
		130,177		130,700
Accrued expenses and other liabilities		31,222		30,902
Accrued expenses and other liabilities Accrued payroll				
•		31,222		30,902
Accrued payroll		31,222 12,649		30,902 12,964
Accrued payroll Total current liabilities		31,222 12,649 183,096		30,902 12,964 181,004
Accrued payroll Total current liabilities Deferred income taxes		31,222 12,649 183,096 9,877		30,902 12,964 181,004 9,026
Accrued payroll Total current liabilities Deferred income taxes Other liabilities		31,222 12,649 183,096 9,877 3,017		30,902 12,964 181,004 9,026 3,471
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities		31,222 12,649 183,096 9,877 3,017 462		30,902 12,964 181,004 9,026 3,471 989
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities Total Liabilities		31,222 12,649 183,096 9,877 3,017 462		30,902 12,964 181,004 9,026 3,471 989
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities Total Liabilities Stockholders' Equity: Common stock		31,222 12,649 183,096 9,877 3,017 462 196,452		30,902 12,964 181,004 9,026 3,471 989 194,490
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities Total Liabilities Stockholders' Equity: Common stock Additional paid-in capital		31,222 12,649 183,096 9,877 3,017 462 196,452		30,902 12,964 181,004 9,026 3,471 989 194,490 276 99,957
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities Total Liabilities Stockholders' Equity: Common stock Additional paid-in capital Retained earnings		31,222 12,649 183,096 9,877 3,017 462 196,452 277 100,716 196,575		30,902 12,964 181,004 9,026 3,471 989 194,490
Accrued payroll Total current liabilities Deferred income taxes Other liabilities Capital lease obligation to affiliate, less current maturities Total Liabilities Stockholders' Equity: Common stock Additional paid-in capital		31,222 12,649 183,096 9,877 3,017 462 196,452 277 100,716		30,902 12,964 181,004 9,026 3,471 989 194,490 276 99,957 182,274

Sky ments before Street Stre	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS		•
How from Poer file with File Neimone \$ 14,00 \$ 1,00 Neimone \$ 14,00 \$ 1,00 Algustents for econcile art income to retash provided by operating activities \$ 1,00 \$ 1,00 Depreciation and anotization \$ 1,00 \$ 1,00 Defrection and anotization \$ 1,00 \$ 1,00 Defrection can be comparable of producting and from the second sole of production of the second sole of production of the second sole of productions of the second sole of production of the second sole of second so	Six Months Ended June 30,	2012	2011
Net mome \$ 1,10,7 Adjustments to reconcile net income to net cash provided by operating activities: 3,18.1 2,88.9 Depreciation and amortization 3,18.1 2,88.9 Provision for doubtful accounts 6,93.9 1,107.7 Stock-based compensation expense 1,21.9 41.0 Loss on disposal of fixed assets 3,13.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 4,12.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 40,76.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 40,76.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 40,76.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 40,76.1 3,10.0 Excess tak benefit fudericincy from stock-based compensation 40,76.1 3,10.0 Propagation stock adjustment to contingent considerations 40,76.1 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0 3,10.0	(amounts in thousands)		
Adjustments to reconcile net income to net each provided by operating activities: Depreciation and amorization 609 1.119 1.017 1.019 1.0	Cash Flows from Operating Activities:		
Depreciation and amoritation 3,181 2,889 Provision for doubtiful accounts 6,06 1,119 Deferred income races 1,889 1,077 Stock-based compensation expense 1,88 1,03 Loss on disposal of fixed assets 1,88 1,38 Excess as benefit from exercise of stock options 6 2 Exercise as benefit from exercise of stock options 5 1 Changes in assets at benefit from exercise of stock options 40,76 (884) Excess as benefit from exercise of stock options 40,76 (884) I worntories 40,76 (884) I worntories 40,76 (884) Prepaid expenses and other current assets 6 6 6 Ober non-current assets 75 6	Net income	\$ 14,301	\$ 11,974
Provision for doubtful accounts 609 1,119 Defrencieme taxes 1,219 4,141 Stock-based compensation expense 1,219 4,141 Loss on disposal of fixed assets 1,3 1 Excess tax benefit (deficiency) from stock-based compensation 4,0 6 Fiar value algustment to contingent consideration 4,0 6 Changes in assets and liabilities 4,0 6 Accounts receivable 4,04 6 Despate spenses and other current assets 4,04 6 Other one-current assets 4,04 6 Other concurrent assets 2,51 6 Accounts receivable 4,04 6 Other concurrent assets 4,04 6 Other concurrent assets 1,0 6 Accured expenses and other labilities 7,38 18,25 Accured expenses and other labilities 5,16 6 Experiment for tax accurate an experiment asset	Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes 1,88 1,077 Stock-based compensation expense 1,219 441 Los on disposal of fixed assets 3 1 Excess tax benefit from excrice of stock options 6 3 1 Excess tax benefit from excrice of stock options 5 - Excess tax benefit from excrice of stock options 5 - Changes in assets and liabilities - - Accounts receivable 40,764 (884) Inventories 404 (889) Prepaid expenses and other current assets 404 (880) Other non-current assets 404 (880) Other non-current assets 404 (880) Accounts payable 5 1,825 1,825 Accounts payable 5 1,825 1,825 Prepaid expenses and other liabilities 4 0,620 Present of symbolic properties and expenses 4 0,620 Received expenses and other liabilities 5 1,825 Purchase of property and expinance 5,180 0,622	Depreciation and amortization	3,181	2,889
Stock-based compensation expense 1,21 4.1 Loss on disposal of fixed bases 18 13 Income tax benefit (deficiency) from stock-based compensation 41 6.6 Exes tax benefit from exercise of stock options 30 20 Fiar value adjustment to contingent consideration 30 20 Changes in assets and liabilities Accounts receivable 40,66 (884) Inventories 2,516 (884) Inventories (56) (165) Other on-current assets 54 (962) Other concurrent assets 54 (962) Accrosity payable 54 (962) Accrued expenses and other tarbibities 54 (962) Accrued expenses and other liabilities 54 (962) Properties of property and equipment 54 (562) Properties of property and equipme	Provision for doubtful accounts	690	1,119
Section 1.00	Deferred income taxes	1,889	1,077
Income tax benefit (deficiency) from stock-based compensation	Stock-based compensation expense	1,219	441
Excess tax benefit from exercise of sock options (5) - Fir value adjustment to contingent consideration (30) (20) Changes in assets and liabilities: - Accounts receivable 40,764 (884) Inventories 40,464 (884) Prepaid despiness and other current assets (494) (685) Other non-current assets (56) (165) Accounts payable 57,385 18,295 Accrued expenses and other liabilities 31,20 20,22 Vest ash provided by operating activities 31,20 32,876 Purchase of property and equipment (5,180) (6,120) Proceeds from livesting Activities 32,42 4,245 Processor of yor Property and equipment 4,4 4,2 Acquaistion of ValCom Technology, net of cash acquired 5,1 6,1 1,2 Acquaistion of ValCom Technology, net of cash acquired 2,1 4,4 2,2 Purchase of intangible asset 2,1 4,4 2,2 Repair of post frame branch for investing activities 7,2 4,2 <th< td=""><td>Loss on disposal of fixed assets</td><td>85</td><td>13</td></th<>	Loss on disposal of fixed assets	85	13
Fair value adjustment to contingent consideration 30 20 Changes in assets and liabilities 4 4 884 884 1882 1882 </td <td>Income tax benefit (deficiency) from stock-based compensation</td> <td>41</td> <td>(6)</td>	Income tax benefit (deficiency) from stock-based compensation	41	(6)
Changes in asets and liabilities: 40,664 (884) Accounts receivable 40,764 (884) Inventories (2,516 (885) Prepaid expenses and other current assets (56) (165) Accounts receivable 7,385 18,925 Accured expenses and other liabilities 541 (962) Accured expenses and other liabilities 541 (962) Net cash provided by operating activities 541 (962) Purchase of property and equipment (5,180) (6,120) Proceeds from sale of equipment 4 - Acquisition of ValCom Technology, net of cash acquired 5,180 (5,180) Purchase of property and equipment (5,180) (1,135) Purchase of instangible asset (5,180) (1,135) Purchase of instangible asset (5,180) (1,135) Proceeds from Shancing Activities (7,204) - Repayment of short-term borrowings (1,247) - Proceeds from Shanciery borrowings (1,247) - Payment of payroll taxes on stock-based compensation throug	·		-
Accounts receivable 40.764 (.848) Inventories 2,516 (.848) Prepaid expenses and other current assets (.950) (.950) Account spayable 7,385 18,925 Account expenses and other liabilities 541 (.962) Net each provided by operating activities 72,027 32,876 Cash From Investing Activities Purchase of property and equipment (.5180) (.5180) Acquisition of ValCom Technology, net of cash acquired 5,180 (.5170) Purchase of intengible asset 2,10 (.5180) Net selvous from Financing Activities 2,24 (.758) Purchase of intengible asset 1,247 (.758) Net selvous from Financing Activities 1,247 (.758) Purchase of Intensity shares (.160) (.779) Proceeds from short-term borrowings 1,246 (.779) Payment of payroll taxes on stock-based compensation through shares withheld 3,08 (.577) Repayment of capital lease obligation to affiliate 3,08 (.578) Repayment of payroll tax	Fair value adjustment to contingent consideration	(30)	(20)
Inventories	<u> </u>		
Prepaid expenses and other current assets (494) (680) Other non-current assets (56) (165) Accound expenses and other liabilities 518 (25) Accured expenses and other liabilities 524 (26) Net eash provided by operating activities 73.85 Cash Flows from Investing Activities Purchases of property and equipment (5,180) (6,120) Proceeds from sale of equipment 4 (4,745) Purchase of intangible asset 5,176 (1,135) Purchase of intangible asset 5,176 (11,315) Purchase of intangible asset (5,176) (1,135) Proceeds from Silve from Financing Activities 2 (4,745) Purchase of reasury shares (1,247) - Proceeds from sort-chased compensation through shares withheld (308) (5,77) Payment of contingent consideration (308) (5,77) Payment of payorl tuxes on stock-based compensation through shares withheld (308) (5,77) Repayment of capital lease obligation to affiliate (308) (5,72) Recercise of stock under E			, ,
Offer non-current assets (56) (165) Accounts payable 7,385 18,292 Accounts payable 54 (962) Accounts payable 54 (962) Net cash provided by operating activities 72,027 32,876 Cash Flows from Investing Activities Use of property and equipment (5,180) (6,120) Purchase of property and equipment 4 (4,745) Acquisition of Valcorn Technology, ent of cash acquired 5,100 (1,450) Net cash used for investing activities 5,100 (1,450) Purchase of intangible asset (5,170) (1,135) Purchase of intanging Activities 2,100 (1,450) Cash Flows from Financing Activities 1,200 (1,450) Purchase of intangible asset 1,200 (1,450) (1,471) Proceeds from short-tern borrowings 1,200 (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477) (1,477)			
Accounts payable 7,385 18,925 Accrued expense and other liabilities 6 9 6 6 9 32,876 Cash Flows from Investing Activities To property and equipment (5,180) (6,120) Proceeds from sale of equipment 9 4 - Acquisition of ValCom Technology, net of cash acquired 6 - - (4,745) Purchase of intangible asset - - - (450) Purchase of intensity activities - - - - - (450) - <td>• •</td> <td></td> <td>` '</td>	• •		` '
Accuracy expenses and other liabilities 541 (902) Note also provided by operating activities 72,027 32,876 Cash Flows from Investing Activities: Purchases of property and equipment (5,180) (6,100) Proceeds from sale of equipment 4 6- Acquisition of ValCom Technology, net of cash acquired 6 4 6- Purchase of intangible asset (5,180) (14,040) 1- Net cash used for investing activities 5 (45,00) 1- Cash Flows from Financing Activities: 8 1- 6- (4,040) 1- 6- (4,040) 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 1- 6- 7- 9- 6- 6- 7- 9- 9- 9- 9- 9- 9- 9			
Cash Flows from Investing Activities: 72,027 32,876 Purchases of property and equipment (5,180) (6,120) Pocceds from sale of equipment 4 - Acquisition of ValCom Technology, net of cash acquired - (4,455) Purchase of intangible asset - (4,505) Net cash used for investing activities - (4,507) Cash Flows from Financing Activities - (4,507) Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings 7,204 - Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of contingent consideration (96) - Payment of stock under Employee Stock Purchase Plan 26 183 Excess tax benefit from exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5,5 - Net cash used for financing activities 5,8,09	• •		
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Purchases of property and equipment (5,180) (6,120) Proceeds from sale of equipment 4 - Acquisition of ValCom Technology, net of cash acquired - (4,745) Purchase of intangible aset - (450) Net cash used for investing activities - (5,176) (11,315) Cash Flows from Financing Activities Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings (1,466) (1,477) Purchase of treasury shares (1,466) (1,477) Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock under Employee Stock Purchase Plan 5 - Rease tax benefit from exercise of stock options 5 - Increase in cash and cash equivalents 58,09 19,18 Cash and cash equivalents, beginning of period 5,342 5,54,29 Cash and cash equivalents, end of period	Net cash provided by operating activities	72,027	32,876
Proceeds from sale of equipment 4	Cash Flows from Investing Activities:		
Acquisition of ValCom Technology, net of cash acquired 4,4745 Purchase of intangible asset - (4500) Net cash used for investing activities - (4500) Cash Flows from Financing Activities: Repayment of short-term borrowings (12,471) - (2,471) Proceeds from short-term borrowings 7,204 - (2,471) Purchase of treasury shares (10,466) (1,477) Payment of contingent consideration (960) - (2,472) Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 188 Exercise of stock options 166 131 Exercise of stock options 5 - Net cash used for financing activities 5 - Increase in cash and cash equivalents 5 - Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period 5 5 5 5 Cash and cash	Purchases of property and equipment	(5,180)	(6,120)
Purchase of intangible asset - (450) Net cash used for investing activities (5,176) (11,315) Cash Flows from Financing Activities: Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings 7,204 - Proceeds from short-term borrowings (1,466) (1,477) Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate 4(23) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Excress tax benefit from exercise of stock options 5 - Excess tax benefit from exercise of stock options 5 - Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period 5 2 Cash and cash equivalents, end of period 5 3 3	Proceeds from sale of equipment	4	-
Net cash used for investing activities (5,176) (11,315) Cash Flows from Financing Activities: Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings 7,204 - Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Excress fax benefit from exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period 5,63,424 55,292 Non-cash Investing and Financing Activities: 183 58,205 183 Issuance of nonvested stock	Acquisition of ValCom Technology, net of cash acquired	-	(4,745)
Cash Flows from Financing Activities: Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings 7,204 - Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Excercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities Issuance of nonvested stock from treasury \$926 183 Accrued capital expenditures 344 454	Purchase of intangible asset		(450)
Repayment of short-term borrowings (12,471) - Proceeds from short-term borrowings 7,204 - Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (423) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities: 183 Issuance of nonvested stock from treasury \$926 183 Accrued capital expenditures 344 454	Net cash used for investing activities	(5,176)	(11,315)
Proceeds from short-term borrowings 7,204 - Purchase of treasury shares (1,466) (1,477) Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period 5,63,424 55,292 Non-cash Investing and Financing Activities 8 926 183 Issuance of nonvested stock from treasury \$ 926 183 Accrued capital expenditures 344 454	Cash Flows from Financing Activities:		
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Payment of contingent consideration (960) - Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$ 63,424 \$ 55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$ 926 \$ 183 Accrued capital expenditures 344 454	Proceeds from short-term borrowings	7,204	-
Payment of payroll taxes on stock-based compensation through shares withheld (308) (57) Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities: 183 Issuance of nonvested stock from treasury 926 183 Accrued capital expenditures 344 454	Purchase of treasury shares	(1,466)	(1,477)
Repayment of capital lease obligation to affiliate (472) (423) Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$926 183 Accrued capital expenditures 344 454	Payment of contingent consideration	(960)	-
Issuance of stock under Employee Stock Purchase Plan 260 183 Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$926 183 Accrued capital expenditures 344 454	Payment of payroll taxes on stock-based compensation through shares withheld	(308)	(57)
Exercise of stock options 166 131 Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$63,424 \$55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury 926 183 Accrued capital expenditures 344 454	Repayment of capital lease obligation to affiliate	(472)	(423)
Excess tax benefit from exercise of stock options 5 - Net cash used for financing activities (8,042) (1,643) Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$ 63,424 \$ 55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$ 926 \$ 183 Accrued capital expenditures 344 454	ė ė		
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Increase in cash and cash equivalents 58,809 19,918 Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$ 63,424 \$ 55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$ 926 \$ 183 Accrued capital expenditures 344 454	Excess tax benefit from exercise of stock options		
Cash and cash equivalents, beginning of period 4,615 35,374 Cash and cash equivalents, end of period \$ 63,424 \$ 55,292 Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury \$ 926 \$ 183 Accrued capital expenditures 344 454	Net cash used for financing activities	(8,042)	
Cash and cash equivalents, end of period Society Soci	Increase in cash and cash equivalents	58,809	19,918
Non-cash Investing and Financing Activities: Issuance of nonvested stock from treasury Accrued capital expenditures \$ 926 \$ 183 454	Cash and cash equivalents, beginning of period	4,615	35,374
Issuance of nonvested stock from treasury\$ 926\$ 183Accrued capital expenditures344454	Cash and cash equivalents, end of period	\$ 63,424	\$ 55,292
Issuance of nonvested stock from treasury\$ 926\$ 183Accrued capital expenditures344454	Non-cash Investing and Financing Activities:		
	Issuance of nonvested stock from treasury	\$ 926	\$ 183
	Accrued capital expenditures	344	454
	Contingent consideration recorded in accrued expenses and other liabilities	-	1,900

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CONTACT: PC Connection, Inc. Joseph Driscoll, 603-683-2322 Senior Vice President, CFO and Treasurer